



DONGFANG ELECTRIC

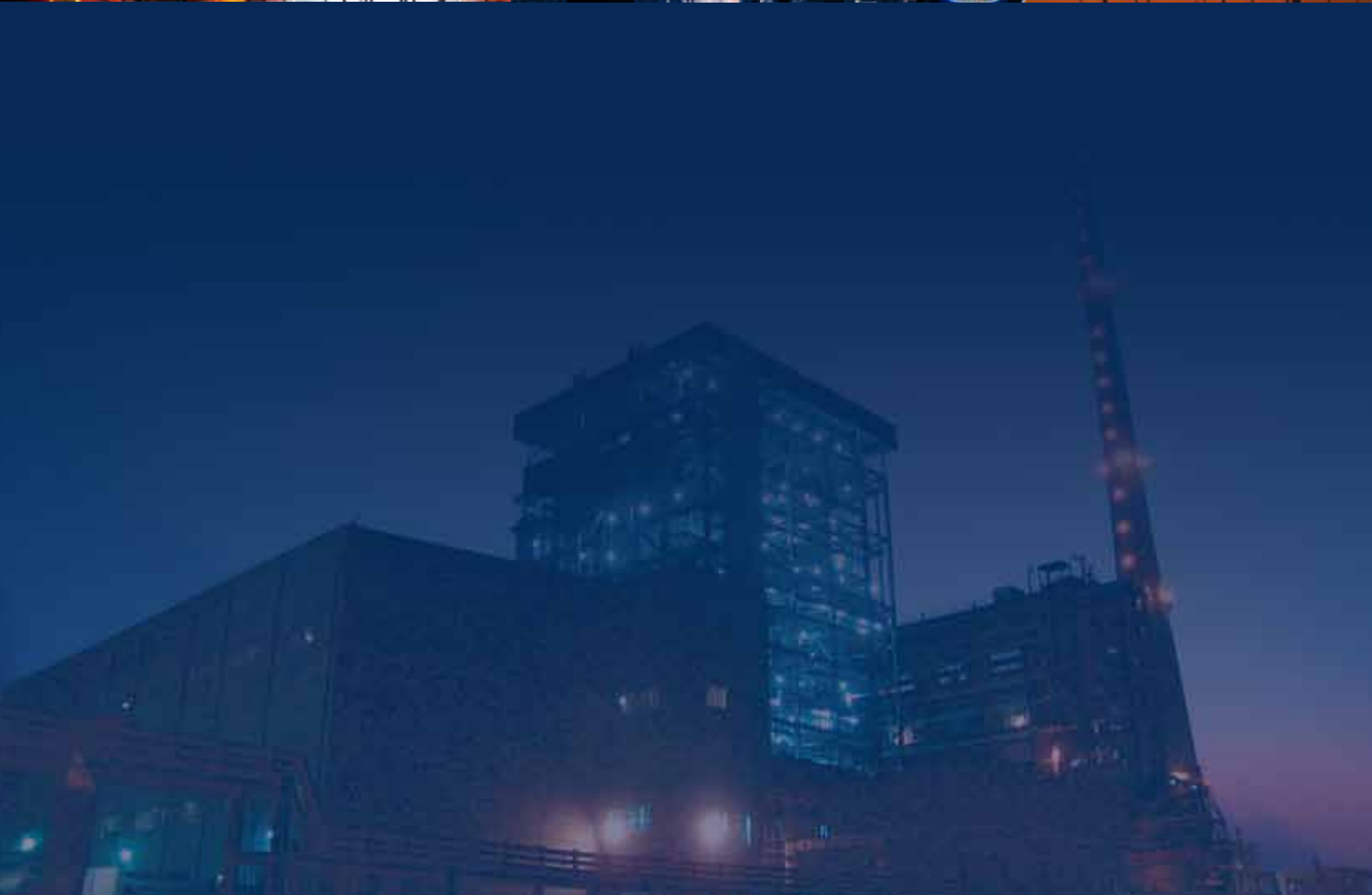
Dongfang Electric Corporation Limited

(H Share Stock Code: 1072)

(A Share Stock Code: 600875)

Interim Report

2011



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RESULTS HIGHLIGHTS

- Total revenue from operations in the first half of 2011 amounted to RMB19,759 million, representing an increase of 16.84% compared with the same period last year;
- Net profit attributable to shareholders of the Company in the first half of 2011 amounted to RMB1,538 million, representing an increase of 53.42% compared with the same period last year;
- Earnings per share in the first half of 2011 amounted to RMB0.77, as compared with RMB0.50 for the same period last year;
- New orders in the first half of 2011 amounted to RMB23,600 million, exceeding the amount for the same period last year.

I. IMPORTANT NOTICE

- (I) The board of directors (the “Board”), the supervisory committee and the directors, supervisors and senior management of the Company warrant that the information in this report contains no false representation, misleading statements or material omission, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this Report.
- (II) Apart from Huang Wei(a director of the Company) who was on business trip, all other directors of the Company attended the Board meeting.
- (III) The Company’s interim financial report is unaudited.
- (IV) The controlling shareholder of the Company or its connected persons did not misappropriate the Company’s funds.
- (V) The Company did not provide external guarantees in violation of any specified decision-making procedures.
- (VI) Si Zefu, Chairman of the Company, Gong Dan, Chief Accountant and Zeng Yi, Head of Finance Department have declared that they warrant the truthfulness and completeness of the financial statements in this Interim Report.
- (VII) In accordance with the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the The Stock Exchange of Hong Kong Limited(the “Stock Exchange”) in December 2010, and corresponding amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), domestic audit firms as approved by the Ministry of Finance and CSRC, may adopt the PRC accounting standards when providing service to the issuers incorporated in the PRC for the year ending on or after 31 December 2010. Therefore, at the 2010 annual general meeting of the Company convened on 17 May 2011, the adoption of China Accounting Standards for Business Enterprises and the appointment of ShineWing Certified Public Accountants as the auditors of the Company auditing the Company’s financial statements for the year 2011 in accordance with China Auditing Standards and to undertake all such activities as required to be performed by overseas auditors under the Listing Rules were approved as an ordinary resolution of the Company. The financial statements of this interim report were prepared in accordance with China Accounting Standards for Business Enterprises and relevant regulations.

II. COMPANY PROFILE

(I) Company Information

Legal Chinese name of the Company:	東方電氣股份有限公司
Abbreviation of the legal Chinese name of the Company:	東方電氣
Legal English name of the Company:	Dongfang Electric Corporation Limited
Abbreviation of the legal English name of the Company:	DEC
Legal representative of the Company	Si Zefu

(II) Contact Person and Information

	Secretary to the Board of Directors	Representative of securities affairs
Name	Gong Dan	Huang Yong
Contact address	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province
Telephone	86-28-87583666	86-28-87583666
Fax	86-28-87583551	86-28-87583551
E-mail	dsb@dongfang.com	dsb@dongfang.com

(III) Basic Information

Registered address	18 Xixin Road, High-Tech District (Western District), Chengdu
Post code for the registered address	611731
Company business address	No. 333, Shuhan Road, Jinniu District, Chengdu City, Sichuan Province
Post code for the business address	610036
Website of the Company	http://www.dec-ltd.cn/
E-mail	dsb@dongfang.com

(IV) Places for Information Disclosure and Inspection

Newspapers for disclosure of the Company's information	China Securities Journal, Shanghai Securities News
Website designated by CSRC for publication of the Company's interim report	www.sse.com.cn
Place where the Company's interim report is available for inspection	Board Office of the Company

II. COMPANY PROFILE (CONTINUED)

(V) Share Information

Share information

Class of share	Listing place	Abbreviation of the stock	Stock code	Stock name before the change
A Shares	Shanghai Stock Exchange	東方電氣	600875	東方電機
H Shares	Hong Kong Stock Exchange	Dongfang Elec	1072	Dongfang Electrical

(VI) Major Financial Data and Indicators

1. Major Accounting Data and Financial Indicators

Unit: RMB

	As at the end of the reporting period	As at the end of the previous year	Change at the end of the reporting period as compared with the end of the previous year (%)
Total assets	86,308,320,289.48	82,252,888,512.58	4.93
Owner's equity (Shareholders' equity)	12,294,971,129.10	11,038,754,290.22	11.38
Net assets per share attributable to shareholders of the Company (RMB/share)	6.14	5.51	11.38

II. COMPANY PROFILE (CONTINUED)

(VI) Major Financial Data and Indicators (Continued)

1. Major Accounting Data and Financial Indicators (Continued)

Unit: RMB

	Reporting period (Jan - Jun)	Corresponding period last year	Changes in the reporting period as compared with the corresponding period last year (%)
Total revenue from operations	19,759,214,532.88	16,911,367,827.06	16.84
Operating profit	1,722,532,439.38	1,127,421,274.28	52.79
Total profit	1,774,637,544.28	1,152,615,772.40	53.97
Net profit attributable to the shareholders of the Company	1,537,912,879.36	1,002,431,970.35	53.42
Net profit after extraordinary profit and loss attributable to shareholders of the Company	1,483,927,975.42	975,860,539.57	52.06
Basic earnings per share (RMB)	0.77	0.50	53.42
Basic earnings per share after extraordinary profit and loss (RMB)	0.74	0.49	51.02
Diluted earnings per share (RMB)	0.77	0.50	53.42
Weighted average return on net assets (%)	11.77	12.49	Decreased by 0.72 percentage points
Net cash flow from operating activities	-1,827,903,695.83	-208,159,687.30	N/A
Net cash flow per share from operating activities (RMB)	-0.91	-0.10	N/A

Note: the "changes" will be "N/A" if it is a negative number for the same period last year.

II. COMPANY PROFILE (CONTINUED)

(VI) Major Financial Data and Indicators (Continued)

2. Extraordinary profit or loss items and amounts

Unit: RMB

Extraordinary profit and loss items	Amount
Profit and loss from disposal of non-current assets	2,688,749.36
Government subsidiaries accounted for as current profit and loss (excluding those closely related to the Company's business and enjoyed according to the State's standard quota or quantity)	47,964,582.68
Gain or loss from the changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those from effective hedging activities relating to the Company's ordinary course of business	7,492,075.87
Profit or loss from entrusted loans	
Other non-operating income/expenses other than the above items	1,451,772.86
Effect of income tax	-4,507,885.27
Effect of minority interests(after tax)	-1,104,391.56
Total	53,984,903.94

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

(I) Changes in Share Capital

1. Changes in Share Capital (As at 30 June 2011)

Unit: Share

	Before the change		Increase/decrease (+, -)				After the change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion of capital reserve into shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium	119,930,000	5.985						119,930,000	5.985
1. State owned shares									
2. State owned legal person shares	119,930,000	5.985						119,930,000	5.985
3. Other domestic shares									
Including: Domestic non-state owned legal person shares									
Domestic natural person shares									
4. Foreign shares									
Including: Overseas legal person shares									
Overseas natural person shares									
II. Shares not subject to trading moratorium	1,883,930,000	94.015						1,883,930,000	94.015
1. Renminbi ordinary shares	1,543,930,000	77.048						1,543,930,000	77.048
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	340,000,000	16.967						340,000,000	16.967
4. Others									
III. Total shares	2,003,860,000	100						2,003,860,000	100

2. Structure of the Share Capital

Class of share	Numbers (shares)	Percentage
I. A share		
1. Dongfang Electric Corporation	1,001,943,955	50.001%
2. Others	661,916,045	33.032%
II. H share	340,000,000	16.967%
Total	2,003,860,000	100%

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Information of Shareholders

1. Number of shareholders and shareholdings

Unit: Share

Total number of shareholders as at the end of the reporting period 174,292

Shareholdings of the top ten shareholders

Name of shareholder	Capacity	Percentage (%)	Total number of shares held	Increase (Decrease) in the reporting period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Dongfang Electric Corporation	State-owned legal person	50.001	1,001,943,955	4,641,997	119,930,000	Nil
HKSCC Nominees Limited	Overseas legal person	16.878	338,202,697	-114,200	0	Unknown
Minmetals Investment & Development Co., Ltd.	State-owned legal person	0.798	16,000,000	0	0	Unknown
Portfolio 102, National Social Insurance Fund	Others	0.547	10,959,496	3,959,529	0	Unknown
Yulong Securities Investment Fund (裕隆證券投資基金)	Others	0.430	8,621,394	1,391,910	0	Unknown
China Huarong Asset Management Corporation	Others	0.377	7,546,864	0	0	Unknown
China Life Insurance Company Ltd.- traditional-ordinary insurance product-005L-CT001 Shanghai (中國人壽保險股份有限公司—傳統—普通保險產品—005L—CT001滬)	Others	0.323	6,476,717	4,876,717	0	Unknown
ChinaAME Growth Stock Fund (華夏成長證券投資基金)	Others	0.250	4,999,835	1,999,858	0	Unknown
Industrial and Commercial Bank of China— Boserá Selective Equity Securities Investment Fund (中國工商銀行—博時精選股票證券投資基金)	Others	0.200	4,000,000	-5,999,768	0	Unknown
Agricultural Bank of China—Bank of Communications Schroder Selective Equity Securities Investment Fund (中國農業銀行—交銀施羅德精選股票證券投資基金)	Others	0.200	3,999,914	-7,099,804	0	Unknown

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Information of Shareholders (Continued)

1. Number of shareholders and shareholdings (Continued)

Shareholdings of the top ten holders of shares not subject to trading moratorium

Unit: Share

Name of shareholder	Number of shares held not subject to trading moratorium	Class of shares
Dongfang Electric Corporation	882,013,955	Renminbi denominated ordinary shares
HKSCC Nominees Limited	338,202,697	Overseas listed foreign shares
Minmetals Investment & Development Co.,Ltd.	16,000,000	Renminbi denominated ordinary shares
Portfolio 102, National Social Insurance Fund	10,959,496	Renminbi denominated ordinary shares
Yulong Securities Investment Fund (裕隆證券投資基金)	8,621,394	Renminbi denominated ordinary shares
China Huarong Asset Management Corporation	7,546,864	Renminbi denominated ordinary shares
China Life Insurance Company Ltd.- traditional-ordinary insurance product-005L-CT001 Shanghai (中國人壽保險股份有限公司—傳統—普通保險產品—005L—CT001滬)	6,476,717	Renminbi denominated ordinary shares
ChinaAME Growth Stock Fund (華夏成長證券投資基金)	4,999,835	Renminbi denominated ordinary shares
Industrial and Commercial Bank of China — Bosera selective Equity Securities Investment Fund (中國工商銀行—博時精選股票證券投資基金)	4,000,000	Renminbi denominated ordinary shares
Agricultural Bank of China-Bank of Communications Schroder Selective Equity Securities Investment Fund (中國農業銀行—交銀施羅德精選股票證券投資基金)	3,999,914	Renminbi denominated ordinary shares
Statements on the connected relationship or concerted actions among the aforesaid shareholders	The Company is not aware of any connected relationship among the top ten shareholders and top ten shareholders of circulating shares or any party acting in concert.	

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Information of Shareholders (Continued)

1. Number of shareholders and shareholdings (Continued)

Shareholdings of the top ten holders of shares subject to trading moratorium and trading moratorium

Unit: Share

Name of holders of shares subject to trading moratorium	Number of shares held subject to trading moratorium	Listing of shares subject to trading moratorium		Trading moratorium
		Date on which such shares can be traded on the Shanghai Stock Exchange	Increase in number of shares available for trading on the Shanghai Stock Exchange	
Dongfang Electric Corporation	119,930,000	1 December 2012	119,930,000	The shares issued by the Company to Dongfang Electric Corporation this time shall not be transferred within 36 months from the completion of issue of such shares. The new shares are expected to be listed and traded on 1 December 2012, or the following working day if such date shall fall on a statutory holiday or non-working day.

*Notes: (1) Dongfang Electric Corporation is the authorized holder of 1,001,943,955 domestic legal person shares (State-owned legal person shares). None of the shares held by it was pledged, frozen or under custody during the reporting period.

(2) Substantial shareholder's and other person's interests or short positions in the shares or underlying shares of the Company

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

(II) Information of Shareholders (Continued)

1. Number of shareholders and shareholdings (Continued)

Shareholdings of the top ten holders of shares subject to trading moratorium and trading moratorium (Continued)

So far as known to the directors, supervisors and the chief executive of the Company, as at 30 June 2011, shareholders (shareholders who can exercise or control over 5% of the voting rights at any general meetings of the Company) or other persons (other than the directors, supervisors or chief executive of the Company) who holds interest or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance (“SFO”), or to be recorded in the register required to be kept pursuant to Section 336 of the SFO or have been disclosed to the Company or the Stock Exchange, were as follows:

Name	Class of share	Capacity	Number of shares held (shares)	Percentage of total share capital (%)	Percentage of the class of total issued shares (%)
Dongfang Electric Corporation	A share	Beneficial owner	1,001,943,955(L)	50.00(L)	60.22(L)
Blackrock, Inc.	H share	Interests in controlled corporation	27,233,932(L) 1,697,604(S)	1.36(L) 0.08 (S)	8.01(L) 0.50 (S)
JPMorgan Chase & Co.	H share	Beneficial owner, investment manager and custodian	23,750,166(L) ^(a)	1.19(L)	6.99(L)
		Beneficial owner	5,612,094 (S)	0.28 (S)	1.65 (S)
		Custodian	15,541,472(P)	0.78(P)	4.57(P)
Baring Asset Management Limited	H share	Investment manager	20,310,000(L)	1.01(L)	5.97(L)
UBS AG	H share	Beneficial owner, person having a security interest in shares, and interests in controlled corporation	20,019,546(L) ^(b)	1.00(L)	5.89(L)
		Beneficial owner	2,379,600(S)	0.12(S)	0.70(S)
The Northern Trust Company	H share	Approved lending agent	20,231,548(P)	1.01(P)	5.95(P)

The letters “L” and “S” denote a long position and short position in the Shares, respectively, and the letter “P” denotes a lending pool in the Shares

III. CHANGE IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS *(CONTINUED)*

(II) Information of Shareholders *(Continued)*

1. Number of shareholders and shareholdings *(Continued)*

Shareholdings of the top ten holders of shares subject to trading moratorium and trading moratorium *(Continued)*

- (a) As shown in the Disclosure of Interests filed by JPMorgan Chase & Co. on 22 June 2011 in relation to the Relevant Event dated 17 June 2011, these shares are held through certain subsidiaries of JPMorgan Chase & Co. Among the 23,750,166 H shares (L) held by it, 6,290,494 shares are held in the capacity of beneficial owner; 1,918,200 shares are held in the capacity of investment manager; and 15,541,472 shares (P) are held in the capacity of custodian.
- (b) As shown in the Disclosure of Interests filed by UBS AG on 24 May 2011 in relation to the Relevant Event dated 20 May 2011, these shares are held through certain subsidiaries of UBS AG. Among the 20,019,546 H shares (L) held by it, 3,726,546 shares are held in the capacity of beneficial owner; 2,075,800 shares are held in the capacity of person having a security interest in shares; and 14,217,200 shares are held through certain subsidiaries of UBS AG.
- (c) The Company has not received any information as to any holders of H shares holding more than 10% of the total issued share capital of the Company.
- (d) There is no provision for pre-emptive rights under the relevant PRC laws and the Company's Articles of Association.
- (e) As at 30 June 2011, the Company or its subsidiaries had not issued any convertible securities, options, warrants or any other similar rights or redeemable securities.

Save as disclosed above, as of 30 June 2011 the Company is not aware of any person (not being a director, or a supervisor or chief executive of the Company) who holds interest or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company or the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept pursuant to Section 336 of the SFO, or have been disclosed to the Company or to the Stock Exchange.

2. Change in the controlling shareholder and de facto controller of the Company

During the reporting period, there was no change in the controlling shareholder and de facto controller of the Company.

IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholdings of Directors, Supervisors and Senior Management

As at 30 June 2011, the following directors, supervisors, or chief executives had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning under Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Shareholdings of Directors, Supervisors and Senior Management

Unit: Share

Name	Number of shares held at the beginning of the Period	Number of shares held at the end of the Period	Increase/decrease during the Period	Reason for the change
Directors				
Si Zefu	0	0	—	—
Zhang Xiaolun	0	0	—	—
Wen Shugang	0	0	—	—
Huang Wei	0	0	—	—
Zhu Yuanchao	0	0	—	—
Zhang Jilie	0	0	—	—
Li Yanmeng	0	0	—	—
Zhao Chunjun	0	0	—	—
Peng Shaobing	0	0	—	—
Supervisors				
Wen Bingyou	8,238	8,238	0	—
Wen Limin	0	0	—	—
Wang Congyuan	0	0	—	—
Senior management				
Zhang Zhiying	0	0	—	—
Han Zhiqiao	2,540	2,540	0	—
Gong Dan	2,540	2,540	0	—
Chen Huan	0	0	—	—
Gao Feng	0	0	—	—

IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

(I) Changes in Shareholdings of Directors, Supervisors and Senior Management (Continued)

Shareholdings of Directors, Supervisors and Senior Management (Continued)

* Note:

- (1) All of the shares and interests disclosed above represent A Shares of the Company.
- (2) During the reporting period, there was no change in shareholdings of directors, supervisors and senior management of the Company.
- (3) None of the directors, supervisors and senior management or their respective associates was granted by the Company or its subsidiaries any right to sell or acquire shares or debentures of the Company nor had they exercised any such right as at 30 June 2011.

Save as disclosed above, as at 30 June 2011, none of the directors, supervisors or chief executives of the Company, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associate corporations (within the meaning under Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

(II) New Appointment or Dismissal of Directors, Supervisors and Senior Management of the Company

During the reporting period, there was neither new appointment nor dismissal of directors, supervisors and senior management of the Company.

V. REPORT OF THE BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Discussion and Analysis on the Overall Operations during the Period

The year 2011 is the first year for the implementation of the “12th Five-Year Plan”. In the first half of 2011, in thoroughly following the annual work guidelines of “adjusting structures, driving innovation, strengthening management, and enhancing quality”, the Company vigorously carried out various work in respect of production, operation and management and achieved remarkable operating results, with substantial growth in sales revenue, output and profit as compared with the same period last year. All this has laid a solid foundation for the smooth attainment of the full-year business objectives.

Continued growth in sales revenue and profit

During the reporting period, in accordance with the CAS, the Company recorded a total operating revenue of RMB19,759 million, representing an increase of 16.84% over the same period last year; net profit attributable to shareholders of the Company of RMB1,538 million, representing an increase of 53.42% over the same period last year; earnings per share of RMB0.77, representing an increase of 53.42% over the same period last year; and gross profit margin for principal operations of 20.43%, representing an increase of 2.95 percentage points over the same period last year.

Production targets successfully accomplished

During the reporting period, the Company produced power generation equipments with total capacity of 21,131.5MW, representing a year-on-year increase of 25.8% and scaling a new high in a timeframe of half a year, including 11 hydro-electric turbine generator sets (2,487.5MW), 32 steam turbine generators (17,738MW), 587 wind power generation sets (906MW), 26 power station boilers (11,493MW) and 56 power station steam turbines (21,272MW).

Outstanding results in market exploration

In the first half of 2011, despite an unstable nuclear power market and shrinking wind power market, the Company still procured new orders amounting to RMB23.6 billion, well above that of the same period last year. Among the new orders, exports accounted for 44.2%, or around US\$1.6 billion, giving strong support to the Company’s strategy of “going international”. Among the new orders, high-efficiency clean energy accounted for 42.7%, new energy 7%, water energy and environmental protection 5.6%, and engineering and service industry 44.7%. As at 30 June 2011, the Company’s orders on hand exceeded RMB150 billion, among which high-efficiency clean energy accounted for 58.7%, new energy 11.9%, water energy and environmental protection 9.9%, engineering and service industry 19.5%. Exports accounted for 22.8% of all of the Company’s orders on hand.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(I) Discussion and Analysis on the Overall Operations during the Period (Continued)

Outstanding results in market exploration (Continued)

In the first half of 2011, the thermal power market showed positive signs and the gas turbine market demonstrated robust demands. Orders from overseas markets increased noticeably and orders from the hydro power market maintained steady growth. The Company also entered into certain material contracts concerning a batch of key thermal power projects of the state, Dazhou 2×350 MW gas turbine project, BTG project with Abhijeet Group in India, wild goose hydro power project in Iran, and the low pressure heater supply contract for nuclear power plants with the Electricite De France (EDF).

Proactive response to the impact of the Fukushima nuclear crisis

After the outbreak of the Fukushima nuclear leakage in Japan, the Company paid keen attention to its impact on the nuclear power market. It organized relevant personnel to study and analyze the possible influence of the Japanese earthquake and nuclear crisis on the production and operation of the Company, and actively communicated with project owners, suppliers and subcontractors. Further, the Company established a task force to conduct specific inspections on nuclear safety quality of the civil nuclear island equipment and conventional island equipment manufactured by enterprises affiliated to the Company, raising the nuclear safety awareness of all the staff, and advancing nuclear power production plans as per clients' requirements, in an attempt to minimize the influence of the Japanese nuclear crisis on the production and operation of the Company.

Made best efforts to tap international markets

During the reporting period, the Company's construction in progress proceeded well, with notable increase in sales revenue and profit. In January to June 2011, operating income from engineering projects amounted to RMB2.022 billion, representing an increase of 121.35%. The Company secured US\$1.6 billion of new orders for overseas projects in the first half of the year. To better implement the strategy of "going international", the Company consolidated its Engineering Branch and the Import & Export Branch and renamed the new firm as "Dongfang Electric Corporation Limited International Engineering Branch". The International Engineering Branch will play a leading role in the Company's strategy of "going international" and accumulated experiences in enhancing the internationalized operation standards of the Company, aiming to become an industrial segment which will bolster the Company's development in the future.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(II) Main Businesses and Their Operations

1. Principal Operations by Industry and Product

Unit: RMB

Industry/Product	Operating Revenue	Operating Cost	Operating profit margin (%)	Increase/decrease in operating revenue (%)	Increase/decrease in operating cost (%)	Increase/decrease in operating profit margin (%)
By Industry						
Manufacture of power generation equipments	19,521,996,033.45	15,534,157,287.04	20.43	17.51	13.31	an increase of 2.95 percentage points
By Product						
High efficiency and clean power generation equipments	11,569,712,135.12	9,286,294,070.00	19.74	17.09	14.39	an increase of 1.89 percentage points
New energy	4,241,930,280.42	3,419,030,788.25	19.4	1.64	5.4	a decrease of 2.88 percentage points
Water energy and environmental equipments	1,279,749,408.86	1,045,284,950.20	18.32	1.86	-5.6	an increase of 6.46 percentage points
Engineering and service	2,430,604,209.05	1,783,547,478.59	26.62	86.68	43.79	an increase of 21.88 percentage points

Descriptions of Principal Operations by Industry and Product:

From perspective of comprehensive gross profit margin, the Company's comprehensive gross profit margin of principal operations for the Period was 20.43%, increasing by 2.95 percentage points compared with 17.48% for the same period last year, and by 0.50 percentage points as compared with 2010. The sustained rise in the gross profit margin was mainly attributed to the Company's adjustment of the industrial structure and the actual results achieved in further implementation of cost reduction, efficiency enhancement, revenue increase and expenditure cutting. From perspective of products, the gross profit margin of new energy for the Period was 19.40%, representing a decrease of 2.88 percentage points as compared with 22.28% for the same period last year, and a decrease of 2.43 percentage points as compared with 2010, mainly attributable to the year-on-year decrease in the sales price of wind power products during the Period. The gross profit margin of engineering and service for the Period was 26.62%, representing an increase of 21.88 percentage points as compared with the same period last year, and an increase of 4.18 percentage points as compared with 2010, mainly due to changes in structure of the engineering projects during the Period.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(II) Main Businesses and Their Operations (Continued)

2. Principal Operations by Region

Unit: RMB

Region	Operating Revenue	Increase/decrease in operating revenue as compared with last year (%)
PRC	17,687,884,368.64	12.61
Overseas	1,834,111,664.81	102.24

3. Problems and Obstacles in Operation

Since the beginning of this year, 1) as the nuclear crisis in Japan exerted profound influence on the global nuclear power industry, the state has suspended examination and approval of the nuclear power projects, which brought uncertainties to the development of the nuclear power business of the Company; 2) as competition in the wind power market has turned white-hot, continued drops in wind power prices have posed more challenges to the production and operation of wind power; 3) affected by the state policies and insufficient capital financed by owners of power projects, the construction progress of certain power projects became uncertain, making it more difficult to recover loans and arrange production schedules.

4. Material Events

There has been no event since the end of the Period which materially affected the Company and its subsidiaries.

5. Outlook for the Second Half of the Year

In the second half of 2011, the Company will spare no efforts to explore both domestic and overseas markets, maintain and expand market shares by leveraging the rally of thermal power, hydro power and gas turbine projects. Meanwhile, the Company will continue to consolidate such traditional markets as India and Vietnam on top of the achievements in overseas markets expansion in the first half of the year, and aggressively make forays into markets like South America and Africa. In addition, the Company will further explore the new energy sector, and turn crises into opportunities. By seizing the opportunity of fast-growing engineering projects, it will continually optimize the industrial structure and boost its core competitiveness and risk resistance capacity through sustained technological innovation and development of new products, so as to fulfil new breakthroughs.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis

Analysis on changes in balance sheet during the Period

Changes in composition of assets:

Unit: RMB00'000'000

Items	As at 30 June 2011	As at 31 December 2010	Increase/ Decrease %
Monetary fund	107.82	137.54	-21.61
Bills receivable	17.84	13.82	29.09
Trade receivable	140.69	117.09	20.16
Taxes payable	3.46	13.50	-74.37

Analysis on reasons for the changes:

1. Monetary fund decreased by 21.61% as compared with the beginning of the Period, mainly attributable to the significant decrease in payments for goods received by the Company during the Period.
2. Bills receivable increased by 29.09% as compared with the beginning of the Period, mainly attributable to more bills settled by customers during the Period.
3. Trade receivable increased by 20.16% as compared with the beginning of the Period, mainly attributable to the increase in amount due from customer for settlement of contracts and retention for construction contracts as a result of the growth of the Company's operating revenue.
4. Taxes payable decreased by 74.37% as compared with the beginning of the Period, mainly due to the payment of taxes (including VAT) for last year by the Company during the Period.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis (Continued)

Analysis on changes in items in income statement during the Period

Changes in composition of expenses

Unit: RMB00'000'000

Items	As at 30 June 2011	As at 30 June 2010	Increase/ decrease %
Administrative expenses	15.12	11.25	34.40
Impairment loss of assets	5.59	3.57	56.58
Net profit	15.68	10.39	50.91
Net profit attributable to the Company	15.38	10.02	53.49

Analysis on reasons for the changes:

1. The administrative expenses for the Period grew by 34.40% as compared with the same period last year, mainly attributable to the significant increase in expenditures for R&D as a result of more efforts in R&D by the Company.
2. Impairment loss of assets for the Period grew by 56.58% as compared with the same period last year, mainly attributable to the increase in provision for bad debts under relevant accounting policies as a result of increase in receivables.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis (Continued)

Analysis on changes in items in cash flow statement during the Period

Changes in items in cash flow statement

Unit: RMB00'000'000

Items	As at 30 June 2011	As at 30 June 2010	Increase/ decrease %
Net cash flow generated from operating activities	-18.28	-2.08	778.85
Net cash flow generated from investing activities	-8.63	-15.21	-43.26
Net cash flow generated from financing activities	-2.75	-4.00	-31.25

Analysis on reasons for the changes:

1. The net cash outflow generated from operating activities increased by 778.85% over the corresponding period last year, mainly attributable to the significant decrease in payment for goods received by the Company during the Period.
2. Net cash outflow generated from investing activities decreased by 43.26% from the corresponding period last year, mainly attributable to the significant decrease in cash expenditures for fixed assets investment in the Period after the completion of major fixed assets investment projects such as post-disaster reconstruction project of Dongfang Turbine and Phase III Project of DFHM.
3. Net cash outflow from financing activities decreased by 31.25% from the same period last year, mainly attributable to the repayment of considerations during the same period last year for acquisition of equity interests to controlling shareholders.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis (Continued)

Statements on other matters during the Period

1. Borrowings

As at 30 June 2011, the Company had bank borrowings of RMB2,361,320,000 due within one year, and RMB325,810,000 due in more than one year. Loans, cash and cash equivalents held by the Company are all denominated in Renminbi. The Company has maintained a sound financing capacity due to its healthy credit status and future sustainable profitability.

2. Gearing Ratio

As at the 30 June 2011, the gearing ratio (total liabilities divided by total assets) of the Company was 84.86%, representing a decrease of 0.81 percentage point from 85.67% as at the end of 2010.

3. During the Period, the Company has not pledged any assets.

4. Risk in Exchange Rate Fluctuation and any related Hedging

In respect of the exchange rate risks exposed to its international construction projects, the Company has proactively adopted financial leverage instruments including forward exchange settlement during the Period to limit the risks arising from exchange rate fluctuations.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis (Continued)

Statements on other matters during the Period (Continued)

5. Contingent Liabilities:

- (1) The case concerning project settlement with Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. (廣州經濟技術開發區建設監理有限公司)

In February 2005, DFHM and Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. entered into the Management Contract on Construction Project. The parties failed to reach a consensus on the payment in respect of the “settlement and review compensation rewards (結算審核獎勵報酬)” stipulated in the Management Contract on Construction Project. In February 2009, Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. filed an action to the People’s Court of Nansha District, requesting DFHM to pay the service fee for deferred work of RMB360,000, the additional service fee for Phase I improvement project of RMB600,000 and settlement and review compensation rewards of RMB6,955,700, totaling RMB7,915,720. As at the publication date of this interim results, the case has initiated the second-instance procedure.

- (2) The case concerning the contract dispute with Zigong Yancheng Construction Engineering Co., Ltd. (自貢市沿城建築工程有限公司)

In May 2005, Dongfang Broiler entered into a contract with Zigong Dongfang Color Steel Structure Co., Ltd. (自貢市東方彩鋼結構有限公司) for the color steel project for roofs of some workshops. Zigong Dongfang Color Steel Structure Co., Ltd. subcontracted, without permission, the project to Zigong Yancheng Construction Engineering Co., Ltd., which further subcontracted the project to Deyang Runxin Color Steel Co., Ltd. (德陽潤鑫彩鋼有限公司). Disputes in relation to deduction of construction cost arose between the contract-issuing party (subcontract-issuing party) and the contractor (subcontractor) due to low construction quality.

In August 2010, Dongfang Broiler received an indictment issued by Intermediate People’s Court of Zigong City in relation to the contract dispute case of Zigong Yancheng Construction Engineering Co., Ltd. versus Deyang Runxin Color Steel Co., Ltd. Zigong Yancheng Construction Engineering Co., Ltd. claimed RMB2,588,200 for contract loss from Deyang Runxin Color Steel Co., Ltd. In this case, Dongfang Broiler was regarded as the third person. In July 2011, Da’an Court ordered to terminate hearing of this case. It is uncertain when the case will resume hearing.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(III) Financial Analysis (Continued)

Statements on other matters during the Period (Continued)

5. Contingent Liabilities: (Continued)

(3) Arbitration over technology disputes with US-based Foster Wheeler

In March 1994, Dongfang Electric Corporation (“DEC”), Dongfang Boiler Factory (東方鍋爐廠) and US-based Foster Wheeler entered into a licensing agreement, whereby DEC and Dongfang Boiler Factory imported from Foster Wheeler the technology for 50MW and 100MW non-reheat loop fluidized-bed boilers. In January 1999, Dongfang Boiler Factory transferred its rights and obligations stipulated under the licensing agreement to Dongfang Broiler.

In January 2009, Foster Wheeler filed an arbitration claim with the Chamber of Commerce of Stockholm, Sweden against DEC, Dongfang Boiler Factory and Dongfang Broiler as respondents. Foster Wheeler alleged that DEC, Dongfang Boiler Factory and Dongfang Broiler have used its technology on 135MW and 300MW boilers in violation of provisions of the licensing agreement, and claimed compensation for its losses. DEC has submitted a statement of defense to the Chamber of Commerce of Stockholm, Sweden.

(4) Save as the aforesaid contingent liabilities, as at 30 June 2011, the Group had no other material contingent liabilities.

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(IV) Investment of the Company

1. Use of Proceeds

Unit: RMB0'000

Year	Method for raising capital	Total amount of the proceeds	Total amount used in the reporting period	Total amount used accumulatively	Total amount of the remaining proceeds	Use and purpose for the remaining proceeds
2009	Non-public issuance of shares	499,987.00	486.63	474,716.01	25,270.99	The remaining proceeds are deposited in special account for the projects to be funded by proceeds
2008	Issuance of new shares	129,734.60	3,574.70	114,830.69	14,903.91	The remaining proceeds are deposited in special account for the projects to be funded by proceeds

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(IV) Investment of the Company (Continued)

2. Projects under Capital Commitment

Unit: RMB0'000

Year	Projects under capital commitment	Changed or not	Proposed amount of proceeds to be used	Actual amount of proceeds used	Progress as scheduled or not	Project progress
2008	East China (New Energy) Manufacture Base Construction Project of the Company	No	40,936.30	40,936.30	Yes	Completed and put into use.
	North China Manufacture Base Construction Project Of the Company	No	18,623.70	18,623.70	Yes	Completed and put into use.
	Technical Renovation Project of 1,000MW Conventional Island for Nuclear Power Station of the Company	No	38,643.90	29,432.78	Yes	Plants and most equipments already put into use, with only a few large facilities under installation debugging.
	Production Base Construction Project for Core Components of Large-scale Clean High-efficiency Power Generating Equipments of the Company	No	31,530.70	25,837.91	Yes	Already completed and accepted or under pre-acceptance; partially put into operation.
2009	Hanwang Remote Base Reconstruction Projects of Dongfang Steam Turbine Company Limited (including R&D of grade-F 50 MW (IGCC) gas turbines)	No	220,000	220,000	Yes	Completed and put into use.
	Combustion Technology Experiment Center Project of Clean High-efficiency Boilers	No	2,100	2,100.00	Yes	Basically completed and put into use.
	Technical Renovation Project of 1000 MW Nuclear Power Conventional Island of the Company	No	79,000	53,729.01	Yes	Plants and most equipments already put into use, with only a few large facilities under installation debugging.
Total		/	430,834.60	390,659.70	/	/

V. REPORT OF THE BOARD (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(IV) Investment of the Company (Continued)

3. Projects unrelated to Raised Proceeds

Unit: RMB0'000

No.	Name of project	Major content of project	Total investment	Unit in charge	Accumulatively completed investment as of June	Project progress
1	DEC (Wuhan) Nuclear Equipment Company Limited Expansion Project	Acquisition of approximately 74 acres of land and completion of new plants, office buildings, canteens and shift dormitories (with an area of approximately 21,010m ²). Addition of certain key equipment. Annual production capacity of 4 inner reactor component sets.	44,165	DEC (Wuhan) Nuclear Equipment Company Limited	17,012	Construction, installation and ancillary facilities (including roads, pipe networks, etc.) basically completed; external decoration of main bodies of the complex building and canteens completed, with interior decoration underway; 34 sets of equipment put into use.
2	Seaside Base Phase III Construction Project of the Company	Introduction of key equipment such as large plate bending rolls and narrow gap automatic welding machines, addition of major equipment such as submerged arc automatic welding machines and automatic grinding machines. Completion of the new two combinations and five crossovers of plants (聯二廠房五跨) Completion of new gross floor area of 56,640m ² . Completion of expanded canteens with gross area of 1,793m ² . Roads, greening and pipelining inside plants.	90,201	Dongfang Electric (Guangzhou) Heavy Duty Machinery Co., Ltd.	53,205	Construction of combined plants No. 2 already completed; main body of expanded canteens completed, with interior decoration underway.

VI. SIGNIFICANT EVENTS

(I) CORPORATE GOVERNANCE

The Company is a company listed on the Shanghai Stock Exchange and the Stock Exchange in strict compliance with the Company Law, Securities Law, the Governance of Listed Company Standards and other relevant laws and regulations as well as regulatory documents of CSRC. The Company actively improves its corporate governance structure, establishes a modern corporate system and standardizes corporate operations. An effective check and balance mechanism has been established with division of duties and coordination among the general meeting, the board of directors, supervisory committee and managers of the Company.

To improve the corporate governance structure, the Company established four special committees: the Strategic Development Committee, the Audit and Review Committee, the Remuneration and Nomination Committee and the Risk Management Committee. The Company formulated and implemented corporate governance documents, including “Articles of Association”, “Rules of Procedure of Shareholder’s General Meeting”, “Rules of Procedure of Board Meeting”, “Rules of Procedure of Supervisory Meeting”, “Annual Report Work Rules for Independent Directors”, “Annual Report Work Procedures for the Audit and Review Committee”, and “Rules of Accountability for Material Errors in Information Disclosure of Annual Reports”.

(II) THE IMPLEMENTATION OF THE PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

During the reporting period, profit distribution for 2010 had been completed.

(III) PROPOSED INTERIM PROFIT DISTRIBUTION PLAN AND TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

No profit will be distributed or transferred.

(IV) IMPLEMENTATION OF CASH DIVIDENDS POLICY DURING THE REPORTING PERIOD

On 17 May 2011, the distribution plan for profit after taxation in 2010 was approved at the 2010 annual general meeting of the Company, pursuant to which the Company would distribute to all the shareholders of the Company a cash dividend of RMB0.13 (tax inclusive) per share, totaling RMB260,501,800.00 (tax inclusive) for the year ended 31 December 2010. The remaining retained profit was carried forward to 2011. As at the end of the reporting period, the distribution of the above cash dividends had been completed.

(V) MATERIAL LITIGATION AND ARBITRATION

During the reporting period, the Company was not involved in any material litigation or arbitration.

VI. SIGNIFICANT EVENTS (CONTINUED)

(VI) MATTERS RELATING TO INSOLVENCY AND REORGANIZATION

During the reporting period, the Company was not involved in insolvency or reorganization.

(VII) SHAREHOLDING IN THE OTHER LISTED COMPANIES AND FINANCIAL ENTERPRISES

1. Securities investment

No.	Type of securities	Code of securities	Abbreviation of securities	Initial investment cost (RMB)	Number of securities held (shares)	Book value at the end of the period (RMB)	Percentage in securities investment at the end of the period (%)	Gain/loss in the reporting period (RMB)
1	Stock	601179	China XD Electric Co., Ltd.	41,677,146.84	6,022,665	36,738,256.50	10.65	5,647,092.73
2	Stock	600795	GD Power Development Co., Ltd.	46,107,941.00	14,453,900	42,783,544.00	12.4	2,519,568.70
3	Stock	600011	Huaneng Power International, Inc.	279,708,656.58	50,216,994	265,145,728.32	76.84	10,043,398.80
4	Stock	000584	Sichuan Youli Investment Holding Co., Ltd.	44,263.24	46,602.00	394,252.92	0.11	-13,980.60
		Total		<u>367,538,007.66</u>	<u>/</u>	<u>345,061,781.74</u>	<u>100</u>	<u>18,196,079.63</u>

(VIII) ASSETS TRANSACTIONS

The Company was not involved in any assets acquisition, disposal, or merger & acquisition during the reporting period.

VI. SIGNIFICANT EVENTS (CONTINUED)

(IX) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

Continuing Connected Transactions Framework Agreements

In 2007, in order to regulate the continuing connected transactions between the Company, its subsidiaries and the controlling shareholder Dongfang Electric Corporation and other related legal entities, the Company entered into a series of three-year framework agreements in respect of purchase, sales, financial services and other related transactions with Dongfang Electric Corporation and other related legal entities when the main business assets of the Company were consolidated and listed on the stock exchange. On 5 May, 2009, according to the changes in the production and operation of the Company, the Company revised 2009 annual caps for the Financial Services Framework Agreement, Properties and Equipment Framework Lessee Agreement and Huaxi Purchase and Production Service Framework Agreement which were entered into in 2007, and entered into the following agreements with Dongfang Electric Corporation and other related legal entities: the 2009-2011 Financial Services Framework Agreement, 2009-2011 Properties and Equipment Framework Lessee Agreement and 2009-2011 Huaxi Purchase and Production Service Framework Agreement, 2010-2011 Purchase and Production Services Framework Agreement, 2010-2011 Sales and Production Services Framework Agreement, 2010-2011 Combined Ancillary Services Framework Agreement, 2010-2011 Properties and Equipment Framework Lessor Agreement . Please refer to the announcements on connected transactions published by the Company on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange on 5 May 2009 for details of the agreements. The annual caps of these connected transactions had been approved by the independent directors of the Board and/or independent shareholders of the Company at the general meetings of the Company. As at 30 June 2011, none of the annual caps for the significant connected transactions as approved by the Board or the general meeting was exceeded.

VI. SIGNIFICANT EVENTS (CONTINUED)

(IX) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD (Continued)

Continuing Connected Transactions Framework Agreements (Continued)

The actual amounts of these connected transactions as at 30 June 2011 and the annual caps for 2011

Unit: RMB'000

Name of agreement	Total actual amount from Jan to Jun 2011	Proposed annual caps for 2011
Purchase and Production Services Framework Agreement	647,910	5,300,000
Sales and Production Services Framework Agreement	318,788	2,500,000
Combined Ancillary Services Framework Agreement (receipt of services)	20,840	100,000
Combined Ancillary Services Framework Agreement (provision of services)	49	8,000
Properties and Equipment Lessor Framework Agreement	233	2,000
	10,026,148	10,400,000 (deposit plus interest income)
Financial Services Framework Agreement	2,198,758	10,480,000 (loans plus interest expense)
Properties and Equipment Lessee Framework Agreement	19,258	80,000
Huaxi Purchase and Production Service Framework Agreement	34	89,750

VI. SIGNIFICANT EVENTS (CONTINUED)

(X) MATERIAL CONTRACTS AND PERFORMANCE THEREOF

1. Custodies, contracting and leases which contribute more than 10% (inclusive) to the total profit of the Company for the period

(1) Custodies

The Company was not involved in any custody during the reporting period.

(2) Contracting

The Company did not engage in any contracting business during the reporting period.

(3) Leases

The Company was not involved in any lease affairs during the reporting period.

2. Guarantees

The Company was not involved in any guarantee during the reporting period.

3. Entrusted investment and entrusted loans

(1) Entrusted investment

The Company did not entrust any entities to make any investment during the reporting period.

(2) Entrusted loans

The Company had no entrusted loans during the reporting period.

4. Other material contracts

The Company did not enter into any material contracts during the reporting period.

VI. SIGNIFICANT EVENTS (CONTINUED)

(XI) PERFORMANCE OF UNDERTAKINGS

1. Undertakings of the Company or shareholders with 5% or more shareholdings in the Company occurring in or persisting to the reporting period

- (1) As at the disclosure date of the interim report, there was no outstanding result undertaking not performed completely.
- (2) As at the disclosure date of the interim report, there were no outstanding undertakings in respect of assets injection or consolidation not performed completely.

(XII) APPOINTMENT OR DISMISSAL OF AUDITORS

Auditors reappointed or not:	No
Name of domestic auditor	Currently appointed ShineWing Certified Public Accountants

(XIII) PUNISHMENT OF AND CORRECTION BY THE COMPANY OR ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS OR DE FACTO CONTROLLER

During the reporting period, none of the Company, its directors, supervisors, senior management, shareholders and de facto controller received any investigation, administrative punishment, or criticism circular from the CSRC or any public denouncement by stock exchanges.

(XIX) EMPLOYEES

As at 30 June 2011, the Company had 20,905 employees. The Company adopted a remuneration system linked with performance and paid the employees in accordance with their individual performance.

(XV) PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

(XVI) CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in full compliance with the requirements of all code provisions of the "Code on Corporate Governance Practices" under Appendix 14 to the Listing Rules on the Stock Exchange at all times during the reporting period.

VI. SIGNIFICANT EVENTS (CONTINUED)

(XVII) MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) under Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors of the Company, the Company confirms that all directors and supervisors of the Company had complied with the requirements under the Model Code in respect of the securities transactions by directors and supervisors.

(XVIII) AUDIT COMMITTEE

The Board of the Company had set up an Audit Committee comprising three independent non-executive directors, namely, Mr. Zhao Chunjun, Mr. Li Yanmeng and Mr. Peng Shaobing, and two non-executive directors, namely, Mr. Zhang Xiaolun and Mr. Zhang Jilie. The Audit Committee has reviewed the interim report of the Company for the reporting period, and agreed to the accounting methods adopted by the Company.

(XIX) DESCRIPTIONS OF OTHER SIGNIFICANT EVENTS

At the 2010 annual general meeting convened on 17 May 2011, the Company passed the following ordinary resolution: the adoption of the China Accounting Standards for Business Enterprises; and the appointment of ShineWing Certified Public Accountants as the auditors of the Company auditing the Company’s financial statements for the year 2011 in accordance with the China Auditing Standards and to undertake all such activities as required to be performed by overseas auditors under the Listing Rules.

(XX) INFORMATION DISCLOSURE

The interim report for the six months ended 30 June 2011 will be sent by the Company to its shareholders and will also be published in due course on the websites of the Stock Exchange and the Company (<http://dfem.wsfq.hk>), containing all the information as recommended in “Disclosure of Financial Information” under Appendix 16 to the Listing Rules.

VII. FINANCIAL STATEMENTS

Please refer to page A1 to A80.

VII. Financial Report (unaudited)

(I) Financial Statement

Consolidated Balance Sheet

30 June 2011

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund	(VI)1	10,781,947,568.49	13,754,295,282.20
Balances with clearing companies			
Placements with banks and other financial institutions			
Held-for-trading financial assets	(VI)2	88,864,912.29	56,590,975.14
Bills receivable	(VI)3	1,784,135,004.30	1,381,939,792.38
Trade receivables	(VI)5	14,068,628,761.47	11,708,888,636.30
Prepayments	(VI)7	7,658,569,064.50	7,515,877,756.27
Premiums receivable			
Reinsurance accounts receivable			
Deposits receivable from reinsurance treaty			
Interests receivable	(VI)4	16,200,612.65	41,329,431.88
Dividends receivable			
Other receivable	(VI)6	428,644,373.94	419,729,277.00
Purchases of resold financial assets			
Inventories	(VI)8	38,443,670,236.99	34,580,411,051.57
Non-current assets due within one year			
Other current assets			
Total current assets		73,270,660,534.63	69,459,062,202.74
Non-current assets:			
Entrusted loans and advances granted			
Available-for-sale financial assets	(VI)9	307,929,272.32	381,049,885.44
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(VI)11	377,557,841.14	325,461,609.16
Investment properties	(VI)12	29,940,896.13	30,761,360.47
Fixed assets	(VI)13	9,161,245,052.70	8,877,686,305.79
Construction in progress	(VI)14	1,398,875,462.06	1,492,714,510.97
Construction materials	(VI)15	169,875.22	113,464.96
Disposals of fixed assets	(VI)16	1,370,853.52	1,090,452.80
Biological assets for production			
Fuel assets			
Intangible assets	(VI)17	963,512,137.29	975,603,071.61
Development expenses			

Goodwill			
Long-term deferred expenditures	(VI)18	1,528,618.31	1,686,621.68
Deferred income tax assets	(VI)19	795,529,746.16	707,659,026.96
Other non-current assets			
Total non-current assets		13,037,659,754.85	12,793,826,309.84
Total assets		86,308,320,289.48	82,252,888,512.58
Current liabilities:			
Short-term borrowings	(VI)21	2,330,000,000.00	2,335,000,000.00
Borrowings from central bank			
Deposit taking and deposit in inter-bank market			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			5,305,823.49
Bills payable	(VI)23	3,358,084,247.17	3,570,917,414.24
Trade payables	(VI)24	13,289,741,964.89	11,108,250,924.51
Receipts in advance	(VI)25	49,587,420,504.01	47,689,085,886.68
Disposal of repurchased financial assets			
Handling charges and commissions payable			
Staff remuneration payable	(VI)26	390,379,302.67	467,583,217.28
Taxes payable	(VI)27	346,223,859.48	1,350,337,731.84
Interests payable	(VI)28		800,710.61
Dividends payable	(VI)29	1,560,249.58	2,538,041.97
Other payable	(VI)30	1,900,323,774.51	1,936,292,789.40
Reinsurance accounts payable			
Deposits for insurance contracts			
Customer deposits for trading in securities			
Amounts due to issuer for securities underwriting			
Non-current liabilities due within one year	(VI)32	31,320,000.00	31,320,000.00
Other current liabilities	(VI)33	100,636,400.49	121,973,441.06
Total current liabilities		71,335,690,302.80	68,619,405,981.08
Non-current liabilities:			
Long-term borrowings	(VI)34	325,808,428.01	275,808,428.01
Debentures payable			
Long-term payable	(VI)35	685,252.84	685,252.84
Special payable			
Estimated liabilities	(VI)31	835,733,848.79	833,643,848.31
Deferred income tax liabilities	(VI)19	16,102,362.39	15,648,298.79
Other non-current liabilities	(VI)36	725,762,790.51	723,314,185.60
Total non-current liabilities		1,904,092,682.54	1,849,100,013.55
Total liabilities		73,239,782,985.34	70,468,505,994.63
Owners' equity (shareholders' equity):			

Paid-up capital (or share capital)	(VI)37	2,003,860,000.00	2,003,860,000.00
Capital reserve	(VI)38	5,074,256,173.33	5,094,255,444.33
Less: Treasury stock			
Special reserve			
Surplus reserve	(VI)39	151,942,714.52	151,942,714.52
General risk provision			
Undistributed profit	(VI)40	5,071,006,630.93	3,793,595,551.57
Foreign currency translation difference		-6,094,389.68	-4,899,420.20
Total owners' equity attributable to the Company		12,294,971,129.10	11,038,754,290.22
Minority interests		773,566,175.04	745,628,227.73
Total owners' equity		13,068,537,304.14	11,784,382,517.95
Total liabilities and owners' equity		86,308,320,289.48	82,252,888,512.58

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Balance Sheet of the Company

30 June 2011

Prepared by: Dongfang Electric Corporation Limited

Unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund		1,301,445,352.05	3,599,890,429.25
Held-for-trading financial assets		73,041,353.71	47,865,847.09
Bills receivable		106,293,561.44	34,698,174.23
Trade receivables	(XII)1	1,236,698,268.92	529,432,853.08
Prepayments		12,308,879,813.40	10,906,530,954.79
Interests receivable			
Dividends receivable		131,436,444.73	131,436,444.73
Other receivable	(XII)2	4,676,257,523.50	4,512,202,997.51
Inventory		424,976,740.26	330,328,404.78
Non-current liabilities due within one year			
Other current assets			
Total current assets		20,259,029,058.01	20,092,386,105.46
Non-current assets:			
Available-for-sale financial assets		307,929,272.32	381,049,885.44
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(XII)3	9,810,648,389.15	9,774,685,748.37
Investment properties		19,122,270.52	19,636,771.07
Fixed assets		13,694,795.48	12,545,854.96
Construction in progress			

Construction materials			
Disposals of fixed assets			
Biological assets for production			
Fuel assets			
Intangible assets		6,178,686.97	78,371.89
Development expenses			
Goodwill			
Long-term deferred expenditures			
Deferred income tax assets		19,665,089.55	7,076,218.17
Other non-current assets			
Total non-current assets		10,177,238,503.99	10,195,072,849.90
Total assets		30,436,267,562.00	30,287,458,955.36
Current liabilities:			
Short-term borrowings		1,350,000,000.00	3,900,000,000.00
Held-for-trading financial liabilities			5,081,525.31
Bills payable			
Trade payables		839,936,145.20	739,844,045.67
Receipts in advance		16,054,846,665.32	14,079,351,049.77
Staff remuneration payable		10,346,081.05	21,993,601.69
Taxes payable		-51,498,090.16	-75,214,007.24
Interests payable			
Dividends payable			
Other payable		1,409,856,631.91	1,784,694,733.51
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		19,613,487,433.32	20,455,750,948.71
Non-current liabilities:			
Long-term borrowings			
Debentures payable			
Long-term payable			
Special payable			
Estimated liabilities			
Deferred income tax liabilities		5,445,464.58	4,427,314.37
Other non-current liabilities			
Total non-current liabilities		5,445,464.58	4,427,314.37
Total liabilities		19,618,932,897.90	20,460,178,263.08
Owners' equity (shareholders' equity):			
Paid-up capital (or share capital)		2,003,860,000.00	2,003,860,000.00
Capital reserve		5,140,652,902.81	5,160,652,173.81
Less: Treasury stock			

Special reserve			
Surplus reserve		440,305,830.95	440,305,830.95
General risk provision			
Undistributed profit		3,232,515,930.34	2,222,462,687.52
Total owners' equity (or shareholder's equity)		10,817,334,664.10	9,827,280,692.28
Total liabilities and owners' equity (or shareholder's equity)		30,436,267,562.00	30,287,458,955.36

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Consolidated Income Statement

Jan-June 2011

Unit: RMB

Item	Note	Amount for the period	Amount for the same period last year
I. Total revenue from operations		19,759,214,532.88	16,911,367,827.06
Including: revenue from operations	(VI)41	19,759,214,532.88	16,911,367,827.06
Interest income			
earned			
Insurance premiums			
Income from fees and commissions			
II. Total cost of operations		18,124,177,954.14	15,807,302,086.85
Including: Cost of operations	(VI)41	15,632,770,296.23	13,888,567,855.86
Interest expenses			
Fee and commission expenses			
Surrender payment			
Net expenditure for compensation payments			
contracts			
Net provision for insurance			
Expenditures for insurance policy dividend			
Reinsurance costs			
Business tax and surcharge	(VI)42	94,778,159.41	108,758,815.44
Selling expenses	(VI)43	353,004,746.29	337,320,837.82
Administrative expenses	(VI)44	1,511,721,483.56	1,125,084,350.99
Finance costs	(VI)45	-27,551,873.67	-8,981,125.78
Impairments loss of assets	(VI)48	559,455,142.32	356,551,352.52
Add: Gains from change in fair value (loss is represented by "-")	(VI)46	32,135,104.90	11,586,290.09
Gain from investment (loss is represented by "-")	(VI)47	55,360,755.74	11,769,243.98
Including: Gains from investment in associates and joint ventures		37,096,231.98	11,769,243.98
Gains from exchange (loss is represented by "-")			
III. Operating profit (loss is represented by "-")		1,722,532,439.38	1,127,421,274.28
Add: Non-operating income	(VI)49	55,667,398.77	57,686,428.77
Less: Non-operating expense	(VI)50	3,562,293.87	32,491,930.65
Including: Loss from disposal of non-current assets		1,949,466.71	834,223.97

IV. Total profit (total loss is represented by "-")		1,774,637,544.28	1,152,615,772.40
Less: Income tax expense	(VI)51	206,336,717.61	113,540,235.72
V. Net profit (net loss is represented by "-")		1,568,300,826.67	1,039,075,536.68
Net profit attributable to the owners of the Company		1,537,912,879.36	1,002,431,970.35
Minority interests		30,387,947.31	36,643,566.33
VI. Earnings per share:			
(1) Basic earnings per share	(VI)52	0.77	0.50
(II) Diluted earnings per share	(VI)52	0.77	0.50
VII. Other comprehensive income	(VI)53	-21,194,240.48	-353,504.38
VIII. Total comprehensive income		1,547,106,586.19	1,038,722,032.30
Total comprehensive income attributable to the owners of the Company		1,516,718,638.88	1,002,078,465.97
Total comprehensive income attributable to minority interests		30,387,947.31	36,643,566.33

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Income Statement of the Company

Jan-June 2011

Unit: RMB

Item	Note	Amount for the period	Amount for the same period last year
I. revenue from operations	(XII)4	5,094,190,272.08	2,993,311,408.54
Less: operation cost	(XII)4	4,614,633,050.20	2,937,380,981.03
Business tax and surcharge		1,144,404.36	2,177,712.68
Selling expenses		14,989,591.60	9,407,704.70
Administrative expenses		61,075,448.14	51,923,306.20
Finance costs		-4,570,446.47	42,947,811.63
Impairments loss of assets		66,180,778.78	8,047,002.29
Add: Gains from change in fair value (loss is represented by "-")		24,812,376.19	9,437,672.71
Gain from investment (loss is represented by "-")	(XII)5	943,171,842.82	829,651,614.65
Including: Gains from investment in associates and joint ventures		20,962,640.78	417,440.23
II. Operating profit (loss is represented by "-")		1,308,721,664.48	780,516,177.37
Add: Non-operating income		1,731,452.63	1,452,154.00
Less: Non-operating expense		1,002,325.00	1,000,000.00
Including: Loss from disposal of non-current assets		2,325.00	
III. Total profit (total loss is represented by "-")		1,309,450,792.11	780,968,331.37
Less: Income tax expense		38,895,749.29	
IV. Net profit (net loss is represented by "-")		1,270,555,042.82	780,968,331.37
V. Earnings per share:			
(1) Basic earnings per share			
(II) Diluted earnings per share			
VI. Other comprehensive income		-19,999,271.00	

VII. Total comprehensive income		1,250,555,771.82	780,968,331.37
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Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Consolidated Cash Flow Statement
Jan-June 2011

Unit: RMB

Item	Note	Amount for the period	Amount for the same period last year
I. Cash flow generated from operating activities:			
Cash received from sales of goods and rendering services		16,219,017,626.38	19,586,664,533.95
Net increase deposits from customer and other banks			
Net increase in borrowings from PBOC			
Net increase in customer and interbank deposits			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Net increase in disposal of held-for-trading financial assets			
Cash received from interest, fees and commissions			
Net increase in borrowings			
Net increase in income from repurchase business			
Tax rebates		181,942,800.53	80,584,222.02
Other cash received from activities relating to operation	(VI)54	621,415,124.55	500,151,413.45
Sub-total of cash inflows from operating activities		17,022,375,551.46	20,167,400,169.42
Cash paid for goods and services		15,306,043,878.93	17,136,657,304.66
Net increase in customer loans and advances			
Net increase in deposit in PBOC and interbank deposits			
Cash paid for compensation payments under original insurance contract			
Cash paid for interest, fees and commissions			
Cash paid for insurance policy dividend			
Cash paid to and on behalf of employees		1,280,072,508.49	1,037,282,424.20
Tax payments		1,403,101,755.31	1,251,619,025.63
Other cash payments relating to operating activities	(VI)54	861,061,104.56	950,001,102.23
Sub-total of cash outflows from operating activities		18,850,279,247.29	20,375,559,856.72
Net cash flow from operating activities		-1,827,903,695.83	-208,159,687.30
II. Cash flow generated from investing activities:			
Cash received from disposal of investments		85,339,793.41	
Cash received from gains in investment		19,095,569.28	
Net cash received from disposal of fixed assets, intangible assets and other long term assets		4,353,355.50	1,418,858.00
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from activities related to investment		14,353.60	4,674,200.00
Sub-total of cash inflows from investing activities		108,803,071.79	6,093,058.00

Cash paid for purchase and construction of fixed assets, intangible assets and other long term assets		903,460,840.94	1,521,681,257.53
Cash paid for investment		67,952,605.97	3,999,781.17
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid for activities related to investment		29,800.00	1,014,778.05
Sub-total of cash outflows from investing activities		971,443,246.91	1,526,695,816.75
Net cash flow generated from investing activities		-862,640,175.12	-1,520,602,758.75
III. Net cash flow generated from financing activities			
Proceeds received from financing activities			127,125,800.00
Including: Proceeds received by subsidiaries from minority shareholders' investment			
Cash received from borrowing		860,000,000.00	1,982,808,428.01
Cash received from issuing bonds			
Other cash received from financing-related activities		5,250,000.00	2,799,452.43
Sub-total of cash inflows from financing activities		865,250,000.00	2,112,733,680.44
Cash repayments of borrowings		815,000,000.00	2,354,351,180.20
Dividends paid, profit distributed or interest paid		322,273,137.00	53,430,042.26
Including: Dividend and profit paid by subsidiaries to minority shareholders			
Other cash paid for financing-related activities		2,819,220.06	105,261,689.68
Sub-total of cash outflows from financing activities		1,140,092,357.06	2,513,042,912.14
Net cash flows from financing activities		-274,842,357.06	-400,309,231.70
IV. Effects of changes in exchange rate on cash and cash equivalents		10,780,102.40	-3,589,339.29
V. Net increase in cash and cash equivalents		-2,954,606,125.61	-2,132,661,017.04
Add: Cash and cash equivalents at the beginning of the period		13,670,551,363.06	14,858,614,313.58
VI. Cash and cash equivalents at the end of the period		10,715,945,237.45	12,725,953,296.54

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Cash Flow Statement of the Company
Jan-June 2011

Unit: RMB

Item	Note	Amount for the period	Amount for the same period last year
I. Cash flow generated from operating activities:			
Cash received from sales of goods and rendering services		6,970,758,751.12	5,060,505,595.03
Tax rebates		164,804,830.32	74,283,626.46
Other cash received from activities relating to operation		139,041,860.77	243,747,425.68
Sub-total of cash inflows from operating activities		7,274,605,442.21	5,378,536,647.17
Cash paid for goods and services		6,923,571,238.22	5,611,870,494.72
Cash paid to and on behalf of employees		60,250,427.71	48,756,427.75

Tax payments		8,232,176.81	52,653,597.29
Other cash payments relating to operating activities		177,521,077.60	174,709,671.47
Sub-total of cash outflows from operating activities		7,169,574,920.34	5,887,990,191.23
Net cash flow from operating activities		105,030,521.87	-509,453,544.06
II. Cash flow generated from investing activities:			
Cash received from disposal of investments		85,339,793.41	
Cash received from gains in investment		923,040,247.56	593,195,453.76
Net cash received from disposal of fixed assets, intangible assets and other long term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from activities related to investment			
Sub-total of cash inflows from investing activities		1,008,380,040.97	593,195,453.76
Cash paid for purchase and construction of fixed assets, intangible assets and other long term assets		15,741,785.80	2,870,165.47
Cash paid for investment		226,222,605.97	1,325,924,581.17
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid for activities related to investment			
Sub-total of cash outflows from investing activities		241,964,391.77	1,328,794,746.64
Net cash flow generated from investing activities		766,415,649.20	-735,599,292.88
III. Net cash flow generated from financing activities			
Proceeds received from financing activities			105,000,000.00
Cash received from borrowing		1,100,000,000.00	2,600,000,000.00
Cash received from issuing bonds			
Other cash received from financing-related activities		5,100,000.00	
Sub-total of cash inflows from financing activities		1,105,100,000.00	2,705,000,000.00
Cash repayments of borrowings		4,000,000,000.00	5,487,907,355.20
Dividends paid, profit distributed or interest paid		274,304,176.63	68,740,209.16
Other cash paid for financing-related activities			
Sub-total of cash outflows from financing activities		4,274,304,176.63	5,556,647,564.36
Net Cash Flows from Financing Activities		-3,169,204,176.63	-2,851,647,564.36
IV. Effects of changes in exchange rate on cash and cash equivalents		-687,071.64	-13,413,594.96
V. Net increase in cash and cash equivalents		-2,298,445,077.20	-4,110,113,996.26
Add: Cash and cash equivalents at the beginning of the period		3,599,890,429.25	6,074,484,094.01
VI. Cash and cash equivalents at the end of the period		1,301,445,352.05	1,964,370,097.75

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Consolidated Statement of Changes in Equity
Jan-June 2011

Unit: RMB

Item	Amount for the period										Total owner's equity
	Equity attributable to owners of the Company										
	Paid-up capital (or Share capital)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Minority interest		
I. Balance at the end of last year	2,003,860,000.00	5,094,255,444.33			151,942,714.52		3,793,595,551.57	-4,899,420.20	745,628,227.73		11,784,382,517.95
Add: Effects of changes in accounting policies											
Effects of correction of prior year errors											
Others											
II. Balance at the beginning of the year	2,003,860,000.00	5,094,255,444.33			151,942,714.52		3,793,595,551.57	-4,899,420.20	745,628,227.73		11,784,382,517.95
III. Increase/decrease in the period (decrease is represented by "-")		-19,999,271.00					1,277,411,079.36	-1,194,969.48	27,937,947.31		1,284,154,786.19
(I) Net profit							1,537,912,879.36		30,387,947.31		1,568,300,826.67
(II) Other comprehensive income		-19,999,271.00						-1,194,969.48			-21,194,240.48
Sub-total of above (I) and (II)		-19,999,271.00					1,537,912,879.36	-1,194,969.48	30,387,947.31		1,547,106,586.19
(III) Owners' contribution and decrease in capital											
1 · Owners' capital contribution											
2 · Share based payments credited to owners' equity											
3 · Others											
(IV) Profit distribution							-260,501,800.00		-2,450,000.00		-262,951,800.00
1 · Appropriation to surplus reserve											
2 · Appropriation to general risk provision											

3 · Distribution to owners (or shareholders)													-260,501,800.00					-2,450,000.00				-262,951,800.00	
4 · Others																							
(V) Internal carry-forward of owners' equity																							
1 · Conversion of capital reserve into capital (or shares)																							
2 · Conversion of surplus reserve into capital (or shares)																							
3 · Making good of loss with surplus reserve																							
4 · Others																							
(VI) Special reserve																							
1 · Amount withdrawn in the period																							
2 · Amount utilized in the period																							
(VII) Others																							
IV. Balance at the end of the period	2,003,860,000.00	5,074,256,173.33									151,942,714.52		5,071,006,630.93	-6,094,389.68		773,566,175.04						13,068,537,304.14	

Unit: RMB

Item	Amount for the same period last year										Minority interest	Total owner's equity
	Equity attributable to owners of the Company											
	Paid-up capital (or Share capital)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others				
I. Balance at the end of last year	1,001,930,000.00	6,104,620,981.69			38,056,260.07		1,569,418,629.72	-5,278,835.20			360,597,740.99	9,069,344,777.27
Add: Effects of changes in accounting policies												
Effects of correction of prior year errors												

1 · Amount withdrawn in the period																		
2 · Amount utilized in the period																		
(VII) Others																		
IV. Balance at the end of the period	1,001,930,000.00	6,104,620,981.69	38,056,260.07	2,321,216,510.93	-5,632,339.58	473,323,900.49	9,933,515,313.60											

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

Statement of Changes in Equity of the Company
Jan-June 2011

Unit: RMB

Item	Amount for the period							Total owner's equity
	Paid-up capital (or Share capital)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	
I. Balance at the end of last year	2,003,860,000.00	5,160,652,173.81			440,305,830.95		2,222,462,687.52	9,827,280,692.28
Add: Effects of changes in accounting policies								
Effects of correction of prior year errors								
Others								
II. Balance at the beginning of the year	2,003,860,000.00	5,160,652,173.81			440,305,830.95		2,222,462,687.52	9,827,280,692.28
III. Increase/decrease in the period (decrease is represented by "-")		-19,999,271.00					1,010,053,242.82	990,053,971.82
(I) Net profit		-19,999,271.00					1,270,555,042.82	1,270,555,042.82
(II) Other comprehensive income		-19,999,271.00						-19,999,271.00
Sub-total of above (I) and (II)		-19,999,271.00					1,270,555,042.82	1,250,555,771.82
(III) Owners' contribution and decrease in capital								
1 · Owners' capital contribution								
2 · Share based payments credited to owners' equity								
3 · Others								
(IV) Profit distribution							-260,501,800.00	-260,501,800.00
1 · Appropriation to surplus reserve								
2 · Appropriation to general risk provision								
3 · Distribution to owners (or shareholders)							-260,501,800.00	-260,501,800.00

4 · Others																		
(V) Internal carry-forward of owners' equity																		
1 · Conversion of capital reserve into capital (or shares)																		
2 · Conversion of surplus reserve into capital (or shares)																		
3 · Making good of loss with surplus reserve																		
4 · Others																		
(VI) Special reserve																		
1 · Amount withdrawn in the period																		
2 · Amount utilized in the period																		
(VII) Others																		
IV. Balance at the end of the period	2,003,860,000.00	5,140,652,902.81					440,305,830.95					3,232,515,930.34						10,817,334,664.10

Unit: RMB

Item	Amount for the same period last year							Total owner's equity
	Paid-up capital (or Share capital)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	
I. Balance at the end of last year	1,001,930,000.00	6,157,743,241.06			326,419,376.50		1,357,793,397.45	8,843,886,015.01
Add: Effects of changes in accounting policies								
Effects of correction of prior year errors								
Others								
II. Balance at the beginning of the year	1,001,930,000.00	6,157,743,241.06			326,419,376.50		1,357,793,397.45	8,843,886,015.01
III. Increase/decrease in the period (decrease is represented by "-")							620,659,531.37	620,659,531.37

(I) Net profit									780,968,331.37	780,968,331.37
(II) Other comprehensive income										
Sub-total of above (I)and (II)									780,968,331.37	780,968,331.37
(III) Owners' contribution and decrease in capital										
1 · Owners' capital contribution										
2 · Share based payments credited to owners' equity										
3 · Others										
(IV) Profit distribution									-160,308,800.00	-160,308,800.00
1 · Appropriation to surplus reserve										
2 · Appropriation to general risk provision										
3 · Distribution to owners (or shareholders)									-160,308,800.00	-160,308,800.00
4 · Others										
(V) Internal carry-forward of owners' equity										
1 · Conversion of capital reserve into capital (or shares)										
2 · Conversion of surplus reserve into capital (or shares)										
3 · Making good of loss with surplus reserve										
4 · Others										
(VI) Special reserve										
1 · Amount withdrawn in the period										
2 · Amount utilized in the period										
(VII) Others										
IV. Balance at the end of the period	1,001,930,000.00	6,157,743,241.06	326,419,376.50						1,978,452,928.82	9,464,545,546.38

Legal representative : Si Zefu Chief Accountant : Gong Dan Head of Finance Department : Zeng Yi

(II) Company Profile

By the approval document Ti Gai Sheng (1992) No.67 and Ti Gai Sheng (1993) No.214 of the State Commission for Restructuring Economic Systems and Guo Zi Qi Han Fa (1993) No. 100 of the former State-owned Asset Administration Bureau (“SAAB”), Dongfang Electric Corporation Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”), formerly known as Dongfang Electrical Machinery Company Limited, was established as a joint stock limited company with Dongfang Electrical Machinery Works (“DFEW”) acting as the sole promoter. The operating assets and relevant liabilities entrusted to DFEW by the State were injected into the Company in consideration for the shares of the Company. The Company obtained its business license numbered 5106001800189 issued by the State Administration for Industry and Commerce on 28 December 1993.

By approval document Ti Gai Sheng (1994) No.42 of the State Commission for Restructuring Economic Systems on 12 April 1994, the Company issued 170,000,000 overseas listed foreign invested shares (H Shares) publicly in Hong Kong on 31 May 1994 and listed on the Stock Exchange of Hong Kong Limited on 6 June 1994. The Company issued 60,000,000 domestic listed RMB ordinary shares (A Shares) publicly in the PRC and listed on the Shanghai Securities Exchange on 4 July 1995 and 10 October 1995 respectively. After the above issuance and listing of shares, the share capital of the Company was changed to 450,000,000 shares. On 30 December 2005, the State-owned Assets Supervision and Administration Commission (“SASAC”) promulgated “Approval of Certain Issues in the Transfer of State-owned Shares of Dongfang Electrical Machinery Company Limited” (National asset rights [2005] No. 1604) (《關於東方電機股份有限公司國有股劃轉有關問題的批覆》) (國資產權[2005]1604號) to approve the transfer of 220,000,000 non-circulating State-owned domestic shares, representing DFEW’s then 48.89% of the share capital of the Company, from DFEW to Dongfang Electric Corporation (“DEC”). DEC became the controlling shareholder of the Company thereafter.

Approved by Zhengjian Gongsi Zi [2007] No.172 Notice of approval for private placement of Dongfang Electrical Machinery Company Limited to DEC for asset acquisition (《關於核准東方電機股份有限公司向中國東方電氣集團定向發行新股購買資產的通知》) issued by China Securities Regulatory Commission, the Company placed 367,000,000 domestically listed domestic shares (A shares) to DEC non-publicly in November 2007, and in return obtained 273,165,244 shares of Dongfang Boiler Company Limited (currently renamed as DEC Dongfang Boiler Company Limited, hereinafter “Dongfang Boiler”) (representing 68.05% of the original share capital of Dongfang Boiler) together with 100% equity of Dongfang Turbine Company Limited (hereinafter “Dongfang Turbine”). Pursuant to the resolution passed at the Company’s second extraordinary meeting in 2007 and after the State Administration for Industry and Commerce granted approval and the relevant registration procedures with the Administration for Industry and Commerce of Deyang City, Sichuan Province was completed, the Company was renamed Dongfang Electric Corporation Limited (東方電氣股份有限公司) on 26 October 2007. On 6 December 2007, the Company obtained its new business license numbered 5106001800189. Pursuant to the resolution passed at the Company’s second extraordinary meeting in 2007 and after the relevant registration procedures with the Administration for Industry and Commerce of Chengdu City, Sichuan Province was completed, the registered address of the Company was changed from 188 Huanghe West Road Deyang City, Sichuan Province to 18 Xixin Road, High-Tech District (Western District), Chengdu City, Sichuan Province on 9 January 2008.

After China Securities Regulatory Commission granted approval by issuing the Official Reply on approval of the Secondary Offering of Shares by Dongfang Electric Corporation Limited (《關於核准東方電氣股份有限公司增發股票的批復》) (Zhengjian Xukezi [2008] No.1100), the Company publicly issued 65,000,000 domestically listed domestic shares (A shares) to non-target subscribers in November 2008, after which the share capital of the Company changed to 882,000,000 shares.

After China Securities Regulatory Commission granted approval by issuing the Official Reply on approval of the Private Offering of Shares by Dongfang Electric Corporation Limited (《關於核准東方電氣股份有限公司非公開發行股票的批復》) (Zhengjian Xuke [2009] No.1151), the Company privately issued 119,930,000 domestically listed domestic shares (A shares) to eight target subscribers including DEC in November 2009, after which the share capital of the Company changed to 1,001,930,000 shares.

Pursuant to the resolutions passed at 2009 annual general meeting, 2010 first class meeting for holders of domestic shares and 2010 first class meeting for holders of overseas listed foreign shares, all being held on 18 June 2010, the Company transferred part of the capital reserve into the share capital (each shareholder was allocated 10 shares for every 10 shares held) based on the share capital of 1,001,930,000 shares as at 31 December 2009 as the base number. As at 30 June 2011, the aggregate share capital of the Company was 2,003,860,000 shares, including 119,930,000 restricted shares and 1,883,930,000 free floating shares (including 1,543,930,000 free floating domestically listed domestic shares (A shares) and 340,000,000 free floating overseas listed foreign shares (H shares)), representing 5.98% and 94.02% of the share capital respectively.

Both the parent company and ultimate controller of the Company is DEC. As the Company’s authority body, the shareholders’ general meeting exercises its power to decide important matters such as the Company’s operation guidelines, financing, investment and profit distribution according to law. The board of directors reports to the shareholders’ general meeting and exercises its decision making power in respect of the Company’s operation according to law; the management is responsible for implementing the proposals approved by the general meeting and the board of directors as well as taking charge of the Company’s production, operation and management. The Company has nine functional management departments, namely Office of the Board, Office of the President, Human Resources Department, Operating Department, Marketing Department, Legal Affairs Department, Financial Department, Technology and Quality Department and Audit Department, three business departments, including the Department of Gas Turbine Business, Department of Nuclear Business and Department of Power Plant Services, and one international projects branch. The Company’s subsidiaries include Dongfang Turbine (東汽有限公司), Dongfang Boiler, Dongdian Company Limited (東電有限公司), DFHM (東方重機公司), Dongfang Electric (India) Private Limited (東方電氣(印度)有限公司) (“Dongfang India”) and Wuhan Nuclear Equipment Company (武漢核設備公司).

The Company is engaged in the manufacture of power generators and the business scope includes: production and sale of hydro power generators, steam power generators, AC/DC electrical motors, controlling equipment; design, manufacturing, and sales of power station boilers, power station equipments, industrial boilers, power station valves, petrochemical vessels, nuclear reaction equipment and environmental equipment, (desulfurisation, denitrification, wastewater and solid waste, treatment etc.); the production, processing and marketing of steam turbines, turbine, gas turbines, compressors, fans, pumps and auxiliary equipments, wind generating sets, solar and renewable energy; industrial control and automation; the research, design, installation, alteration and maintenance services of the power stations and the corresponding equipments; mechanical equipment and accessories as well as the related import and export business; chief contracting and sub-contracting for overseas power generating equipment, electromechanical and complete projects as well as tender for domestic international projects; trade of import and export; professional technical service. The main products of the Group include thermal generating units, hydro-electric generating units, nuclear power units, wind power units, large gas turbine generators and flue gas desulphurization and denitration for boilers in large scale power plants and large chemical vessels.

(III) Significant Accounting Policies, Accounting Estimates and Previous Errors:

1. Basis of preparation of financial statements:

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering

Securities to the Public No. 15 –General Provisions on Financial Reporting (Revised in 2010) issued by China Securities Regulatory Commission.

2. Statement of compliance with the Accounting Standards for Business Enterprises:

The financial statements prepared by the Company are in compliance with the requirements of Accounting Standards for Business Enterprises and give a true and comprehensive view of the Group's financial position, operating results and changes in equity and cash flow.

3. Accounting period:

The accounting year of the Company is the calendar year from January 1 to December 31.

4. Recording currency:

The recording currency of the Company is Renminbi ("Rmb").

5. Accounting treatment of business combinations under common control and not under common control

Business combination refers to the transaction or event to combine two or more independent entities into one reporting subject. The Company recognizes assets and liabilities obtained from business combination on the date of merger or acquisition. The date of merger or acquisition refers to the date on which the control of the merged party or the acquiree is actually obtained.

For business combination involving entities under common control, assets and liabilities that are obtained by the merging party in a business combination shall be measured at their carrying value on the date of merger. Where difference arises from the book value of net assets obtained by the Company and that of the merger consideration, capital reserves shall be adjusted; where capital reserves are not enough for offset, retained earnings shall be adjusted.

For business combination involving entities not under common control, the cost of a business combination is the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Company on the date of acquisition, in exchange for control of the acquiree. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill.

6. Preparation method of consolidated financial statements

(1) Determination of consolidation scope

The consolidated financial statements include subsidiaries and special purpose entities effectively controlled by the Company.

(2) Accounting method adopted in preparation of the consolidated financial statements.

Consolidated financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises No. 33 —Consolidated Financial Statements and relevant regulations. All significant inter-group transactions and dealings between the Company and its subsidiaries are eliminated for the purpose of consolidation. The equity interest of subsidiaries not held by the parent company shall be presented separately as minority interest in the equity interest of the consolidated financial statements. The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries.

When preparing the consolidated financial statements, if the Company acquired the subsidiary through business combination not involving enterprise under common control, the separate financial statements shall be adjusted based on the fair value of identifiable net asset on the acquisition date. If the subsidiary is acquired through business combination involving enterprise under common control, the consolidated financial statements shall included the original carrying amount of assets, liabilities, operating result and cash flow of the subsidiary at the beginning of the current year as if such enterprise exists at the beginning of the current year.

7. Determination of cash and cash equivalents:

Cash equivalents represent short-term (generally maturing in 3 months)and highly liquid investments held by enterprises that are readily convertible to known amounts of cash and which are subject to insignificant risk of value change.

8. Foreign currency operations and translation of statements denominated in foreign currency:

(1) Foreign currency translations

The Group's foreign currency transactions are translated into renminbi using the spot exchange rate prevailing at the date of transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated to RMB using the spot exchange rate at that date. Differences arising from the currency translation shall be recorded in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the construction or production of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currency that are measured at fair value are translated into renminbi using the spot exchange rate on the determination date of the fair value, and translation differences are recorded in profit or loss for the current period as change in fair value. Non-monetary items denominated in foreign currency that are measured at historical cost are translated using the spot exchange rate at the date of the transaction with its amount in renminbi unchanged.

(2) Translation of financial statements denominated in foreign currency

Assets and liabilities on the balance sheet denominated in foreign currency are translated at the spot exchange rate prevailing at the balance sheet date; all owner's equity items except for "unappropriated profits" are translated at the spot exchange rates prevailing at the time the transactions are conducted; income and expenses in the income statement are translated at the spot exchange rate prevailing at the date of transaction.

All exchange differences resulting from the translation are presented separately in the owners' equity item. Cash flow dominated in foreign currency shall be translated at the spot exchange rate when it incurs. Effects arising from changes of exchange rate on cash shall be presented separately in the cash flow statement.

9. Financial instruments

(1) Financial assets

The Group classifies its financial assets by reference to the investment purpose and their economic nature into four major groups, namely, financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables as well as available-for-sale financial assets.

1) Financial assets at fair value through profit or loss refers to financial assets held mainly for sale within a short period of time and are presented as held-for-trading financial assets in the balance sheet.

2) Held-to-maturity investments refer to non-derivative financial assets with fixed maturity and fixed or determinable recoverable amount where the Group has the positive intent and ability to hold to maturity.

3) Loans and receivables are non-derivative financial assets with fixed or determinable recoverable amount that are not quoted in an active market.

4) Available-for-sale financial assets include non-derivative financial assets designated as available-for-sale at initial recognition and financial assets not classified in any of the other categories.

Financial assets are initially recognized at fair value. For financial assets at fair value through profit or loss, transaction costs incurred in connection of the acquisition thereof shall be recognized directly in profit or loss for the current period. The related transaction cost of other financial assets is included in the initial recognition amounts. A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired and the Company has transferred substantially all the risks and rewards associated with ownership of the asset to the transferee.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value; loans and receivables as well as held-to-maturity investments are measured at amortised cost using the effective interest method.

Changes in fair value of financial assets at fair value through profit or loss are included in profit or loss on changes in the fair value; interests or cash dividends from the asset held are recognised as profit on investment; when disposed of, the difference between its fair value and the initially recognised amount is recognised as profit/loss on investment and its gain or loss on changes in fair value are adjusted accordingly.

Changes in fair value of available-for-sale financial assets are recorded in owner's equity; interests are recorded in gain on investment using the effective interest method; cash dividends from investment in available-for-sale equity instruments are recorded in gains on investment when invested enterprises announce to distribute dividends; when disposed of, the difference between acquisition cost and the carrying value less the accumulative amount of the changes in fair value originally recorded in the owner's equity is include in profit/loss on investment.

The Company assesses at the balance sheet date whether there is any objective evidence that the financial assets other than those at fair value through profit or loss are impaired. If any such evidence exists, a provision for impairment is made. Where there is a substantial or non-temporary decrease in fair value of available-for-sale financial assets, the accumulated losses on decrease of fair value that are directly recorded in owner's equity before are recorded in losses on impairment.

(2) Financial liabilities

The Group's financial liabilities are divided at initial recognition into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss, including held-for-trading financial liabilities and those designated at initial recognition as financial liabilities at fair value through profit or loss, are subsequently measured at fair value. Profit or loss from changes in fair value as well as dividend and interest expenses in connection with such financial liabilities are recorded in the current profit or loss.

Other financial liabilities are measured subsequently at amortised cost using the effective interest method.

(3) Determination of the fair value of financial assets and financial liabilities

1) For a financial instrument traded in an active market, its fair value is determined based on the quoted price in such market. The prevailing bid price in the active market for the financial asset already held by the Group or the financial liability to be assumed by the Group is regarded as the fair value of such financial asset or financial liability; The prevailing offer price for the financial asset to be acquired by the Group or the financial liability already assumed by the Group is regarded as the fair value of such financial asset or financial liability. In the absence of a prevailing bid price or offer price for a financial asset or financial liability, the quoted market price in the latest transaction will be regarded as the fair value of such financial asset or financial liability if there is no material change in the economic environment after the transaction date.

2) For a financial instrument where there is no active market, its fair value is determined using valuation techniques. Valuation techniques include using the price adopted in recent market transactions between knowledgeable, willing parties, reference to the current fair value of other financial asset that is substantially the same, discounted cash flow analysis and option pricing model.

10. Account receivables:

(1) Trade receivables which are individually significant and for which individual bad debt provision is made:

Judgement basis and threshold amount for trade receivables which are individually significant	The Group deems trade receivables whose single amount exceeds RMB30 million and other receivables whose single amount exceeds RMB10 million as significant trade receivables.
Provision for trade receivables which are individually significant and for which bad debt provision is made individually	Where there is objective evidence that the Group will be unable to recover all the trade receivables according to the original terms, individual impairment test will be performed, and provision for bad debts is made based on the difference of the present value of future cash flows below its book value.

(2) Trade receivables for which bad debt provisions are made collectively:

Basis for defining a group	
Name of the group	Basis
Ageing	The Group classifies the trade receivables that are not impaired after individual tests into several groups on the basis of credit risk characteristics. Provisions for bad debts are made for the group with ageing as its credit characteristics with reference to the actual loss rate of the group with same or similar credit risk characteristics in previous years and taking present conditions into account. The percentage of provision is set out in the following table.
Method of making provision for bad debts collectively:	
Name of the group	Method of provision
Ageing	Ageing analysis

Trade receivables for which impairment provisions are collectively made based on similar aging condition:

Ageing	Percentage of provision for trade receivables	Percentage of provision for other receivables
Within 1 year (inclusive)	5%	5%
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	40%	40%
4-5 years	50%	50%
Over 5 years	100%	100%

(3) Trade receivables which are individually insignificant but for which individual bad debt provisions are made:

Reasons for making individual provision for bad debts	There is objective evidence that the Group will be unable to recover all the trade receivables according to the original terms
Method of provision for bad debts	Provision for bad debts is made based on the difference of the present value of future cash flows below its book value obtained from the individual impairment test.

11. Inventory:

(1) Classification of inventory

The inventories of the Group mainly include procured materials, raw materials, circulation materials (including packing materials, low-value consumables, spare parts and components) products in process, finished products (merchandise inventory), consigned processing materials and construction cost of completed and unsettled building projects, etc.

The perpetual inventory system is applied to the physically count. The inventory is measured at actual cost when acquired and at weighted average cost or specifically identified cost on calculation of cost of sales. For those adopting the planned method, actual cost is determined after cost variances are apportioned at the end of each month according to the amount actually used or issued during the month as well as the variance rate. Low-value consumables and packing materials are amortised in full.

At the end of period, inventory is measured as the lower of cost and net realizable value. For inventories of which value is impaired due to the physical damage or being fully or partially obsolete selling price lower than cost, the provision for inventory impairment will be made. The provision of impairment for merchandise inventory and raw materials in a large amount is made on the basis of the difference of the cost of the individual inventory item over its net realizable value. The provision of impairment for the auxiliary materials with a large quantity and low cost is withdrawn in terms of classification.

The net realizable value of these inventories, such as finished products (merchandise inventory), work in process and materials for selling, is their estimated price after estimated sales expenses and relevant taxes. The net realizable value of materials which are for production is estimated price of relevant finished goods after estimated cost for finished goods, estimated sales expenses and relevant taxes.

12. Long-term equity investment:

(1) Determination of investment cost

Long-term equity investment mainly include the equity investment that is able to have control, joint control or influence on the investees, or the equity investment that does not have control, joint control or significant influence on the investees and has no quoted price in the active market, and whose fair value cannot be reliably measured.

Joint control is the contractually agreed sharing of control over an economic activity. Basis for confirmation of joint control mainly include: any party to the joint venture shall not separately control production and operation activities of the joint venture; the decision concerning the elementary operation activities of the joint venture requires unanimous consent from all parties to the joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but which does not confer control or joint control over the formulation of such policies together with other parties. Basis for confirmation of significant influence mainly include: it does not constitute significant influence if the Company directly or indirectly hold through subsidiaries 20%(inclusive) or above but less than 50% shares with voting rights, but there is clear evidence that the Group can not participate in the decision making in respect of the production and operation of the investees.

For the long-term equity investment acquired by the merger of business under the common control, the Group will, recognize its share in the book value of the owner's equity of the merged enterprise on the date of merger as the cost of the long-term equity investment. For long-term equity investments acquired by the business combinations not under the common control, the combined costs shall be the aggregate of the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquiree.

Apart from long-term equity investments acquired by the business combinations, if the long-term equity investment is acquired by cash, the actual purchase price will be recognized as the investment cost. If the long-term equity investment is acquired by issuing equity securities, the fair value of issued equity securities will be recognized as the investment cost. If there is a contract or an agreement on the value of this investment from investors to acquire the long-term equity investment, then the contract or agreement price will be the cost of this investment. If the long-term equity investment is acquired by debts restructuring or exchange of non-monetary items, the relevant accounting standards will be applied to recognize the investment cost.

The Company recognizes the investment on subsidiaries by cost method and adjusts into equity method in compilation of consolidated statements. The Company applies the equity method on accounting the investment of joint ventures and associated companies, and the cost method on accounting the long-term equity investment without control, common control and significant influence as well as no pricing and no reliable fair value in the market. The Company accounts the long-term equity investment, which is without the control, the common control or significant influence but with pricing and reliable fair value in the marked, as available-for-sale financial assets.

Under the cost method, the long-term equity investment is measured at initial investment cost, and the cost is adjusted at the time of additional investment or divestment. When the equity method is adopted, the investment income for the current period is recognized according to the share of the net profit or loss of the investee. The investor's share of the investee's net profit or loss is recognised based on the fair value of identifiable assets of the investee upon acquisition of the investment, eliminating the part of profit or loss attributable to the investee (calculated according to the shareholding proportion) arising from inter-company transaction between the associated company and joint venture, subject to an adjustment to the investee's net profit in accordance with the Group's accounting policies and period. If the first time is held prior to the implementation date of associates and joint ventures in the long-term equity investments, if their existence of an equity investment in the investment-related debit balances, it will be deducted from the original straight-line amortisation of the remaining period of the equity investment debit balance confirmation Investment income.

The cost method will be adopted, if the Group no longer held the significant influence over the invested company due to the reduce in investment, and there is no price of the long-term equity investment in the active market leading to the fair value can not be measured reliably; the cost method will be adopted for the long-term equity investment which is arising from the significant influence over the invested company due to the increase in investment. For the long-term equity investment arising from the situation that the Company can exercise the significant influence or common control over the invested company but not the power of control increase in the investment, it is measured under the equity method.

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current investment profit. For the long-term equity investment measured under equity method, those were recorded into the owner's equity on the changes in the owner's equity which is excluding the net profit by the invested company, the amount was recorded into the owner's equity will be transferred into the investment profit for the period.

13. Investment properties

The investment properties includes the land use right that is rented to other parties and buildings that are rented to other parties.

The investment properties are recognized at its cost. The cost of an investment properties by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset. The cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use.

The Company makes a follow-up measurement to the investment properties through the cost pattern on the date of the balance sheet. The investment properties are amortized and depreciated basing on its useful life and the salvage value. The life time and the rate of salvage value applied by the Company are as follows:

Category	Depreciation life (year)	The rate of salvage value (%)	Annual depreciation rate
Land use rights	50		2
Buildings			
Including: buildings for production	20	5	4.75
Including: buildings for non-production	25	5	3.80

When the investment properties are changed for owner occupied, it is recognized as fixed assets or intangible assets since the changed date. When the real estate for owner occupied is changed for generating rents or capital appreciation, it is recognized as the investment properties since the change date. The book value of the real estate prior to the conversion shall be entry value after conversion.

If an investment real estate is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment real estate shall be terminated. When an investment property is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the property net of the carrying amount and related tax and surcharges is recognized in profit or loss for the current period.

14. Fixed assets:

1. Other description

Fixed assets are defined as the tangible assets with the individual amount exceeding RMB3,000, which are held for the purpose of producing goods, rendering services, leasing or operation & management and whose useful lives are more than one year.

Fixed assets which cover buildings, machinery, transportation equipment, instruments, electronic equipment and computer and other equipment are initially measured at their cost. The cost of purchased fixed assets includes the purchasing price, import duty and other relevant taxes and expenses, as well as other expenditures attribute to assets for their availability of use. The cost of self-made fixed assets covers all expenditures for their availability to use. The cost of fixed assets invested by investors is recognized under contracts or agreements but if the value from contracts or agreements is not fair, the fair value will be applied. The fixed assets from finance leasing are measured at lower of the fair value and the minimum payment of leasing on leasing date.

Subsequent expenses related to fixed assets that are qualified for recognition of fixed assets (such as maintenance expenses and renewal and renovation expenses) are accounted into the cost of fixed assets, where the carrying amount of the replaced part, if any, is derecognized. Expenses that are not qualified for recognition of fixed assets are charged to the current profit or loss.

Apart from those fixed assets fully depreciated but still in use and the lands separately measured and recorded in the account, the Group makes depreciation provision for all fixed asset. The Group uses average useful life method or double progressive decreased balance method of depreciation and the depreciations are accounted into costs of relevant assets or current expenses in accordance with the purposes of fixed assets. The depreciation life and annual depreciation rate of each category of fixed assets are as follows:

Categories of fixed assets	Estimated useful life (year)	Annual depreciation rate (%)
1. Buildings		
Including: buildings for production	20	4.75% or double progressive decreased balance method
Including: buildings for non-production	25	3.80%
2. Machinery and equipment	10	9.50% or double progressive decreased balance method
3. Transportation equipment	6	15.83%
4. Instruments	6	15.83% or double progressive decreased balance method
5. Electronic equipment and computer	5	19.00% or double progressive decreased balance method
6. Other equipment	6	15.83% or double progressive decreased balance method

The Group reviews the useful life and estimated net salvage value of a fixed asset and the depreciation method applied at each financial year-end, any change of which is accounted for as a change in an accounting estimate.

The Group derecognizes fixed assets from the account which has been disposed or can not generate economic benefits by using or disposing. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related tax and surcharges is recognized in profit or loss for the current period.

15. Construction in process:

Construction in process is recognized at actual cost. Self-construction project is recognized at the cost of direct material, labour cost and construction expenses. Contracted construction is recognized at actual project price paid. Installed construction is recognized at the value of equipments, expenses of installation and assembly and expenditures of pilot run. Besides above, the cost of construction in process comprises the borrowing cost which can be capitalized and foreign exchange gains and losses.

Constructions in process are carried down into fixed assets at an estimated cost on the basis of the project budgeting, pricing and actual cost when completing and achieving estimated usage status. The corresponding depreciation on these fixed assets will be withdrawn since the month after carrying down into fixed assets. After clearing for completed the project, the difference of the original cost of fixed assets will be adjusted.

16. Borrowing cost:

Borrowing costs comprise interest incurred on borrowings, amortization of discounts or premiums, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Borrowing cost which directly attributes to purchasing or constructing assets is to be capitalized when expenditures for assets and borrowing cost occur and the activities of purchasing or constructing made the assets available for use or sale commences. When assets reach the status available for use or sale, the capitalization of borrowing cost ceases. The rest of the borrowing costs are recognized as expenses in the period in which they are incurred.

The current actual interest expenses from specific borrowings are capitalized, after deducting interest income as deposit in bank or short-term investment gains. The capitalized amount for the general borrowing is calculated as weighted average of the general borrowing (excluding any specific borrowings for qualified asset) times the weighted average of the interest rate of the general borrowing. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

Qualifying assets are assets such as fixed assets, investment property, inventories, etc. that necessarily take a substantial period of time (more than a year) for acquisition, construction or production to get ready for their intended use or sale.

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months. The borrowing costs incurred during these periods shall be recognized as expenses for the current period until the acquisition, construction or production of a qualifying asset is resumed.

17. Intangible assets:

Then intangible assets of the Group including the land use right, patent technology, non-patent technology and software are recognized at their actual cost when acquired. The cost of purchased intangible assets includes the actual purchase price and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured at the contract or agreement, except for those with unfair value in the contract or agreement, in the latter case, the fair value will be applied.

The Company amortizes land use right on the basis of its useful life by straight line method since it is acquired. The patent technology, non-patent technology and other intangible assets are amortized on the basis of the shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. Amortized amount shall be included into relevant assets cost and the current profit or loss according to its beneficiary.

For an intangible asset with a finite useful life, the estimated useful life and the amortization method applied are reviewed at each financial year-end, any change of which is accounted for as a change in an accounting estimate. For an intangible asset with an indefinite useful life, the Group shall reassess the useful life of the asset in each accounting period. If there is evidence that the useful life of that intangible asset is finite, the Group shall estimate the useful life and amortize the intangible assets within the estimated life time.

18. Long-term deferred expenses:

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current period and subsequent periods of more than one year (excluding 1 year). Long-term deferred expenses are amortized evenly over the estimated benefit period. If the long-term deferred expense can not benefit the later periods, the amortized price will be accounted into current profit or loss.

19. Estimated liabilities:

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Group will recognize them as liabilities: The assumed obligations are actual and real. The fulfillment of obligations will cause the outflow of economic benefit from the Company. The amount of obligations can be measured reliably.

Estimated liabilities are initially measured at the most appropriate estimation of the expenses when relevant current obligations are performed and considering relative risks, uncertainties and time value of currency related to contingencies if the effect from time value of currency is significant, the most appropriate estimation will be determined after discounting the present value of relevant future cash flow. The Group assesses the book value of estimated liabilities on each balance sheet date and adjustment will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

20. Revenue:

The operating revenue of the Group mainly includes revenue from selling goods, rendering services, transferring assets use right and construction contracts. The criteria of recognition are as follows:

(1) Revenue is recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, will receive the economic benefits associated with the transaction, and can reliably measure the relevant amount of revenue and costs.

(2) The revenue of the service will be recognized when the total income and cost can be measured reliable, economic benefits are

probable to flow into the Group, and the percentage of completion of the service can be measured reliably. On the balance sheet date, relevant service revenue is recognized using the percentage-of-completion method if the outcome of rendering services can be estimated reliably, and the percentage of completion is determined based on the percentage of cost already incurred to the estimated total cost; if the outcome of rendering services cannot be estimated reliably, and relevant cost is expected to be compensated, the revenue from services is recognized based on the cost of services that have been rendered and can be compensated, and the service cost already incurred will be brought forward; if the outcome of rendering services cannot be estimated reliably, and no cost is expected to be compensated, the service cost already incurred will be included in profit or loss and no service revenue will be recognized.

(3) The revenue from transferring assets use right will be recognized when the economic benefits relevant to the transaction are probable to flow into the Group and the amount of income can be measured reliably.

1. Construction contract

The Group recognizes construction contract revenue and contract cost using the percentage-of-completion method on the balance sheet date when the amount of the total contract income can be measured reliably, the economic benefits relevant to the contract are probable to flow into the Group, contract cost actually incurred can be distinguished and measured reliably, the stage of completion of the contract and cost to be incurred for completing the contract can be reliably determined. When using the percentage-of-completion method, the stage of completion of the contract is determined based on the proportion of contract costs actually incurred to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are recoverable, and contract costs are recognized as expenses in the period in which they are incurred. If the contract costs are not recoverable, they are recognized as expenses immediately when incurred, and contract revenue is not recognized.

The Group recognizes contract income and contract expenses actually incurred according to the terms of construction contract for qualifying construction contracts such as hydro-power generating units, nuclear power generating units, the above-1,000MW steam turbines and generators and construction contracting projects. Given the particularity of power station boiler production, the Group recognises contract income for power station boiler projects only when the percentage of completion has reached a certain level.

Products grade	Stage of completion	Note
1000MW power station boiler, environment-friendly product	≥10%	
600MW power station boiler, environment-friendly product	≥20%	
300MW-600MW power station boiler, environment-friendly product	≥30%	Excluding 600MW
200MW-300MW power station boiler, environment-friendly product	≥40%	Excluding 300MW
100MW-200MW power station boiler, environment-friendly product		Excluding 200MW
Including: CFB power station boiler	≥40%	
Others	≥50%	

The Group reviews construction contracts at the end of the period, and makes provision for loss and recognises expected loss as an expense in the current period if aggregate costs of construction contracts are expected to exceed the expected aggregate contracts revenue.

21. Governmental grants:

Government grants are recognized when the Group has met all the conditions attached to them and the grants will be received. If a government grant is monetary asset, it is measured at the received amount. Grants appropriated at a fix quota are measured at the amount receivable. If a government grant is a non-monetary asset, it is measured at its fair value. If the fair value of a non-monetary asset cannot be acquired in a reliable way, it is measured at its nominal amount (RMB 1.00).

A government grant related to an asset shall be recognized as deferred income, and evenly credited to profit or loss over the useful life of the related asset. A government grant related to income shall be accounted for as follows: if the grant is a compensation for related expenses or losses to be incurred by the enterprise in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred by the enterprise, the grant shall be recognized immediately in profit or loss for the current period.

22. Deferred income tax assets / deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and their carrying amounts. The corresponding deferred income tax assets shall be recognized to the extent of the deductible loss and tax credits (deemed as temporary difference) which can be utilized to offset the future taxable profit in accordance with the tax law. On each balance sheet date, deferred income tax assets and deferred income tax liabilities are measured using the applicable tax rate for the period during which such assets are expected to be recovered or such liabilities to be settled.

Deferred income tax assets arising from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. For the differed tax assets which have already been recognized, when it is expected that the Company is probably incapable of acquiring sufficient amount of taxable income in a future period to offset the deferred income tax assets, the book value of the deferred tax assets shall be written down. Where it is probable to obtain sufficient taxable income, the reduced amount can be reversed.

23. Operating lease and finance lease:

The Group classifies a lease as a finance lease or an operating lease on inception date of the lease.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The Group as a lease holder, on the inception date of the lease, the finance lease is recognized as the fixed asset at lower cost of fair value of the rental asset and the NPV of minimum payment of leasing. The minimum payment of leasing is recognized as long-term payable and the difference is accounted into unrecognized financing expense.

Operating lease refers to a lease other than a finance lease. The Group, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Company, as a lessor, accounts the rental income into current period by straight line method during the term of the lease.

24. Changes in Significant Accounting Policies and Accounting Estimates:

(1) Changes in accounting policies

No

(2) Changes in accounting estimates

No

25. Corrections of Previous Accounting Errors

(1) Retrospective restatement

No

(2) Prospective application

No

26. Other Major Accounting Policies, Accounting Estimates and Preparation Method of Financial Statements:

(15) Research and development

The Group classifies its R&D expenses as expenses in research stage expenses and expenses in development stage in accordance with the nature of the expense and the possibility of turning into intangible asset. The expenses in research stage are accounted into current profit or loss. The expenses in development stage are recognized as intangible assets if they meet all the following conditions:

- 1) It is feasible technically to complete such intangible assets for use or sale;
- 2) It is intended to complete, use or sell the intangible assets;
- 3) The market is available for products made by using the intangible asset or the intangible asset itself;
- 4) There are sufficient technologies, financial resources and other resources supporting the development of the intangible assets. And the Group is able to use or sell such intangible assets;
- 5) The expenses in the development phase of the intangible assets can be reliably measured.

If the expenses in development stage can not meet the above criteria, they will be accounted into the profit or loss of the period. The expenses in development stage included in profit or loss will not be recognized as assets in later accounting period. The capitalized expenses in development phase are presented as development expenditure in balance sheet and are then presented as intangible asset since the date when the project is available for use.

(16) Impairment of long-term non-financial assets The Group review the long-term equity investment, fixed assets, construction in process and intangible assets with finite useful life on each balance sheet date. The Group will conduct impairment tests when the following signs appear indicating impairment of assets. The Group carries out impairment tests on goodwill and intangible assets with indefinite useful life at the end of each year no matter if there are impairment indicators. When it is impossible to conduct the impairment test on the recoverable amount of an individual asset, the impairment test should be made on the basis of the assets group such asset belongs to or the combination of assets groups.

After the test of impairment, if the book value exceeds the recoverable amount of the asset, the difference is accounted as impairment loss. The losses of impairment recognized are not reversible in the later accounting period. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

Indicators of impairment are as follows:

- 1) The current market price of assets falls significantly, a decrease obviously steeper than the expected drop caused by lapse of time or normal use;
- 2) Significant changes have taken place or will take place in the near future in the economic, technological or legal environment in which the enterprise operates or in the market in which the fixed assets is located, thus exerting an adverse effect on the enterprise;
- 3) Market interest rates or any other investment return rate have increased significantly during the period, thus affecting the discount rate used in calculating the present value of the expected future cash flows derived from the asset and resulting in a material decrease in the recoverable amount of the fixed asset;
- 4) There is evidence that the asset has become obsolete or is damaged physically;
- 5) The asset has been or will be idle, or ceases to be used, or will be disposed of ahead of schedule;

6) any evidence in the internal report of the enterprise shows that the economic performance of the asset has been or will be lower than expected, for example, the net cash flow created by fixed assets or the operating profit (or loss) realized is much lower (or higher) than the expected amount, etc.;

7) Other evidences indicate the that the asset may have been impaired.

(18) Employee compensation

During the accounting period when an employee provides services, the Group recognizes the compensation payable to employee as liabilities and records it into costs and expenses of relevant assets according to the beneficiary of the employee's services. The compensations for termination of the labour relationship with the employee with employees are accounted into current profit or loss.

Employee compensation comprises salary, bonus, allowance, welfare, social insurance, housing fund, labour union fees, employee education fees and other relevant expenditures related to service rendered by the employees.

When the Group terminates the employment relationship with employees before the end of the employment contracts or offers a compensation to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy, which will be implemented immediately, and the Group cannot unilaterally withdraw the termination plan or the redundancy offer, the estimated liability arising from compensation for termination of employment relationship with employees shall be recognized and charged to the profit or loss for the current period.

The internal retirement plan applies the same principles of the above dismissal benefits. The Group includes the salary payable and social security fees payable, which are calculated from the date that the employee stops offering services to the date that the employee would retire normally, to the profit or loss for the current period when they are qualified to be recognized as liabilities.

(25) Income tax accounting

The Group applies the balance sheet liability method for accounting of income tax. Income tax expenses include the current income tax and deferred income tax. The current income tax and deferred income tax in relation to transactions or matters directly included in shareholders' equity are recognized in shareholders' equity, the deferred tax arising from consolidation of enterprises are accounted as the adjustment on the book value of goodwill, while the rest of the current income tax and the deferred income tax expenses or income are included in the current profit or loss account.

The current income tax expenses are the amount payable to the tax authority which is calculated according to the tax regulation for the transactions and events of the current period, i.e. income taxes payable. The deferred income taxes refer to the differences recognized between the amount at the end of period and amount recognized originally of the deferred tax assets and deferred tax liability by the balance sheet liability method.

(26) Segment information The Group identified business segments based on internal organizational structure, management requirement, internal reporting systems, and identified reportable segments based on business segments. A business segment is a distinguishable component of the Group which meets all the following conditions: the component generates income and incurs expenses in its daily activities; the Group's management is able to assess the component's operating results on regular intervals to allocate resources to such component and appraise its performance; the component's accounting information such as its financial status, operating results and cash flows is available to the Group.

The prices of inter-segment transfers are determined by reference to market prices and shared expenses are apportioned among segments in proportion to their respective income other than those which can not be reasonably allocated.

(27) Accounting of financial assets transfer

For transfer of financial assets, recognition thereof is bases on the transfer of substantially all the risks and rewards of ownership of the relevant financial asset. If all the risks and rewards have been transferred, the Group will derecognise the corresponding financial assets; If risks and rewards are not transferred and almost all of them are retained, the Group will not derecognise the corresponding financial assets; If almost all the risks and rewards are neither transferred nor retained, the Group will decide whether to derecognise such financial assets based on the extent to which such financial assets are controlled: The Group will derecognise such financial assets if it has given up control over them; otherwise, the Group will recognise such financial assets according to the extent to which it is further involved, and recognise relevant liabilities. For financial assets qualified for derecognising in its entirety, the difference between the sum of the consideration received for the transfer and the asset's carrying amount is included in the current gain and loss. The cumulative change in the fair value of the relevant financial assets that were directly recorded in owner's equity is also transferred into the current profit or loss. If the partial transfer is qualified for derecognition, the carrying amount of the financial asset is allocated between the part that continues to be recognized and the part that qualifies for derecognition, based on the fair values of the respective parts. Partial transfer is treated against full transfer based on the carrying amount after allocation. For those not qualified for derecognition, the consideration received is recognised as a financial liability.

(IV) Tax:

1. Major tax categories and tax rates

Tax category	Tax base	Tax rate
Value-added tax	Amount received from sale of goods or rendering of taxable services	17%
Business tax	3%,5%	3%, 5%
Corporate income tax: Dongfang Turbine, Dongfang Boiler, DFEM, DFHM , Shenzhen Dongfang Boiler Control Company Limited (深圳東方鍋爐控制有限公司) and Chengdu Dongfang KWH Environmental Protection Catalysts Co., Ltd. (成都東方凱特瑞環保催化劑有限責任公司)	Taxable profit	15%

Dongfang India	Taxable profit	33.99%
Other companies within the scope of consolidation with the Group	Taxable profit	25%
City maintenance tax	Circulation tax payable	5%、7%
Education surcharges	Circulation tax payable	3%
Local education surcharges, local education development fees	Circulation tax payable	1%、1.5%
Property tax	70% of the original value of property for self use, rental income of property for rent	1.2%/12%
Land use tax	Taxable land area	RMB3-12/㎡
Service tax (Dongfang India)	Taxable service income	10%

2. Preferential tax and approvals

(1) DEC Dongfang Electric Machinery Co., Ltd. ("DFEM") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR20095100306) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(2) DEC Dongfang Turbine Co., Ltd ("Dongfang Turbine") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR20095100307) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(3) DEC Dongfang Boiler Group Co., Ltd. ("Dongfang Boiler") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200851000483) on 30 December 2008, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. At present, Dongfang Boiler is under review, and the management considers it will pass the review, therefore, the 15% rate will still be adopted for payment of enterprise income tax for 2011.

(4) Dongfang (Guangzhou) Heavy Machinery Co., Ltd. ("DFHM") satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR201044000150) on 26 September 2010, which was issued jointly by the Science & Technology Department of Guangdong Province and the Finance Department of Guangdong Province, the Guangdong Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(5) Shenzhen Dongfang Boiler Control Co., Ltd. satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200944200022) on 27 June 2009, which was issued jointly by the Shenzhen Local Taxation Bureau, the Shenzhen Municipal Office of SAT, the Shenzhen Municipal Bureau of Finance, and the Shenzhen Bureau of Science, Technology & Information. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(6) Chengdu Dongfang KWH Catalysts Co., Ltd. satisfies the relevant certification conditions for national high-tech enterprises, and obtained the Certificate for High-Tech Enterprises (No. GR200951000220) on 28 December 2009, which was issued jointly by the Science & Technology Department of Sichuan Province, the Finance Department of Sichuan Province, the Sichuan Provincial Office of SAT, and the local taxation bureau. The company is entitled to a preferential rate of 15% for enterprise income tax of high-tech enterprises for 2011.

(V) Business Combination and Consolidated Financial Statements

1. Subsidiaries

(1) Subsidiaries acquired through establishment, investment or other ways

Unit: RMB'0'000

Name of subsidiary	Type	Place of registration	Nature of Business	Registered capital	Business scope	Actual investment amount at end of period	Percentage of shareholding (%)	Percentage of voting rights (%)	Included in consolidated financial statements (Y/N)	Minority interests
DEC Dongfang Electric Machinery Co., Ltd.	Wholly-owned subsidiary	Deyang, Sichuan	Manufacturing	200,000.00	Design, manufacture and sale of complete sets of power generation equipment, steam turbine generators, and AC and DC motors	200,000.00	100	100	Y	
Dongfang Electric (India) Private Limited	Controlled subsidiary	Kolkata, India	Services	INR32,000	Overhauling of generating units, operation and maintenance of power plants, sale of spare parts and training services for operational staff of power plants	5,479.53	99.99	100	Y	0.55
Chengdu Dongfang KWH Catalysts Co., Ltd.	controlled subsidiary of a controlled subsidiary	Chengdu, Sichuan	Manufacturing	EUR2,366.09	Design, production, manufacture and sale of selective catalytic reduction denitration catalysts	14,323.23	61.42	61.42	Y	9,590.53
Shenzhen Dongfang Boiler Control Co., Ltd.	controlled subsidiary of a controlled subsidiary	Shenzhen, Guangdong	Manufacturing	1,000.00	Research, development and manufacture of power station boiler equipment and control systems	510	51	51	Y	7,124.75
DFEM Control Equipment Co., Ltd.	Controlled subsidiary of a controlled subsidiary	Deyang, Sichuan	Manufacturing	10,050.00	Design, manufacture and sale of control equipment in relation to generators and AC and DC motors	10,940.28	99.5	99.5	Y	65.13
DFEM Power System Co., Ltd.	controlled subsidiary of a controlled subsidiary	Deyang, Sichuan	Manufacturing	4,275.43	Design, manufacture and sale of large and medium AC and DC motors and special motors	4,321.91	98.83	98.83	Y	52.71
DFEM Tooling and Moulding Co., Ltd.	controlled subsidiary of a controlled subsidiary	Deyang, Sichuan	Manufacturing	1,460.00	Design, manufacture and sale of industrial molds and knife tools, as well as processing and sale of ordinary machinery and machinery accessories	1,782.23	99.315	99.315	Y	12.66
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	controlled subsidiary of a controlled subsidiary	Huangzhou, Zhejiang	Manufacturing	30,000.00	Direct-drive permanent magnet wind power generating units and tidal generating units, as well as redevelopment and installation of power stations	30,000.00	100	100	Y	
Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd.	controlled subsidiary of a controlled subsidiary	Tianjin	Manufacturing	20,000.00	Design, manufacture installation and sale of wind power generation equipment	20,000.00	100	100	Y	
Dongfang Electric (Tongliao) Wind Power Engineering Co., Ltd. (東方電氣(遼寧)風電工程技術有限公司)	controlled subsidiary of a controlled subsidiary	Tongliao, Inner Mongolia	Services	3,000.00	Installation, testing, maintenance and after-sale services of wind power generation equipment	3,000.00	100	100	Y	
Dongfang Electric (Jiuquan) New Energy Co., Ltd. (東方電氣(酒泉)新能源有限公司)	controlled subsidiary of a controlled subsidiary	Jiuquan, Gansu	Manufacturing	3,000.00	Development of new energy technologies, and installation, testing, maintenance and after-sale services of equipment	3,000.00	100	100	Y	
Dongfang Electric (Hulun Buir) New Energy Co., Ltd. (東方電氣(呼倫貝爾)新能源有限公司)	controlled subsidiary of a controlled subsidiary	Hulun Buir, Inner Mongolia	Services	3,000.00	Development and introduction of wind power technologies; design, construction, installation, testing, maintenance and after-sale services of wind power equipment; purchase, processing and sale of spare parts and materials; as well as technical upgrade, consulting and services	3,000.00	100	100	Y	

(2) Subsidiaries acquired through business combinations under common control

Unit: RMB'0'000

Name of subsidiary	Type	Place of registration	Nature of business	Registered capital	Business scope	Actual investment amount at end of period	Percentage of shareholding (%)	Percentage of voting rights (%)	Included in consolidated financial statements (Y/N)	Minority interests
DEC Dongfang Turbine Co., Ltd.	Wholly-owned subsidiary	Deyang, Sichuan	Manufacturing	184,600.00	Manufacture, processing and sale of steam turbines, hydroturbines, gas turbines and wind generating units.	254,200.40	100	100	Y	
DEC Dongfang Boiler Group Co., Ltd.	Controlled subsidiary	Zigong, Sichuan	Manufacturing	160,566.10	Development, design, manufacture and sale of power station boilers, auxiliary devices and industrial boilers	439,139.54	99.67	99.67	Y	1,178.20
Dongfang Electric (Guangzhou) Heavy Machinery Co., Ltd.	Controlled subsidiary	Guangzhou, Guangdong	Manufacturing	115,109.57	Cannot produce and deal in the products prohibited by national laws and regulations; projects which are subject to special approval are prohibited without approval; other projects are free to run.	69,946.66	65.1813	65.1813	Y	43,465.73
Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd.	controlled subsidiary of a controlled subsidiary	Tianjin	Manufacturing	14,472.58	Manufacture and sale of MW wind turbine blades and turbine enclosures and provision of related services	9,418.98	55.63	55.63	Y	8,937.42

(3) Subsidiaries acquired through business combinations not under common control

Unit: RMB'0'000

Name of subsidiary	Type	Place of registration	Nature of business	Registered capital	Business scope	Actual investment amount at end of period	Percentage of shareholding (%)	Percentage of voting rights (%)	Included in consolidated financial statements (Y/N)	Minority interests
DEC (Wuhan) Nuclear Equipment Company Limited	Controlled subsidiary	Wuhan, Hubei	Manufacturing	19,636.00	Design and manufacture of inner reactor pressure equipment for civil nuclear facilities, and design and manufacture of special products.	13,156.00	67	67	Y	6,832.16

1. Entities newly included in and eliminated from the scope of consolidation for the period

(1) Subsidiaries newly included in the scope of consolidation, special purpose entities or operating entities controlled through entrusted operating and leases for the period

Unit: RMB

Name	Closing net assets	Net profit for the period
Dongfang Electric (Hulun Buir) New Energy Co., Ltd. (東方電氣(呼倫貝爾)新能源有限公司)	29,626,702.08	-373,297.92

(VI) Notes to the Consolidated Financial Statements

1. Monetary fund

Unit:RMB

Item	Closing balance			Opening Balance		
	Original currency amount	Exchange rate	RMB equivalent	Original currency amount	Exchange rate	RMB equivalent
Cash:	/	/	988,337.89	/	/	1,336,795.12
RMB	/	/	480,875.25	/	/	544,780.87
USD	25,812.01	6.4716	167,044.98	32,310.18	6.6227	213,983.71
HKD	22,482.12	0.8309	18,680.39	22,482.12	0.8509	19,121.04
INR	2,223,478.00	0.1447	321,737.27	2,612,684.00	0.1478	386,154.70
PKR				2,243,277.58	0.0770	172,754.80
Bank deposits:	/	/	10,670,539,522.12	/	/	13,635,802,839.78
RMB	/	/	10,043,008,568.20	/	/	12,953,589,333.06
USD	72,546,208.90	6.4716	469,490,045.49	77,730,331.77	6.6227	514,784,668.21
HKD	177,637.46	0.8309	147,612.53	177,616.08	0.8509	151,070.23
JPY	28,678,437.00	0.0802	2,301,243.82	176,787,527.95	0.0813	14,365,754.54
EUR	2,051,704.66	9.3612	19,206,417.88	4,455,558.55	8.8065	39,237,855.13
INR	285,045,605.97	0.1447	41,244,908.32	249,746,993.50	0.1478	36,912,605.64
PKR	1,260,644,983.15	0.0753	94,997,833.16	985,877,877.30	0.0770	75,922,644.14
VND	430,555,407.00	0.0003	142,892.72	2,470,066,920.00	0.0003	838,908.83
Other monetary fund:	/	/	110,419,708.48	/	/	117,155,647.30
RMB	/	/	110,419,708.48	/	/	115,061,778.30
INR				14,166,908.00	0.1478	2,093,869.00
Total	/	/	10,781,947,568.49	/	/	13,754,295,282.20

2. Held-for-trading financial assets:

(1) Held-for-trading financial assets

Unit: RMB

Item	Fair value at the end of the period	Fair value at the beginning of the period
1. Tradable bond investment		
2. Tradable equity instrument investment	37,132,509.42	25,711,554.32
3. Financial assets measured designated as at fair value through profit or loss		
4. Derivative financial assets	51,732,402.87	30,879,420.82
5. Hedging instruments		
6. Others		
Total	88,864,912.29	56,590,975.14

3. Bills receivable :

(1) Classification of bills receivable

Unit: RMB

category	Closing balance	Opening balance
Bank acceptance bills	1,765,132,129.61	1,377,595,041.08
Commercial acceptance bills	19,002,874.69	4,344,751.30
Total	1,784,135,004.30	1,381,939,792.38

(2) Bills transferred to accounts receivable due to non-performance of the issuers or endorsed by the Company but not yet due by the end of the period

Unit: RMB

Issuer	Issuing date	Due date	Amount	Remarks
Bills endorsed by the Company but not yet due				
SEPCOIII Electric power Construction Corporation	12 January 2011	12 July 2011	10,000,000.00	
Ordos Yichang Trade Co., Ltd. (鄂爾多斯市億昌商貿有限責任公司)	26 January 2011	26 July 2011	10,000,000.00	
Electric Power of Henan (河南省電力公司)	26 January 2011	26 July 2011	10,000,000.00	
Anhui Huaihua Co., Ltd. (安徽淮化股份有限公司)	27 January 2011	27 July 2011	10,000,000.00	
Ningxia Jinyuyuan Chemical Group Co., Ltd.	23 February 2011	23 August 2011	10,000,000.00	
Total	/	/	50,000,000.00	/

There were no bills which were transferred to accounts receivables due to the non-performance of the issuers

4. Interests receivable

(1) Interests receivable

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
interest on undue time deposits	41,329,431.88	45,323.38	25,174,142.61	16,200,612.65
Total	41,329,431.88	45,323.38	25,174,142.61	16,200,612.65

5. Trade receivables
(1) Ageing analysis of trade payables:

Unit: RMB

Age	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within one year	8,294,440,262.79	49.52	414,722,013.14	6,793,984,715.50	48.90	339,699,235.79
One to two years	3,855,711,160.23	23.02	385,571,116.02	3,109,693,242.62	22.38	310,969,324.26
Two to three years	1,785,406,518.85	10.66	357,081,303.77	1,912,959,847.67	13.77	382,591,969.54
Three to four years	1,387,004,795.82	8.28	554,801,918.35	1,012,803,441.29	7.29	405,121,376.50
Four to five years	922,508,750.16	5.51	464,266,375.10	649,906,590.62	4.58	332,077,295.31
Above five years	503,062,538.14	3.01	503,062,538.14	428,761,220.58	3.08	428,761,220.58
Total	16,748,134,025.99	100.00	2,679,505,264.52	13,908,109,058.28	100	2,199,220,421.98

(2) Trade receivables by category:

Unit: RMB

category	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Trade receivables for which bad debt provisions are made collectively:						
Trade receivables for which impairment provisions are collectively made based on similar aging condition	16,733,886,025.99	99.91	2,665,257,264.52	13,893,861,058.28	99.90	2,184,972,421.98
Subtotal	16,733,886,025.99	99.91	2,665,257,264.52	13,893,861,058.28	99.90	2,184,972,421.98
Trade receivables which are individually insignificant but for which individual bad debt provisions are made	14,248,000.00	0.09	14,248,000.00	14,248,000.00	0.10	14,248,000.00
Total	16,748,134,025.99	/	2,679,505,264.52	13,908,109,058.28	/	2,199,220,421.98

Among the grouped trade receivables, those for which bad debt provisions are made on ageing basis are as follows:

Unit: RMB

Age	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	

Within one year									
Including:									
Within one year	8,294,440,262.79	49.57	414,722,013.14	6,793,984,715.50	48.90	339,699,235.79			
Subtotal	8,294,440,262.79	49.57	414,722,013.14	6,793,984,715.50	48.90	339,699,235.79			
One to two years	3,855,711,160.23	23.04	385,571,116.02	3,109,693,242.62	22.38	310,969,324.26			
Two to three years	1,785,406,518.85	10.67	357,081,303.77	1,912,959,847.67	13.77	382,591,969.54			
Three to four years	1,387,004,795.82	8.29	554,801,918.35	1,012,803,441.29	7.29	405,121,376.50			
Four to five years	916,484,750.16	5.48	458,242,375.10	635,658,590.62	4.58	317,829,295.31			
Above five years	494,838,538.14	2.95	494,838,538.14	428,761,220.58	3.08	428,761,220.58			
Total	16,733,886,025.99	100	2,665,257,264.52	13,893,861,058.28	100	2,184,972,421.98			

Trade receivables which are individually insignificant but for which individual bad debt provisions are made as at the end of the period
Unit: RMB

Trade receivables	Book balance	Provision for bad debts	Percentage of provision (%)	Reason for provision
Inner Mongolia Xinfeng Thermal Power Plant (內蒙古新豐熱電廠)	14,248,000.00	14,248,000.00	100	Construction of the project was ceased due to non-compliance with relevant PRC industrial policies
Total	14,248,000.00	14,248,000.00	/	/

(3) Trade receivables due from shareholders holding 5% or more of the voting rights of the Company for the period

Unit: RMB

Shareholder	Closing balance		Opening balance	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation	134,595,738.55	25,912,091.35	178,680,610.05	25,823,845.29
Total	134,595,738.55	25,912,091.35	178,680,610.05	25,823,845.29

(4) Trade receivables due from the top five debtors

Unit: RMB

Debtor	Relationship with the Company	Amount	Ageing	Percentage of total trade receivables (%)
BGR Energy Systems Limited	Client	896,327,494.55	Within two years	5.35
DEC International Cooperation Limited	Fellow subsidiary	698,179,379.28	Within five years	4.17
Huadian International Shandong Materials Company Limited	Client	588,975,994.67	Within two years	3.52
Guangdong Yuedian Jinghai Power Generation Co., Ltd. –Huilai Power Plant	Client	447,311,000.00	Within two years	2.67
Changjiang New Energy Development Co., Ltd. (長江新能源開發有限公司)	Client	388,617,817.70	Within two years	2.32
Total	/	3,019,411,686.20	/	18.03

(5) Portion of the Group's revenue is generated through construction projects. Settlement is made in accordance with the terms specified in the contracts governing the relevant transactions, and the Group offers credit terms of two to three years to large or long-established customers with good repayment history.

For sales of products, settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. A credit period normally at one year may be granted to large or long-established customers with good repayment history. Revenue from small, new or short-term customers is normally expected to be settled 180 days after provision of services or delivery of goods.

6 · Other receivables

(1) Other receivables by category

Unit: RMB

category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables which are individually significant and for which individual bad debt provisions are made	19,798,052.41	2.73	988,121.66	0.33	201,888,818.30	28.22	186,464,106.30	63.05
Other receivables for which bad debt provisions are made collectively:								
Other receivables for which impairment provisions are collectively made based on similar aging condition	677,533,751.62	93.52	291,613,920.33	98.57	510,833,056.23	71.4	106,528,491.23	36.02
Subtotal	677,533,751.62	93.52	291,613,920.33	98.57	510,833,056.23	71.4	106,528,491.23	36.02
Other receivables which are individually insignificant but for which individual provisions are made	27,143,061.33	3.75	3,228,449.43	1.09	2,750,000.00	0.38	2,750,000.00	0.93
Total	724,474,865.36	/	295,830,491.42	/	715,471,874.53	/	295,742,597.53	/

Other receivables which are individually significant and for which individual bad debt provisions are made

Unit: RMB

Other receivables	Book balance	Provision for bad debts	Percentage of provision (%)	Reasons
Loans to staff for home purchases	14,859,692.00			These loans were granted by DFHM to its key personnel as revolving fund for home purchases, and shall be recovered through monthly payroll deductions, therefore there is no recovery risk and no bad debt provision has been made in respect thereof
Total	14,859,692.00		/	/

Among the grouped other receivables, those for which bad debt provisions are made on ageing basis are as follows:

Unit: RMB

Age	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within one year						
Including:						
Within one year	175,393,626.32	25.89	8,769,681.31	164,796,300.00	32.26	8,239,815.01
Subtotal	175,393,626.32	25.89	8,769,681.31	164,796,300.00	32.26	8,239,815.01
One to two years	174,246,640.41	25.72	17,424,664.04	205,083,863.55	40.15	20,508,986.35
Two to three years	76,047,989.20	11.22	15,209,597.83	77,132,273.50	15.10	15,426,453.13
Three to four years	2,048,840.72	0.30	819,536.28	1,287,089.33	0.25	514,835.73
Four to five years	812,428.20	0.12	406,214.10	1,390,257.68	0.27	695,128.84
Above five years	248,984,226.77	36.75	248,984,226.77	61,143,272.17	11.97	61,143,272.17
Total	677,533,751.62	100.00	291,613,920.33	510,833,056.23	100.00	106,528,491.23

(2) Other receivables due from shareholders holding 5% or more of the voting rights of the Company for the period

Unit: RMB

Shareholder	Closing balance		Opening balance	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation	11,739,879.49	2,086,993.97	22,767,676.00	2,681,394.90
Total	11,739,879.49	2,086,993.97	22,767,676.00	2,681,394.90

(3) Other receivables due from the top five debtors

Unit: RMB

Debtor	Relationship with the Company	Amount	Ageing	Percentage of total other receivables (%)
China Nuclear Power Engineering Co., Ltd.	Entrusting party of procurement	226,417,545.05	One to three years	31.25
China Technology Securities Co., Ltd. (中國科技證券有限公司)	Non-related party	186,464,106.30	Above five years	25.74
DEC International Cooperation Limited	Fellow subsidiary	19,798,052.41	Within one year	2.73
Chongqing Xinlongda Real Estate Development Co., Ltd. (重慶鑫隆達房地產開發有限公司)	Non-related party	19,500,000.00	Above five years	2.69
Sichuan International Trust and Investment Corporation (四川省國際信託投資公司)	Non-related party	18,100,000.00	Above five years	2.50
Total	/	470,279,703.76	/	64.91

7. Prepayments

(1) Prepayments by ageing

Unit: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	5,307,468,283.45	69.30	5,290,535,482.52	70.39
One to two years	1,206,019,147.50	15.75	1,440,324,540.87	19.16
Two to three years	685,164,087.63	8.95	495,778,707.23	6.60
Above five years	459,917,545.92	6.00	289,239,025.65	3.85
Total	7,658,569,064.50	100.00	7,515,877,756.27	100.00

(2) Prepayments to the top five vendors

Unit: RMB

Vendor	Relationship with the Company	Amount	Ageing	Reasons for non-settlement
Alstom Power Turbomachines	Non-related party	927,701,786.59	One to three years	It takes time for processing of components, and delivery is yet to be made.
Mitsubishi Heavy Industries, Ltd.	Non-related party	496,694,776.61	One to three years	It takes time for processing of components, and delivery is yet to be made.
Fomas S.P.A	Non-related party	392,447,702.29	One to three years	It takes time for processing of components, and delivery is yet to be made.
The Japan Steel Works, Ltd.	Non-related party	157,720,182.30	One to three years	It takes time for processing of components, and delivery is yet to be made.
ITOCHU Corporation	Non-related party	150,389,234.93	One to three years	It takes time for processing of components, and delivery is yet to be made.
Total	/	2,124,953,682.72	/	/

(3) Prepayments to shareholders holding 5% or more of the voting rights of the Company for the period

Unit: RMB

Shareholder	Closing balance		Opening balance	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Dongfang Electric Corporation			657,495.33	
Total			657,495.33	

8. Inventories
(1) Inventories by category

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials (including procurement of materials)	7,757,012,556.11	132,417,885.77	7,624,594,670.34	7,555,813,967.93	132,417,885.77	7,423,396,082.16
Self-produced semi-finished products and work in process	24,945,126,829.00	52,427,255.62	24,892,699,573.38	23,089,646,492.47	19,724,750.36	23,069,921,742.11
Stock goods (finished goods)	1,074,164,606.96	48,505,827.63	1,025,658,779.33	806,439,040.75	18,628,818.91	787,810,221.84
Reusable materials (packaging materials, low-value consumables, etc.)	50,468,138.27	56,674.59	50,411,463.68	48,976,030.34	56,674.59	48,919,355.75
Assets formed by construction contracts	4,280,889,633.14	370,272,575.28	3,910,617,057.86	2,669,011,924.80	420,922,133.15	2,248,089,791.65
Others	939,688,692.40		939,688,692.40	1,002,273,858.06		1,002,273,858.06
Total	39,047,350,455.88	603,680,218.89	38,443,670,236.99	35,172,161,314.35	591,750,262.78	34,580,411,051.57

(2) Provision for impairment of inventories

Unit: RMB

Inventories by category	Opening balance	Provision for the period	Decrease in the period		Closing balance
			Reversal	Write-off	
Raw materials (including procurement of materials)	132,417,885.77				132,417,885.77
Self-produced semi-finished products and work in process	19,724,750.36	32,702,505.26			52,427,255.62
Stock goods (finished goods)	18,628,818.91	31,711,102.24		1,834,093.52	48,505,827.63
Reusable materials (packaging materials, low-value consumables, etc.)	56,674.59				56,674.59
Assets formed by construction contracts	420,922,133.15	15,538,461.55	876,125.45	65,311,893.97	370,272,575.28
Others					
Total	591,750,262.78	79,952,069.05	876,125.45	67,145,987.49	603,680,218.89

(3) Particulars of provisions for impairment of inventories

Item	Basis of provision for impairment of inventories	Reason for reversal	Reversed amount for the period as a percentage of the Closing balance of the inventory (%)
Raw materials	Estimated net realisable value being lower than book value		
Self-produced semi-finished products and work in process	Estimated net realisable value being lower than book value		
Stock goods (finished goods)	Estimated net realisable value being lower than book value		
Reusable materials	Estimated net realisable value being lower than book value		
Assets formed by construction contracts	Estimated total cost being higher than total contract revenue	Decrease in estimated total cost	0.02

9. Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Unit: RMB

Item	Fair value at the end of the period	Fair value at the beginning of the period
Available-for-sale equity instruments	307,929,272.32	381,049,885.44
Total	307,929,272.32	381,049,885.44

10. Investments in joint ventures and associates:

Unit: RMB

Investee	Percentage of equity interests held by the Company (%)	Percentage of voting rights held by the Company (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating revenue for the period	Net profit for the period
I. Joint ventures							
Babcock-Hitachi Dongfang Boiler Co., Ltd.	50.00	50.00	458,803,786.75	223,697,122.32	235,106,664.43	259,610,713.98	19,263,541.64
AREVA DONGFANG Reactor Coolant Pumps Co. Ltd.	50.00	50.00	1,843,776,313.05	1,635,080,307.49	208,696,005.56	198,591,907.33	41,925,281.55
II. Associates							
Leshan City Dongle Heavy Piece Handling Co., Ltd.	49	49	35,852,980.65	5,423,897.93	30,429,082.72	11,210,343.00	4,758,804.85
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	49	49	472,262,317.16	256,458,307.04	215,804,010.12	45,853,474.60	8,510,216.29

11. Long-term equity investments:

(1) Particulars of long-term equity investments
Under cost method:

Unit: RMB

Investee	Investment costs	Opening balance	Increase/decrease	Closing balance	Provision for impairment	Percentage of equity interests held by the Company (%)	Percentage of voting rights held by the Company (%)
Sichuan Huadian Yibin Power Generation Co., Ltd. (四川華電宜賓發電有限公司)	23,800,000.00	23,800,000.00		23,800,000.00	23,800,000.00	10	10
Guangdong Yudean Oil Shale Power Generation Co., Ltd. (廣東粵電油頁岩發電有限公司)	23,500,000.00	23,500,000.00		23,500,000.00		10	10
Beijing Huaqing Gas Turbine and Integrated Gasification Combined Cycle Engineering Technology Co., Ltd. (北京華清燃氣輪機與煤氣化循環工程技術有限公司)	5,500,000.00	5,500,000.00		5,500,000.00		15.49	15.49
Sichuan Dongdian Real Estate Development Co., Ltd. (四川東電房地產開發有限公司)	1,000,000.00	1,000,000.00		1,000,000.00		12.5	12.5
Guangong Dongfang Power Station Complete Equipment Co., Ltd. (廣東東方電站成套設備公司)	1,100,000.00	1,100,000.00		1,100,000.00		11.11	11.11
Sichuan Province Chuannan High Grade Highway Development Co., Ltd. (四川省川南高等級公路開發公司)	1,000,000.00	1,000,000.00		1,000,000.00		0.05	0.05
Chengdu Sandian Stock Co., Ltd. (成都三電股份有限公司)	455,373.41	455,373.41		455,373.41	455,373.41		
Sichuan Southwest Machinery Industry (Group) Company (四川西南機械工業集團公司)	210,000.00	210,000.00		210,000.00	210,000.00	2.37	2.37

Wuxi Electronic Hostel (無錫電子招待所)	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00		
Deyang Mechanical and Electrical Equipment Import and Export Corporation (德陽市機電設備進出口公司)	100,941.25	100,941.25	100,941.25	100,941.25	100,941.25	100,941.25		
Xinan Production Materials Center (西南生產資料中心)	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00		
Chengdu Southwest Spherical Tank Corporation (成都西南球罐公司)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	16.13	16.13
Sichuan Machinery Imp. & Exp. Corp. (四川機械進出口公司)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	5	5

Under equity method:

Unit: RMB

Investee	Investment costs	Opening balance	Increase/decrease	Closing balance	Provision for impairment	Percentage of equity interests held by the Company (%)	Percentage of voting rights held by the Company (%)
Babcock-Hitachi Dongfang Boiler Co., Ltd.	34,137,830.00	115,517,078.77	9,631,770.82	125,148,849.59		50	50
Mitsubishi Heavy Industries Dongfang Gas Turbine Co., Ltd.	99,306,720.24	101,503,882.20	4,170,006.00	105,673,888.20		49	49
AREVA DONGFANG Reactor Coolant Pumps Co., Ltd.	42,500,000.00	65,471,618.54	35,962,640.78	101,434,259.32		50	50
Leshan City Dongle Heavy Piece Handling Co., Ltd.	490,000.00	10,869,029.65	2,331,814.38	13,200,844.03		49	49

12. Investment properties:

(1) Investment properties measured at cost

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Total original book value	41,751,558.04			41,751,558.04
1. Plants and buildings	34,894,338.04			34,894,338.04
2. Land use rights	6,857,220.00			6,857,220.00
II. Total accumulated depreciation and amortization	10,990,197.57	820,464.34		11,810,661.91
1. Plants and buildings	10,030,186.77	751,892.14		10,782,078.91
2. Land use rights	960,010.80	68,572.20		1,028,583.00
III. Total net book value	30,761,360.47	-820,464.34		29,940,896.13
1. Plants and buildings	24,864,151.27	-751,892.14		24,112,259.13
2. Land use rights	5,897,209.20	-68,572.20		5,828,637.00
IV. Total provision for impairment				
1. Plants and buildings				
2. Land use rights				
Total book value	30,761,360.47	-820,464.34		29,940,896.13
1. Plants and buildings	24,864,151.27	-751,892.14		24,112,259.13
2. Land use rights	5,897,209.20	-68,572.20		5,828,637.00

Depreciation and amortization for the period: RMB820,464.34.

13. Fixed assets:

(1) Particulars of fixed assets

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Total original book value	12,015,666,065.66	826,767,481.66	28,909,834.92	12,813,523,712.40
Including: Plants and buildings	5,455,256,977.32	58,227,190.38	4,165,628.16	5,509,318,539.54
Machinery and equipment	5,873,813,466.91	640,332,923.13	10,733,558.88	6,503,412,831.16
Motor vehicles	257,718,284.42	33,677,030.39	2,281,081.67	289,114,233.14
Instruments and meters, electronic devices and others	395,116,402.39	94,530,337.76	11,021,454.59	478,625,285.56
Land assets	33,760,934.62		708,111.62	33,052,823.00
		Increase in the period	Provision for the period	
II. Total accumulated depreciation:	3,135,939,293.80		543,328,637.90	3,650,239,063.16
Including: Plants and buildings	653,165,783.38		143,488,448.61	790,231,427.43
Machinery and equipment	2,148,946,764.09		341,318,388.27	2,478,607,590.52
Motor vehicles	127,234,707.30		18,717,869.44	143,902,425.05
Instruments and meters, electronic devices and others	206,592,039.03		39,803,931.58	237,497,620.16
Land assets				

III. Total net book value	8,879,726,771.86	/	/	9,163,284,649.24
Including: Plants and buildings	4,802,091,193.94	/	/	4,719,087,112.11
Machinery and equipment	3,724,866,702.82	/	/	4,024,805,240.64
Motor vehicles	130,483,577.12	/	/	145,211,808.09
Instruments and meters, electronic devices and others	188,524,363.36	/	/	241,127,665.40
	33,760,934.62	/	/	33,052,823.00
IV. Total provision for impairment	2,040,466.07	/	/	2,039,596.54
Including: Plants and buildings		/	/	
Machinery and equipment	854,361.35	/	/	854,361.35
Motor vehicles	147,534.60	/	/	147,534.60
Instruments and meters, electronic devices and others	1,038,570.12	/	/	1,037,700.59
Land assets		/	/	
V. Total book value	8,877,686,305.79	/	/	9,161,245,052.70
Including: Plants and buildings	4,802,091,193.94	/	/	4,719,087,112.11
Machinery and equipment	3,724,012,341.47	/	/	4,023,950,879.29
Motor vehicles	130,336,042.52	/	/	145,064,273.49
Instruments and meters, electronic devices and others	187,485,793.24	/	/	240,089,964.81
Land assets	33,760,934.62	/	/	33,052,823.00

Depreciation for the period: RMB543,328,637.90.

(2) Particulars of fixed assets with pending certificates of ownership

Item	Reasons	Estimated time for completion
Seven properties of Eastrex Electronics Limited (東電有限公司), including the 2 nd overspeed laboratory	Being processed	2012
Four house properties of Dong fang Boiler Group Co .Ltd. (東鍋股份有限公司), including the Chengdu industrial base	Being processed	2011
Five house properties of Chengdu KWH Company (成都凱特瑞公司), including the jointly-owned factory premises	Being processed	2011
Eight house properties of DFHM, including office building	Being processed	2011
Four house properties of DFHM, including welding training center and office building	Being processed	2011
69 house properties of DFHM, including plants and office buildings at the new base.	Being processed	2011
Jointly-owned factory building, warehouse and office building of Dongfang Electric (Tianjin) Wind Power Technology Co., Ltd. (天津風電科技公司)	Being processed	2011

Construction in progress:
 (1) Particulars of construction in progress

Unit: RMB

Item	Closing balance		Opening balance		Net book value
	Book balance	Provision for impairment	Book balance	Provision for impairment	
Construction in progress	1,400,609,737.34	1,734,275.28	1,494,448,786.25	1,734,275.28	1,492,714,510.97

(2) Change in significant projects under construction

Unit: RMB

Project	Budget amount	Opening balance	Increase in the period	Transfer to fixed assets	Other decrease	Percentage of investment to budget (%)	Work progress	Sources of funds	Closing balance
2008-03427m CNC Gantry Milling (技 2008-03427m 數控龍門銑)	95,000,000.00	81,074,227.75	1,073,262.74			86.47	95.00	Self-financing	82,147,490.49
2008-002 Production Base Reconstruction Project (重建 2008-002 重建生產基地臨時項目)	72,000,000.00		71,562,647.10			99.39	100.00	Self-financing	71,562,647.10
2008-03303500 CNC Heavy-duty Horizontal Lathe (技 2008-03303500 重型數控臥車)	87,500,000.00	57,028,920.80	7,352,490.62			73.58	95.00	Self-financing	64,381,411.42
2008-08317m CNC Gantry Milling (重建 2008-08317 米數控龍門銑)	65,000,000.00	38,708,709.04	21,328,334.07			92.36	95.00	Self-financing	60,037,043.11
2008-254 Dongqi Single Apartments(技 2008-254 東汽單身公寓)	55,000,000.00	43,637,132.46	11,093,781.93			99.51	100.00	Self-financing	54,730,914.39

32T08001M/32T09001M Deaying Expansion Project and New Project (32T08001M/32T09001M 德陽擴建及新建項目)	962,800,000	178,210,305.87	172,790,009.55	160,306,026.22	137,940,688.20	45.38	90.00	Raised proceeds and government subsidies	52,753,601.00
Installation of expansion equipment	181,426,000.00	3,938,876.91	37,876,457.67	1,156,410.26		47.54	70.00	Self-financing	40,658,924.32
Machinery and equipment	45,500,000.00	38,283,480.26	569,230.77	569,230.77		84.14	100.00	Self-financing	38,283,480.26
Expansion of civil works (擴建土 建工程)	64,598,000.00	32,424,020.70	4,585,776.12			57.29	80.00	Self-financing	37,009,796.82
2008-237-4 Installation of utility systems at Southern factory area (重慶 2008-237-4 南廠區公用系 統安裝工程)	33,000,000.00		32,305,221.78			97.89	100.00	Self-financing	32,305,221.78
Total	1,661,824,000.00	473,305,673.79	360,537,212.35	162,031,667.25	137,940,688.20	/	/	/	533,870,530.69

(3) Provision for impairment of construction in progress

Unit: RMB

Item	Opening balance	Increase in the period	Closing balance	Reasons for making provision (%)
Dual power supplies project	125,100.00		125,100.00	Under liquidation
Sporadic installation work	1,493,625.28		1,493,625.28	Left unsettled for a long time and under liquidation
Other equipment	115,550.00		115,550.00	To be scrapped and under liquidation
Total	1,734,275.28	0.00	1,734,275.28	/

15. Construction materials:

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Special-purpose equipment	113,464.96	56,410.26		169,875.22
Materials		2,196,319.76	2,196,319.76	
Total	113,464.96	2,252,730.02	2,196,319.76	169,875.22

16. Disposals of fixed assets:

Unit: RMB

Item	Carrying amount at the beginning of the period	Carrying amount at the end of the period	Reasons for disposal
Structures and equipment	1,090,452.80	1,370,853.52	These structures and equipment have to be removed for the expansion work of the phase two project of DEC (Wuhan) Nuclear Equipment Company Limited (武漢核設備公司), and now are being disposed of
Total	1,090,452.80	1,370,853.52	/

17. Intangible assets:

(1) Particulars of intangible assets

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I . Total original book value	1,355,768,005.89	12,697,870.63		1,368,465,876.52
Software	21,597,601.98	5,341,668.03		26,939,270.01
Land use rights	1,013,724,688.10	19,810.36		1,013,744,498.46
Patents	3,100,585.47			3,100,585.47
Non-patent technology	317,345,130.34	7,336,392.24		324,681,522.58
II . Total accumulated depreciation:	289,736,424.78	24,788,804.95		314,525,229.73
Software	10,558,738.03	1,777,656.17		12,336,394.20
Land use rights	78,486,925.79	8,996,215.94		87,483,141.73
Patents	1,406,417.69	305,011.59		1,711,429.28
Non-patent technology	199,284,343.27	13,709,921.25		212,994,264.52
III . Total net book value	1,066,031,581.11	-12,090,934.32		1,053,940,646.79
Software	11,038,863.95	3,564,011.86		14,602,875.81
Land use rights	935,237,762.31	-8,976,405.58		926,261,356.73
Patents	1,694,167.78	-305,011.59		1,389,156.19
Non-patent technology	118,060,787.07	-6,373,529.01		111,687,258.06
IV . Total provision for impairment	90,428,509.50			90,428,509.50
Software				
Land use rights	90,428,509.50			90,428,509.50
Patents				
Non-patent technology				
V . Total book value	975,603,071.61	-12,090,934.32		963,512,137.29

Software	11,038,863.95	3,564,011.86		14,602,875.81
Land use rights	844,809,252.81	-8,976,405.58		835,832,847.23
Patents	1,694,167.78	-305,011.59		1,389,156.19
Non-patent technology	118,060,787.07	-6,373,529.01		111,687,258.06

Amortization for the period: RMB24,788,804.95.

18. Long-term deferred expenditures:

Unit: RMB

Item	Opening balance	Increase in the period	Amortization for the period:	Other decreases	Closing balance
Fit-up costs of the laboratory	677,420.86		38,344.59		639,076.27
Fit-up costs of the 15 th floor	182,200.80		66,658.80		115,542.00
Cable management fees	162,000.00		18,000.00		144,000.00
Overhaul of power distribution equipment	665,000.02		34,999.98		630,000.04
Total	1,686,621.68		158,003.37		1,528,618.31

19. Deferred income tax assets/ deferred income tax liabilities:

(I) Deferred income tax assets and deferred income tax liabilities presented without offsetting

(1) Recognized deferred income tax assets and deferred income tax liabilities

Unit: RMB

Item	Closing balance	Opening balance
Deferred income tax assets:		
Provision for impairment of assets	571,417,493.42	476,332,363.61
Estimated liabilities	123,431,386.01	124,866,175.88
Unrealized profit from internal transactions	43,741,457.38	42,996,564.69
Staff remuneration payable	45,224,401.89	48,947,009.07
Depreciation of fixed assets	2,845,885.90	5,036,158.09
Losses that can be carried forward		3,826,059.14
Government grants	3,306,942.33	3,306,942.33
Start-up costs	842,087.02	842,087.02
Change in fair value of held-for-trading financial liabilities		762,228.79
Trade payables	928,006.23	375,284.70
Amortisation of intangible assets	368,153.64	368,153.64
Change in fair value of available-for-sale financial assets	2,683,098.79	
Change in fair value of held-for-trading financial assets	740,833.55	
Subtotal	795,529,746.16	707,659,026.96
Deferred income tax liabilities:		
Appraisal increment	8,260,716.22	9,888,939.98
Change in fair value of held-for-trading financial assets	7,812,358.88	4,883,259.76
Depreciation of fixed assets	29,287.29	29,914.72
Change in fair value of available-for-sale financial assets		846,184.33
Subtotal	16,102,362.39	15,648,298.79

(2) Breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Provision for impairment of assets	100,011,795.07	36,491,767.55
Estimated liabilities	1,790,805.85	1,790,805.85
Losses that can be carried forward	130,012,558.38	106,186,754.64
Total	231,815,159.30	144,469,328.04

(3) Expiration of deductible losses of unrecognised deferred income tax assets

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2013	4,243,615.79	4,243,615.79	
2014	14,583,181.81	14,583,181.81	
2015	84,740,543.39	87,359,957.04	
2016	26,445,217.39		
Total	130,012,558.38	106,186,754.64	/

(4) Breakdown of items of taxable differences and of deductible differences

Unit: RMB

Item	Amount
Items of taxable differences:	
Provision for impairment of assets	3,662,862,372.85
Estimated liabilities	822,295,714.09
Unrealized profit from internal transactions	291,272,557.13
Staff remuneration payable	301,496,012.63
Depreciation of fixed assets	18,972,572.61
Losses that can be carried forward	
Government grants	18,387,769.33
Start-up costs	5,613,913.45
Change in fair value of held-for-trading financial liabilities	
Trade payables	6,186,708.25
Amortisation of intangible assets	103,605,327.35
Others (deferred income/long-term deferred expenses)	
Change in fair value of available-for-sale financial assets	17,887,325.27
Change in fair value of held-for-trading financial assets	4,938,890.33
Subtotal	5,253,519,163.29
Items of deductible differences:	
Appraisal increment	55,071,441.57
Change in fair value of held-for-trading financial assets	52,082,392.54
Depreciation of fixed assets	29,914.72
Change in fair value of available-for-sale financial assets	
Subtotal	107,183,748.83

20. Breakdown of provision for impairment of assets:

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period			Closing balance
			Reversal	Write-off	Other decreases	
I · Provision for bad debts	2,494,963,019.51	480,613,035.86	233,837.14		6,462.29	2,975,335,755.94
II · Provision for impairment of inventories	591,750,262.78	79,952,069.05	876,125.45	67,145,987.49		603,680,218.89
III · Provision for impairment of available-for-sale financial assets						
IV · Provision for impairment of held-to-maturity investments						
V · Provision for impairment of long-term equity investments	24,876,314.66					24,876,314.66
VI · Provision for impairment of investment properties						
VII · Provision for impairment of fixed assets	2,040,466.07			869.53		2,039,596.54
VIII · Provision for impairment of construction materials						
IX · Provision for impairment of construction in progress	1,734,275.28					1,734,275.28
X · Provision for impairment of biological assets for production						
Including: Provision for impairment of mature biological assets for production						
XI · Provision for impairment of fuel assets						
XII · Provision for impairment of intangible assets	90,428,509.50					90,428,509.50
XIII · Provision for impairment of goodwill						
XIV · Others						
Total	3,205,792,847.80	560,565,104.91	1,109,962.59	67,146,857.02	6,462.29	3,698,094,670.81

21. Short-term borrowings:

(1) Short-term borrowings by category

Unit: RMB

Item	Closing balance	Opening balance
Unsecured loans	2,330,000,000.00	2,335,000,000.00
Total	2,330,000,000.00	2,335,000,000.00

22. Held-for-trading financial liabilities:

Unit: RMB

Item	Fair value at the end of the period	Fair value at the beginning of the period
Tradable bonds issued		
Financial liabilities designated as at fair value through profit or loss		
Derivative financial liabilities		5,305,823.49
Other financial liabilities		
Total		5,305,823.49

23. Bills payable :

Unit: RMB

category	Closing balance	Opening balance
Commercial acceptance bills	2,277,759,818.79	1,908,451,943.50
Bank acceptance bills	1,080,324,428.38	1,662,465,470.74
Total	3,358,084,247.17	3,570,917,414.24

Amount falling due in next accounting period (the second half of the year): RMB3,358,084,247.17.

24. Trade payables:

(1) Particulars of trade payables

Unit: RMB

Item	Closing balance	Opening balance
Trade payables	13,289,741,964.89	11,108,250,924.51
Total	13,289,741,964.89	11,108,250,924.51

(2) Ageing analysis of trade payables

Unit: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	11,416,975,313.28	85.91	9,440,369,314.67	84.98
One to two years	1,082,934,666.64	8.15	1,171,601,272.40	10.55
Two to three years	603,853,203.41	4.54	426,695,971.93	3.84
Above three years	185,978,781.56	1.40	69,584,365.51	0.63
Total	13,289,741,964.89	100.00	11,108,250,924.51	100.00

(3) Trade payables due to shareholders holding 5% or more of the voting rights of the Company or related parties of the Company for the period

Unit: RMB

Shareholder	Closing balance	Opening balance
Dongfang Electric Corporation	10,300,000.00	1,141,290.58
Total	10,300,000.00	1,141,290.58

(4) The average credit period for payment of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

25. Receipts in advance:

(1) Particulars of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Receipts in advance	49,587,420,504.01	47,689,085,886.68
Total	49,587,420,504.01	47,689,085,886.68

(2) Receipts in advance from shareholders holding 5% or more of the voting rights of the Company or related parties of the Company for the period

Unit: RMB

Shareholder	Closing balance	Opening balance
Dongfang Electric Corporation	423,124,407.75	614,838,872.51
Total	423,124,407.75	614,838,872.51

26. Staff remuneration payable

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Wages, bonuses, allowances and subsidies	321,553,469.81	753,269,990.26	847,784,489.74	227,038,970.33
II. Staff welfare		48,439,496.20	51,712,379.06	-3,272,882.86
III. Social insurances	21,290,357.29	251,045,561.62	222,472,028.11	49,863,890.80
Medical insurance	3,701,645.09	73,850,281.22	76,313,997.67	1,237,928.64
Pension insurance	89,621.70	122,437,611.74	112,738,888.99	9,788,344.45
Unemployment insurance	615,044.95	22,686,624.78	8,411,356.89	14,890,312.84
Work injury insurance	22,830.63	11,676,813.86	10,915,516.19	784,128.30
Maternity insurance	3,713.24	5,472,421.01	5,210,955.55	265,178.70
Supplementary pension	16,857,501.68	14,921,809.01	8,881,312.82	22,897,997.87
IV. Housing provident fund	6,754,349.30	110,981,054.35	110,049,693.52	7,685,710.13
V. Termination benefits	86,871,274.92	12,651,364.32	22,516,159.61	77,006,479.63
VI. Others	433,319.48	4,069.67	400,297.40	37,091.75
Trade union fees and staff training costs	30,680,446.48	30,806,123.53	29,466,527.12	32,020,042.89
Non-monetary benefits		1,909,401.45	1,909,401.45	
Total	467,583,217.28	1,209,107,061.40	1,286,310,976.01	390,379,302.67

Compensation for termination of employment was RMB8,923.99.

27. Taxes payable:

Unit: RMB

Item	Closing balance	Opening balance
VAT	56,674,813.91	1,153,096,193.06
Business tax	1,391,319.02	3,576,993.17
Enterprise income tax	219,992,681.39	99,032,222.21
Individual income tax	14,328,881.75	11,671,728.39
Urban maintenance and construction tax	34,039,568.50	45,566,752.89
Property tax	1,868,730.51	3,271,349.36
Land use tax	2,299,407.44	3,417,680.69
Vehicle and vessel tax	1,260.00	

Education surtax (including local education surtax)	9,427,359.42	22,991,282.34
Mineral resources compensation		
Stamp duty	6,244,473.70	7,522,732.23
Others	-44,636.16	190,797.50
Total	346,223,859.48	1,350,337,731.84

28. Interests payable:

Unit: RMB

Item	Closing balance	Opening balance
Interests payable for short-term borrowings		800,710.61
Total		800,710.61

29. Dividends payable:

Unit: RMB

Shareholder	Closing balance	Opening balance	Reason for non-payment for over one year
Other external shareholders	1,276,807.01	938,041.97	
China Western Power Industrial Co., Ltd.	283,442.57	1,600,000.00	A minority shareholder of Shenzhen Dongfang Boiler Control Co., Ltd. has not yet received its share of dividend
Total	1,560,249.58	2,538,041.97	/

30. Other payables:

(1) Particulars of other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables:	1,900,323,774.51	1,936,292,789.40
Total	1,900,323,774.51	1,936,292,789.40

(2) Other payables due to shareholders holding 5% or more of the voting rights of the Company or related parties of the Company for the period

Unit: RMB

Shareholder	Closing balance	Opening balance
Dongfang Electric Corporation	1,256,549,573.14	1,239,523,173.14
Total	1,256,549,573.14	1,239,523,173.14

31. Estimated liabilities:

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Product quality warranty	794,632,591.05	207,480,512.27	192,152,844.27	809,960,259.05
Loss-making contracts to be performed	39,011,257.26		13,237,667.52	25,773,589.74
Total	833,643,848.31	207,480,512.27	205,390,511.79	835,733,848.79

32. Non-current liabilities due within one year:

(1) Particulars of non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	31,320,000.00	31,320,000.00
Total	31,320,000.00	31,320,000.00

- (2) Long-term borrowings due within one year
 1) Long-term borrowings due within one year

Unit: RMB

Item	Closing balance	Opening balance
Unsecured loans	31,320,000.00	31,320,000.00
Total	31,320,000.00	31,320,000.00

- 2) The five largest long-term borrowings due within one year

Unit: RMB

Lender	Commencement date	Due date	Currency	Interest rate (%)	Closing balance	Opening balance
					Original currency amount	Original currency amount
Dongfang Electric Corporation Finance Company Limited (東方電氣財務公司)	9 November 2009	9 November 2011	RMB	4.86	15,000,000.00	15,000,000.00
Finance Bureau of Deyang City (德陽市財政局)	November 2001	November 2010	RMB	2.55	16,320,000	16,320,000
Total	/	/	/	/	31,320,000.00	31,320,000.00

- 3) Overdue borrowings among the long-term borrowings due within one year

Unit: RMB

Lender	Loan amount	Months overdue	Annual interest rate (%)	Use of borrowings	Reasons for default in repayment
Finance Bureau of Deyang City (德陽市財政局)	16,320,000.00	7 to 55 months	2.55	Construction project of gas-steam combined cycle technology upgrading (實施燃氣蒸汽聯合循環技術改造建設項目)	The lender has not yet demanded repayment

The Group's long-term borrowings which fell due at the end of the period were loans of national debts of RMB16.32 million borrowed in instalments from the Finance Bureau of Deyang City pursuant to the Agreement on Loans of National Debts (關於轉貸國債資金的協議) entered into between the Finance Bureau of Deyang City and the former Dongfang Turbine Works. The borrowings, which were invested in the construction project of gas-steam combined cycle technology upgrading, fell due between November 2006 to November 2010 in succession but were not repaid as the lender has not yet demanded repayment. As at the date of this financial report, the Group has not yet repaid the said overdue borrowings.

33. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Deferred income	100,636,400.49	121,973,441.06
Total	100,636,400.49	121,973,441.06

34. Long-term borrowings:

- (1) Long-term borrowings by category

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loans	80,000,000.00	80,000,000.00
Unsecured loans	245,808,428.01	195,808,428.01
合計	325,808,428.01	275,808,428.01

As at the end of the period, the Group's guaranteed loans represented a project loan of RMB80 million borrowed by Tianjin Dongqi Wind Turbine Blade Engineering Co., Ltd. (天津葉片公司) from Industrial and Commercial Bank of China Co., Ltd. Tianjian Hangu Subbranch, which was guaranteed by Dongqi Investment Development Co., Ltd. (東汽投發公司). Meanwhile, Tianjin Benefo Machinery & Electric Holding Group Ltd. (天津百利集團公司) provided counter-guarantee for 15% of the loan.

- (2) The five largest long-term borrowings

Unit: RMB

Lender	Commencement date	Due date	Currency	Interest rate (%)	Closing balance	Opening balance
					Original currency amount	Original currency amount
China Merchants Bank Co., Ltd. Donghu Subbranch	1 February 2010	1 February 2015	RMB	5.184	50,000,000	50,000,000
Dongfang Electric Corporation Finance Company Limited	29 June 2011	28 June 2014	RMB	5.76	50,000,000	0
Commercial Bank of China Co., Ltd. Tianjin Hangu Subbranch	31 January 2007	31 October 2012	RMB	7.65	40,000,000	40,000,000
Commercial Bank of China Co., Ltd. Tianjin Hangu Subbranch	31 January 2007	31 October 2012	RMB	7.65	40,000,000	40,000,000
Dongfang Electric Corporation Finance Company Limited	9 November 2009	9 November 2012	RMB	4.86	30,000,000	30,000,000
Total	/	/	/	/	210,000,000	160,000,000

35. Long-term payables:

(1) The five largest long-term payables

Unit: RMB

Entity	Initial amount	Interest rate (%)	Accrued interest	Closing balance
National Special Reserve(國家特種儲備金)	685,252.84			685,252.84

36. Other non-current liabilities:

Unit: RMB

Item	Closing balance	Opening balance
Deferred income	725,762,790.51	723,314,185.60
Total	725,762,790.51	723,314,185.60

37. Share capital:

Unit: RMB

	Opening balance	Increase/decrease during the period (+, -)					Closing balance
		Issue of new shares	Bonus issue	Capitalization of reserves	Others	Subtotal	
Total number of shares	2,003,860,000						2,003,860,000

38. Capital reserve:

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital premium (share premium)	5,083,399,215.36			5,083,399,215.36
Other Capital reserves	10,856,228.97	5,550,276.12	25,549,547.12	-9,143,042.03
Total	5,094,255,444.33	5,550,276.12	25,549,547.12	5,074,256,173.33

39. Surplus reserve:

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	151,942,714.52			151,942,714.52
Total	151,942,714.52			151,942,714.52

40. Undistributed profit:

Unit: RMB

Item	As at 31 June 2011	As at 31 June 2010
Undistributed profit at 31 December 2010, before adjustment	3,793,595,551.57	1,569,418,629.72

Add: adjustment on undistributed profits at 1 January 2011	0.00	-62,792,444.56
Undistributed profit at 1 January 2011, after adjustment	3,793,595,551.57	1,506,626,185.16
Add: Net profit attributable to owners of the Company for the period	1,537,912,879.36	2,576,974,795.23
Less: Withdrawn statutory surplus reserves	0.00	113886454.45
Dividends payable on ordinary shares	260,501,800.00	160,308,800
Others		15,810,174.37
Undistributed profit at 30 June 2011	5,071,006,630.93	3,793,595,551.57

41. Operating revenue and operating cost:

(1) Operating revenue and operating cost

Unit: RMB

Item	Amount for the period	Amount for the previous period
Revenue from principal operations	19,521,996,033.45	16,613,435,530.93
Revenue from other operations	237,218,499.43	297,932,296.13
Operating cost	15,632,770,296.23	13,888,567,855.86

(2) Principal operations by industry

Unit: RMB

Industry	Amount for the period		Amount for the previous period	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Power generation equipment manufacturing	19,521,996,033.45	15,534,157,287.04	16,613,435,530.93	13,709,234,697.37
Total	19,521,996,033.45	15,534,157,287.04	16,613,435,530.93	13,709,234,697.37

(3) Principal operations by product

Unit: RMB

Product	Amount for the period		Amount for the previous period	
	Operating revenue	Operating cost	Operating revenue	Operating cost
High efficiency and clean power generation equipments	11,569,712,135.12	9,286,294,070.00	9,881,433,465.22	8,117,807,060.70
New energy	4,241,930,280.42	3,419,030,788.25	4,173,610,513.91	3,243,712,328.70
Water energy and environmental equipments	1,279,749,408.86	1,045,284,950.20	1,256,351,523.53	1,107,329,238.10
Engineering and services	2,430,604,209.05	1,783,547,478.59	1,302,040,028.27	1,240,386,069.87
Total	19,521,996,033.45	15,534,157,287.04	16,613,435,530.93	13,709,234,697.37

(4) Principal operations by region

Unit: RMB

Region	Amount for the period		Amount for the previous period	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Domestic	17,687,884,368.64	14,114,212,320.06	15,706,553,893.04	12,802,353,059.48
Overseas	1,834,111,664.81	1,419,944,966.98	906,881,637.89	906,881,637.89
Total	19,521,996,033.45	15,534,157,287.04	16,613,435,530.93	13,709,234,697.37

(5) Operating revenue from top five customers of the Company

Unit: RMB

Customer	Operating revenue	Percentage of total operating revenue (%)
China Guangdong Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司)	1,111,222,476.98	5.62
BGR Energy Systems Limited	878,707,931.98	4.45
China Nuclear Power Engineering Co., Ltd. (中國核電工程有限公司)	627,888,839.60	3.18
China Resources Power (Hezhou) Co., Ltd.	595,814,451.52	3.02
Rabigh Electricity Company	566,051,850.07	2.86
Total	3,779,685,550.15	19.13

42. Business taxes and surcharges :

Unit: RMB

Item	Amount for the period	Amount for last period	Tax rate
Business tax	3,642,687.62	4,517,561.82	3%, 5%
Urban maintenance & construction tax	54,505,365.78	64,599,754.77	5%, 7%
Education surcharges	17,004,042.06	26,504,473.80	3%
Local education surcharges	18,655,524.64	7,700,018.91	1%, 1.5%
Others	970,539.31	5,437,006.14	
Total	94,778,159.41	108,758,815.44	/

43. Selling expenses

Unit: RMB

Item	Amount for the period	Amount for last period
Quality assurance fee and service fee	232,405,489.66	183,172,669.55
Staff remuneration	40,222,011.83	38,498,185.20
Travel expenses	24,663,798.41	17,016,580.02
Others	55,713,446.39	98,633,403.05
Total	353,004,746.29	337,320,837.82

44. Administrative expenses

Unit: RMB

Item	Amount for the period	Amount for last period
Staff remuneration	436,101,754.02	396,712,061.66
Research and development expenses	431,612,967.26	195,686,352.33
Repair and maintenance expenses	154,876,921.96	102,620,210.54
Depreciation	73,473,635.73	50,068,822.71
Others	415,656,204.59	379,996,903.75
Total	1,511,721,483.56	1,125,084,350.99

45. Finance costs

Unit: RMB

Item	Amount for the period	Amount for last period
Interest expenses	65,569,331.91	50,370,523.62
Interest income	-91,702,182.48	-78,777,904.88
Exchange gain or loss	-31,801,250.46	657,434.48
Others	30,382,227.36	18,768,821.00
Total	-27,551,873.67	-8,981,125.78

46. Gain or loss from changes in fair value

Unit: RMB

Sources of change in fair value	Amount for the period	Amount for last period
Held-for-trading financial assets	27,053,579.59	10,841,859.42
Inc: Gain from fair value changes in derivative financial instruments	7,336,709.31	2,367,180.76
Held-for-trading liabilities	5,081,525.31	744,430.67
Total	32,135,104.90	11,586,290.09

47. Investment income:

(1) Details of investment income:

Unit: RMB

	Amount for the period	Amount for last period
Long-term equity investment income measured by equity method	37,096,231.98	11,769,243.98
Investment income from held-for-trading financial assets	301,359.90	
Investment income from available-for-sale financial assets	11,488,788.80	
Investment income from disposal of held-for-trading financial assets	5,345,732.83	
Investment income from disposal of available-for-sale financial assets	1,074,178.70	
Others	54,463.53	
Total	55,360,755.74	11,769,243.98

Investment income from disposal of investment or property was RMB6,419,911.53 in the reporting period (for the same period of 2010: Nil). Investment income from associates and joint ventures was RMB37,096,231.98 in the reporting period (for the same period of 2010 :RMB11,769,243.98)

(2) Income from long-term equity investments accounted for using equity method

Item	Amount for the period	Amount for last period	Reason for change
AREVA Dongfang Reactor Coolant Pumps Co., Ltd. (東方阿海法核泵有限責任公司)	20,962,640.78	417,440.23	
Babcock-Hitachi Dongfang Boiler Co. Ltd. (東方日立鍋爐有限公司)	9,631,770.82	10,266,397.53	
Leshan City Dongle Heavy Piece Handling Co., Ltd. (樂山市東樂大件吊運有限公司)	2,331,814.38	1,085,406.22	
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.(三菱重工東方燃氣輪機(廣州)有限公司)	4,170,006.00		
Total	37,096,231.98	11,769,243.98	

48. Asset impairment losses:

Unit: RMB

Item	Amount for the period	Amount for last period
I. Bad debt losses	480,379,198.72	257,610,049.81
II. Losses from inventory impairment	79,075,943.60	98,941,302.71
III. Losses from impairment of available-for-sale financial assets		
IV. Losses from impairment of held-to-maturity investments		
V. Loss on impairment of long-term equity investment		
VI. Losses from investment property impairment		
VII. Losses from fixed asset impairment		
VIII. Losses from impairment of construction materials		
IX.Losses impairment of construction in progress		
X. Losses from productive biological asset impairment		
XI. Losses from oil & gas asset impairment		
XII. Losses from intangible asset impairment		
XIII. Losses from goodwill impairment		
XIV. Others		
Total	559,455,142.32	356,551,352.52

49. Non-operating income:

(1) Details of non-operating income

Unit: RMB

Item	Amount for the period	Amount for last period	Amount of non-recurring profits or losses recognized in the current period
Gain on disposal of non-current assets	4,637,701.07	2,394,318.29	4,637,701.07
Inc. Gain on disposal of fixed assets	4,637,701.07	2,394,318.29	4,637,701.07
Donation received	323,432.98	3,385,515.24	323,432.98
Government grants	47,964,582.68	49,754,906.76	47,964,582.68
Amercement income	1,468,824.44	560,058.00	1,468,824.44
Others	1,272,857.60	1,591,630.48	1,272,857.60
Total	55,667,398.77	57,686,428.77	55,667,398.77

(2) Details of government grants

Unit: RMB

Item	Amount for the period	Amount for last period	Remarks
Refund of value added tax for enterprises in remote areas	37,041,833.37	39,092,124.96	
Allocation for research & development	2,458,465.70	4,137,096.35	
Other allocation	4,750,808.61	4,875,847.38	
Finance discount	3,713,475.00	1,649,838.07	
Total	47,964,582.68	49,754,906.76	/

50. Non-operating expenses:

Unit: RMB

Item	Amount for the period	Amount for last period	Amount of non-recurring profits or losses recognized in the current period
Loss on disposal of non-current assets	1,949,466.71	3,130,719.65	1,949,466.71
Inc. Loss on disposal of fixed assets	1,949,466.71	3,130,719.65	1,949,466.71
Donations	1,250,000.00	3,471,171.00	1,250,000.00
Compensation and default charge	158,983.84	400,298.65	158,983.84
Fines		220.00	
Others	203,843.32	25,489,521.35	203,843.32
Total	3,562,293.87	32,491,930.65	3,562,293.87

51. Income tax:

Unit: RMB

Item	Amount for the period	Amount for last period
Income tax expenses for the period according to tax law and relevant regulations	243,288,471.85	154,897,937.75
Adjustment of deferred income tax	-36,951,754.24	-41,357,702.03
Total	206,336,717.61	113,540,235.72

Details of the tax of the Group is set out in Section(IV) of the financial report in this interim report.

52. Calculation of basic earnings per share and diluted earnings per share:

Unit: RMB

Jan-Jun 2011 Jan-Jun 2010

Basic earnings per share is calculated as follows:

Earnings

Net profit attributable to owners of the Company	1,537,912,879.36	1,002,431,970.35
Shares		
The weighted average number of the Company's ordinary shares in issue	2,003,860,000	2,003,860,000
Basic earnings per share	0.77	0.50

Diluted earnings per share was the same as basic earnings per share for the period as there were no diluting events (For the six months ended 30 June 2010: nil) from January to June in 2011.

53. Other comprehensive income

Unit: RMB		
Item	Amount for the period	Amount for last period
1. Gains (losses) arising from available-for-sale financial assets	-23,528,554.12	
Less: Income tax relating to available-for-sale financial assets	-3,529,283.12	
Net amount transferred to income statement from other comprehensive income		
Sub-total	-19,999,271.00	
2. Share of other comprehensive income of investees accounted for using the equity method		
Less: related income tax impact		
Net amount transferred to income statement from other comprehensive income		
Sub-total		
3. Gains (losses) generated by cash flow hedging instruments		
Less: income tax effects generated by cash flow hedging instruments		
Net amount transferred to income statement from other comprehensive income		
Adjustments to initial amount recognized by hedging		
Sub-total		
4. Exchange difference of foreign currency reports	-1,194,969.48	-353,504.38
Less: Net amount included into profit & loss from disposal of offshore operations		
Sub-total	-1,194,969.48	-353,504.38
5. Others		
Less: Impact to income tax by being taken into other comprehensive income		
Net amount transferred to income statement from other comprehensive income		
Sub-total		
Total	-21,194,240.48	-353,504.38

54. Notes to cash flow statement:

(1) Other cash received relating to operating activities

Unit: RMB		
Item	Amount	
Interest income	113,343,465.68	
Government subsidy	14,921,045.80	
Deposit	70,136,085.47	
Intra-group transactions	108,275,908.21	
Others	314,738,619.39	
Total	621,415,124.55	

(2) Other cash paid relating to operating activities

Unit: RMB		
Item	Amount	
Travelling expenses	59,220,206.18	

Sales service expenses	45,814,479.72
Labor protection fee	44,498,854.67
Repair fee	34,721,147.91
Entertainment fee	34,430,132.66
Deposit	52,497,897.33
Transportation costs	35,400,066.69
Rental	16,158,845.88
Handling charge	14,949,255.16
Intra-group transactions	108,895,399.41
Others	414,474,818.95
Total	861,061,104.56

55. Supplementary information to cash flow statements:

(1) Supplementary information to cash flow statements:

Unit: RMB

Supplementary information	Amount for the period	Amount for last period
1 Reconciliations of net profit to cash flow from operating activities:		
Net profit	1,568,300,826.67	1,039,075,536.68
Add: Provision for asset impairment	559,455,142.32	356,551,352.52
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of production bio-assets	544,080,530.04	365,698,824.94
Amortization of intangible assets	24,857,377.15	15,021,217.41
Amortization of long term expenses	158,003.37	53,348.76
Loss on disposal of fixed assets, intangible assets and other long term assets (gain is represented by "-")	-2,699,094.59	-736,401.36
Loss on discarding fixed assets (gain is represented by "-")	10,860.23	
Fair value variance loss (gain is represented by "-")	-32,135,104.90	-11,586,290.09
Financial expenses (gain is represented by "-")	-26,132,850.57	-8,981,125.78
Loss on investments (gain is represented by "-")	-55,360,755.74	-11,769,243.98
Decrease of deferred income tax assets (increase is represented by "-")	-87,870,719.20	-41,107,743.59
Increase of deferred income tax liabilities (decrease is represented by "-")	-454,063.60	-4,037,859.10
Decrease of inventories (increase is represented by "-")	-3,863,259,185.42	-2,533,265,594.66
Decrease of operational account receivables (increase is represented by "-")	-3,393,756,475.32	-4,881,004,718.44
Increase of operational account payables (decrease is represented by "-")	2,936,901,813.73	5,507,929,009.39
Others		
Net cash flows generated from operational activities	-1,827,903,695.83	-208,159,687.30
2 · Major investment and financing activities not affecting cash:		
Debts transferred into capital		
Convertible corporate bonds due within 1 year		
Lease financing fixed assets		
3 · Changes of cash and equivalents:		
Cash at end of period	10,715,945,237.45	12,725,953,296.54
Minus: cash at beginning of period	13,670,551,363.06	14,858,614,313.58
Plus: cash equivalents at end of period		
Minus: cash equivalents at beginning of period		
Net increase of cash and equivalents	-2,954,606,125.61	-2,132,661,017.04

(2) Composition of cash and equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	10,715,945,237.45	13,670,551,363.06
Inc.: Cash on hand	988,337.89	
Bank deposits available for payment	10,670,539,522.12	
Other cash assets available for payment	44,417,377.44	
Deposits with central bank available for payment		
Deposits with other banks		
Inter-bank lending		
II. Cash equivalents		
Inc.: Bonds investment due within 3 months		
III. Balance of cash and equivalents at the end of the period	10,715,945,237.45	13,670,551,363.06

56. Net current assets

Unit: RMB

Items	As at 30 June 2011	As at 31 December 2010
Current assets	73,270,660,534.63	69,459,062,202.74
Less: Current liabilities	71,335,690,302.80	68,619,405,981.08
Net current assets	1,934,970,231.83	839,656,221.66

57. Total assets less current liabilities

Unit: RMB

Items	As at 30 June 2011	As at 31 December 2010
Total assets	86,308,320,289.48	82,252,888,512.58
Less: Current liabilities	71,335,690,302.80	68,619,405,981.08
Total assets less current liabilities	14,972,629,986.68	13,633,482,531.50

(VII) Related parties and connected transactions
1. Parent company of the Company

Parent company	Type	Place of registration	Legal representative	Business nature	Registered capital	Percentage of shares held by the parent company(%)	Percentage of voting shares held by the parent company(%)	Ultimate controller of the Company	Organization code
Dongfang Electric Corporation	wholly state-owned enterprise	No. 333 Shuhan Road, Jimnu District, Chengdu City	Si Zefu	Contracting and sub-contracting of hydropower stations, thermal power stations and nuclear power stations, manufacturing and selling equipments for stations	335,619.49	50.00	50.00	SASAC	62160427-x

Unit: RMB'000

2. Subsidiaries of the Company

Name of subsidiaries	Corporation nature	Registered place	Legal representatives	Business nature	Registered capital	Shareholding percentage (%)	Voting right percentage (%)	Code of organization
DEC Dongfang Electric Machinery Co., Ltd.	a company with limited liabilities	Deyang city, Sichuan province	He Jianhua	Production	2,000,000,000.00	100.00	100.00	671415848
DEC Dongfang Turbine Co., Ltd.	a company with limited liabilities	Deyang city, Sichuan province	Zhang Wenfeng	Production	1,846,000,000.00	100.00	100.00	205250521
DEC Dongfang Boiler Group Co. Ltd.	Joint-stock company	Zigong city, Sichuan province	Xu Peng	Production	1,605,661,000.00	99.67	99.67	620729185
Dongfang (Guangzhou) Heavy Machinery Co. Ltd.	a company with limited liabilities	Guangzhou city, Guangdong province	Wang Hong	Production	1,151,095,700.00	65.1813	65.1813	753473857
DEC (Wuhan) Nuclear Equipment Company Limited	a company with limited liabilities	Wuhan city, Hubei province	Wang Zheng	Production	196,360,000.00	67.00	67.00	682306313
Dongfang Electric (India) Private Limited	a company with limited liabilities	Kolkata, India	Wen Shugang	Service	320000000 Rupees	99.99	100.00	#53800011

Unit: RMB

3. Details of joint ventures and associates of the Company

Company name	Corporation nature	Registered place	Legal representatives	Business nature	Registered capital	Shareholding percentage of the Company(%)	Voting right percentage of the Company	Code of organization
I. Joint venture								
Babcock-Hitachi Dongfang Boiler Co. Ltd. (東方日立鍋爐有限公司)	a company with limited liabilities	Jiaxing city, Zhejiang province	Ma Yi	Manufacturing	6,827.57	50.00	50.00	60945797-5
AREVA -Dongfang Reactor Coolant Pumps Company Limited	a company with limited liabilities	Deyang city, Sichuan province	He Yongcheng	Manufacturing	15,000	50.00	50.00	77981616-8
II. Associates								
Leshan City Dongle Heavy Piece Handling Co.,	a company with	Leshan city,	Shao Xiaobin	Transportation	100	49	49	20696663-6

Unit: RMB'000

Ltd.	limited liabilities	Sichuan province							
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	a company with limited liabilities	Guangzhou city, Guangdong province	Zhang Wenfeng	Manufacturing	Yen 2.7 billion	49	49	49	64011658
Unit: RMB0'000									
Company name	Total asset as at the end of the period	Total Liabilities as at the end of the period	Total net asset as at the end of the period	Total operating income for the period	Net profit for the period				
i. Joint venture									
Babcock-Hitachi Dongfang Boiler Co. Ltd.	45,880.378675	22,369.712232	23,510.666443	25,961.071398	1,926.354164				
AREVA –Dongfang Reactor Coolant Pumps Company Limited	184,377.631305	163,508.030749	20,869.600556	19,859.190733	4,192.528155				
ii. Associates									
Leshan City Dongle Heavy Piece Handling Co., Ltd.	3,585.298065	542.389793	3,042.908272	1,121.034300	475.880485				
Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd.	47,226.231716	25,645.630704	21,580.401012	4,585.347460	851.021629				

4.Details of other related parties of the Company

Name of other related party	Relationship with the Company	Code of organization
Dongfang Electrical Machinery Works	A wholly owned subsidiary of the parent company	25010228-9
Dongfang Boiler Factory	A wholly owned subsidiary of the parent company	62071142-8
Dongfang Electric Corporation Finance Company Limited	A wholly owned subsidiary of the parent company	20180342-4
DEC Dongfeng Electrical Machinery Company Limited	A subsidiary controlled by the parent company	20695104-7
Guangdong Dongfang Complete Set Power Station Equipment Limited Company (廣東東方電站設備成套公司)	A wholly owned subsidiary of the parent company	190323512
DEC International Corporation Limited	A wholly owned subsidiary of the parent company	20183938-X
DEC Large Cargo Logistic Company Limited (Large Logistic Company)(東方電氣集團大件物流有限公司(大件物流公司))	A wholly owned subsidiary of the parent company	660499803
DeYang DongFang Aberle Sysrem Corporation Limited (Aberle Company) (德陽東方阿貝勒管道系統有限公司(阿貝勒公司))	Others	7523158943
DEC Dongqi Investment & Development Co., Ltd (Dongqi Investment & Development) (東方電氣集團東汽投資發展有限公司(東汽投發公司))	A wholly owned subsidiary of the parent company	79396893-4
Dongfang Electric Corporation Materials Company (Dongfang Materials Company)	A wholly owned subsidiary of the parent company	20182555-1
DEC Henan Power Station Auxiliary Equipment Co., Ltd. (Henan Auxiliary Equipment) (東方電氣河南電站輔機製造有限公司(河南輔機公司))	A wholly owned subsidiary of the parent company	17492080-0
Dongfang Electric Emei Semiconductor Material Co., Ltd. (Emei Semiconductor) (東方電氣集團峨嵋半導體材料有限公司(峨半))	A wholly owned subsidiary of the parent company	20745435-X
Sichuan DFEC Real Estate Development Co., Ltd.	Others	73834699-9
Sichuan Dongdian Ancillary Machine Company Limited ("Dongdian Ancillary Company")	Others	75233053-9
Sichuan Dongdian Metal Structural Parts Company Limited (Dongdian Metal Structural Parts)	Others	21425869-9
Sichuan Dongdian Insulation Materials Company Limited (Dongdian Insulation)	Others	70917252-0
Sichuan Dongdian General Machinery Company Limited (Dongdian General)	Others	75230264-2
Sichuan Dongfang Electronic auto-control Co. Ltd. (Dongfang Electronic auto-control Co., Ltd)	A subsidiary controlled by the parent company	735885911
Deyang Dongqi Mechanical & Electrical Engineering Technology Co., Ltd (Dongqi Mechanical & Electrical) (德陽東汽機電工程技術有限公司(東汽機電))	Others	727479980
Dongqi Hospital	Others	74003577-8
Sichuan Dongfang Property Management Co.,Ltd.(Dongfang Property) (四川東方物業管理有限責任公司(東方物業公司))	A wholly owned subsidiary of the parent company	711888800
China Western Power Industrial Co., Ltd. (China Western Power) (華西能源工業股份有限公司(華西能源公司))	Others	76230685-8
German ENV catalyst company limited (German ENV Company) (德國 ENV 催化劑有限責任公司(德國 ENV 公司))	Others	
Wuhan Boiler Group Company Limited (Wuhan Boiler Company) (武漢鍋爐集團有限公司(武漢鍋爐公司))	Others	17771651-4
Director and general manager and other senior management of the Company	Others	

5.Connected transactions
(1) Purchase of goods and services

Unit: RMB

Related Party	Connected Transaction	Pricing policy and decision making procedures	Amount for the period		Amount for last period	
			Amount	Percentage in the total amount of similar transactions (%)	Amount	Percentage in the total amount of similar transactions (%)
DeYang DongFang Aberle Sysrem Corporation Limited	Purchase of goods		32,504,376.16	0.24	9,717,511.96	0.06
Dongfang Electric Corporation Materials Company	Purchase of goods		137,340,878.70	1.00	173,058,755.46	1.01
DEC Henan Power Station Auxiliary Equipment Co., Ltd.	Purchase of goods		95,726.50	0.00	3,482,845.56	0.02
Sichuan Dongfang Electronic auto-control Co. Ltd.	Purchase of goods		407,334,625.56	2.96	271,753,108.56	1.59
DEC Dongfeng Electrical Machinery Company Limited	Purchase of goods		29,300,170.95	0.21	124,412,820.51	0.73
Babcock-Hitachi Dongfang Boiler Co. Ltd.	Purchase of goods		46,858,974.32	0.34	37,125,128.00	0.22
China Western Power Industrial Co., Ltd.	Purchase of goods		34,188.03	0.00	10,873,760.68	0.06
DEC Dongfeng Electrical Machinery Company Limited	Receipt of services and power				300,103.74	
Dongfang Electrical Machinery Works	Receipt of services and power		700,000.00	0.05	816,240.00	0.00
DEC Large Cargo Logistic Company Limited (東方電氣集團大件物流有限公司)	Receipt of services and power		18,585,573.06	1.20	23,330,061.75	0.14
Leshan City Dongle Heavy Piece Handling Co., Ltd.	Receipt of services and power				1,224,360.00	0.01
Guangdong Dongfang Complete Set Power Station Equipment Company Limited (廣東東方電站設備成套公司)	Receipt of services and power		400,000.00	0.03		
DEC Henan Power Station Auxiliary Equipment Co., Ltd.	Receipt of services and power		8,483,361.54	0.55	26,209,735.05	0.15
Dongfang Electric Corporation Materials Company	Receipt of services and power		947,681.64	0.06	451,110.72	
DEG International Corporation Limited	Receipt of services and power		7,528,095.76	0.49		
Babcock-Hitachi Dongfang Boiler Co. Ltd.	Receipt of services and power		100,522,715.71	6.50	176,643,384.75	1.03

Sale of goods/rendering of services

Unit: RMB

Related Party	Connected Transaction	Pricing policy and decision making	Amount for the period		Amount for last period	
			Amount	Percentage in the total amount of similar transactions (%)	Amount	Percentage in the total amount of similar transactions (%)
DeYang DongFang Aberie System Corporation Limited	Sales of goods		233,392.24		940,382.34	
Sichuan Dongfang Electronic auto-control Co. Ltd.	Provision of agency				178,206.89	
Dongfang Electric Emei Semiconductor Material Co., Ltd. (東方電氣集團峨嵋半導體材料有限公司)	Sales of goods		14,258.00		26,998,240.92	0.14
Dongfang Electric Corporation	Sales of goods		215,580,170.94	1.09	205,715,593.55	1.05
Sichuan DFEC Real Estate Development Co., Ltd.	Sales of goods				697.43	
DEC International Corporation Limited	Sales of goods		87,713,511.59	0.44	330,498,095.58	1.69
DEC Dongfang Electrical Machinery Company Limited	Sales of goods		347,515.55		6,886,976.76	0.04
AREVA –Dongfang Reactor Coolant Pumps Company Limited	Sales of goods		4,514,471.28	0.02	160,775.34	
Leshan City Dongle Heavy Piece Handling Co., Ltd.	Sales of goods				68,376.07	
Dongfang Electric Corporation Materials Company	Sales of goods		5,641,692.30	0.03	37,153.84	
Guangdong Dongfang Complete Set Power Station Equipment Company Limited (廣東東方電站設備成套公司)	Sales of goods		119,658.12			
DEC large cargo logistic company limited (東方電氣集團大件物流有限公司)	Sales of goods		28,205.13			
German Environmental Protection Heat Company (ENV)(德國環保熱力有限公司(ENV))	Sales of goods		1,594,125.53	0.01		
Wuhan Boiler Group Company Limited	Sales of goods		11,062,642.03	0.06		
Sichuan DFEC Real Estate Development Co., Ltd.	Provision of services and power		25,201.88		5,770.25	
DEC Dongfeng Electrical Machinery Company Limited	Provision of services and power		15,820.00		2,000.00	
AREVA –Dongfang Reactor Coolant Pumps Company Limited	Provision of services and power		54,159.51		33,808.70	
DEC large cargo logistic company limited (東方電氣集團大件物流有限公司)	Provision of services and power		3,000.00			

(2) Details of leases with related parties
Details of the lease of the company (as a lessor)

Unit: RMB

Lessor	Lessee	Assets leased	Beginning date	Termination date	Pricing policy	Lease income recognized for the year
Dongfang Boiler Company	Babcock-Hitachi Dongfang Boiler Co. Ltd. (東方日立鍋爐公司)	Land use rights, properties and equipment	1 January 2009	31 December 2013		1,594,222.52

Details of the lease of the Company (as a lessee)

Unit: RMB

Lessor	Lessee	Assets leased	Beginning date	Termination date	Lease expenses recognized for the year
Dongfang Electric Corporation	Dongfang Electric Company Limited	Office building	1 January 2011	31 December 2011	10,300,000.00
Dongfang Electrical Machinery Works	Dongfang Electrical Machinery Company Limited	Service contract (plant, office building, land, equipment)	1 January 2011	31 December 2011	8,039,359.38
Dongfang Electrical Machinery Works	Dongfang Electrical Machinery Company Limited	Service contract (special railway within and outside the plant, preschool education)	1 January 2011	31 December 2011	700,000.00
Sichuan Dongdian Ancillary Machine Company Limited	Dongfang Electrical Machinery Company Limited	Service contract (plant, office building)	1 January 2011	31 December 2011	373,754.16
Sichuan Dongdian Metal Structural Parts Company Limited	Dongfang Electrical Machinery Company Limited	Service contract (plant, office building)	1 January 2011	31 December 2011	544,806.00

(3) Borrowing and lending from/to related parties

Unit: RMB

Related Party	Amount	Commencement date	Due date	Note
Borrowing				
Dongfang Electric Corporation Finance Company Limited	20,000,000.00	12 February 2011	12 February 2012	
Dongfang Electric Corporation Finance Company Limited	15,000,000.00	11 May 2011	11 May 2012	
Dongfang Electric Corporation Finance Company Limited	900,000,000.00	31 December 2010	31 December 2011	
Dongfang Electric Corporation Finance Company Limited	10,000,000.00	1 May 2011	1 May 2012	
Dongfang Electric Corporation Finance Company Limited	600,000,000.00	9 July 2010	9 July 2011	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	4 March 2011	4 March 2012	
Dongfang Electric Corporation Finance Company Limited	10,000,000.00	5 August 2010	5 August 2011	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	8 June 2011	8 June 2012	
Dongfang Electric Corporation Finance Company Limited	15,000,000.00	16 February 2011	16 February 2012	
Dongfang Electric Corporation Finance Company Limited	10,000,000.00	25 October 2010	25 October 2011	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	9 October 2010	9 October 2011	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	28 April 2011	28 April 2012	
Dongfang Electric Corporation Finance Company Limited	300,000,000.00	28 June 2011	28 December 2011	
Dongfang Electric Corporation Finance Company Limited	50,000,000.00	29 June 2011	29 June 2014	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	20 February 2010	20 February 2013	
Dongfang Electric Corporation Finance Company Limited	30,000,000.00	8 November 2009	8 November 2012	
Dongfang Electric Corporation Finance Company Limited	20,000,000.00	20 February 2010	20 February 2012	
Dongfang Electric Corporation Finance Company Limited	15,000,000.00	8 November 2009	8 November 2011	

6. Accounts due from and due to related parties

Accounts due from the related parties:

Unit: RMB

Item	Related Party	Closing balance		Opening balance	
		Balance	Provision for bad debt	Balance	Provision for bad debt
Accounts receivable	Dongfang Electric Corporation	134,595,738.55	25,912,091.35	178,680,610.05	25,823,845.29
Accounts receivable	Babcock-Hitachi Dongfang Boiler Co. Ltd. (東方日立鍋爐公司)	11,227,820.40	561,391.02	18,227,820.40	911,391.02
Accounts receivable	Areva-dangfang Reactor Coolant Pumps Co., Ltd (東方阿海球公司)	4,040,482.70	214,236.12	5,733,265.55	289,779.12
Accounts receivable	International Cooperation Company	698,179,379.28	139,153,637.62	701,152,091.17	107,043,433.90
Accounts receivable	Guangdong Company	19,050,689.12	11,601,971.15	23,236,088.78	11,475,670.06
Accounts receivable	Emei Semiconductor			16,949,496.55	861,844.83
Accounts receivable	Dongfang Materials Company	5,622,526.69	345,076.34	9,022,046.69	596,597.74
Accounts receivable	Dongfang Automatic Control Company	19,113,105.87	955,655.29	5,024,290.40	251,214.52
Accounts receivable	Dongfeng Electric Machinery Works	548,028.80	28,901.44	1,976,362.12	169,174.76
Accounts receivable	Dongfang Electrical Machinery Works	1,407,349.46	319,716.05	1,407,349.46	317,971.14
Accounts receivable	Large Logistic Company	853,000.00	650,650.00	820,000.00	329,000.00
Accounts receivable	Aberle Company			386,830.74	19,509.74
Accounts receivable	Dongdian Property Company	3,060.00	153	1,740.10	87.01
Accounts receivable	China Western Power	528,420.03	26,421.00	3,684,083.14	462,581.41
Accounts receivable	German ENV Company	1,491,454.78	74,572.74	1,320,878.92	66,043.95
Accounts receivable	Wuhan Boiler Group Company Limited	23,398,915.67	2,721,646.33		
Other receivables	Dongfang Electric Corporation	11,739,879.49	2,086,993.97	22,767,676.70	2,681,394.90
Other receivables	International Company	19,798,052.41	989,902.62		
Other receivables	Dongdian Property Company	565,183.49	28,259.17	560,316.06	28,015.80
Other receivables	Dongqi Investment and Development			453,000.00	22,650.00

Other receivables	Dongfeng Electric Machinery Works	82,115.20	4,105.76	82,115.20	4,105.76
Other receivables	Property Company	1,185.00	59.25		
Other receivables	Finance Company	5,688.00	284.40		
Prepayments to suppliers	Dongfang Electric Corporation	0.00		657,495.33	
Prepayments to suppliers	International Cooperation Company	41,385,711.58		168,768,628.99	
Prepayments to suppliers	Dongfang Materials Company	126,282,032.18		168,388,102.96	
Prepayments to suppliers	Dongfeng Electric Machinery Works	40,169,257.88		38,981,142.50	
Prepayments to suppliers	Dongfang Electrical Machinery Works	0.00		14,500,000.00	
Prepayments to suppliers	Aberle Company	160,760.00		12,409,296.71	
Prepayments to suppliers	Dongfang Automatic Control Company	11,674,069.00		5,309,000.00	
Prepayments to suppliers	Large Logistic Company	2,610,000.00		2,610,000.00	
Prepayments to suppliers	Henan Auxiliary Equipment	1,105,000.00		1,105,000.00	

Accounts due to related parties:

Unit: RMB

Item	Related Party	Closing balance	Opening balance
Advance payment	Dongfang Electric Corporation	10,300,000.00	1,141,290.58
Accounts payable	Babcock-Hitachi Dongfang Boiler Co. Ltd.	92,526,434.98	34,384,856.98
Accounts payable	Areva-dangfang Reactor Coolant Pumps Co., Ltd	15,630.50	79,172.50
Accounts payable	Dongfang Automatic Control Company	170,178,523.50	232,241,842.55
Accounts payable	Dongqi Investment and Development	204,504,364.63	218,970,022.57
Accounts payable	Dongdian Jinjie Company	0.00	96,097,840.82
Accounts payable	Dongfang Materials Company	126,336,824.90	57,515,855.52
Accounts payable	International Cooperation Company	67,183,472.16	38,908,474.37
Accounts payable	Dongdian Ancillary Company		23,616,729.60
Accounts payable	Henan Auxiliary Equipment	12,788,452.40	15,551,216.84
Accounts payable	Dongfeng Electric Machinery Works	20,424,502.95	14,890,502.95
Accounts payable	Leshan New Enenergy Company	47,391,200.00	13,110,000.00
Accounts payable	DFEM Insulation Company	694,207.50	8,894,798.40
Accounts payable	Large Logistic Company	12,350,256.50	6,298,296.45
Accounts payable	Dongqi Hospital		5,624,979.75
Accounts payable	Dongfang Hitachi (Chengdu) Company	3,140,000.01	3,140,000.01
Accounts payable	Dongfang Electrical Machinery Works	0.00	1,201,228.00
Accounts payable	Dongdian General Equipment Company	881,306.89	881,306.89
Accounts payable	Dongfeng Forging Company (東風鑄鍛公司)	27,148.83	27,148.83
Accounts payable	Aberle Company	0.00	16,987.00
Accounts payable	China Western Power	37,452,376.89	49,029,470.90
Other payables	Dongfang Electric Corporation	1,256,549,573.14	1,239,523,173.14
Other payables	Babcock-Hitachi Dongfang Boiler Co. Ltd.	200,000.00	773,374.80
Other payables	Dongfang Boiler Factory	25,196,644.09	31,216,004.09
Other payables	International Cooperation Company		884,876.83
Other payables	Large Logistic Company	600,000.00	600,000.00
Other payables	Dongfang Automatic Control Company		294,000.00
Other payables	Guangdong Company	200,000.00	200,000.00
Other payables	Dongfang Materials Company	200,000.00	200,000.00
Other payables	Henan Auxiliary Equipment	200,000.00	200,000.00
Other payables	Dongqi Hospital	4,396,520.00	
Other payables	German ENV Company	6,331,756.63	7,989,155.00
Other payables	China Western Power	700,000.00	700,000.00

Other payables	Wuhan Boiler Company	3,977,966.18	
Receipts in advance	Dongfang Electric Corporation	423,124,407.75	614,838,872.51
Receipts in advance	Areva-dangfang Reactor Coolant Pumps Co., Ltd	67,954,218.00	52,702,598.00
Receipts in advance	International Cooperation Company	1,439,325,708.02	1,440,459,962.36
Receipts in advance	Dongfang Materials Company	486,990.00	2,422,220.00
Receipts in advance	Guangdong Company	2,460,610.00	2,228,950.00
Receipts in advance	Dongdian Jinjie Company	290,598.29	975,955.70
Receipts in advance	Dongfeng Electric Machinery Works	310,000.00	553,620.00
Receipts in advance	Emei Semiconductor		76,500.00
Receipts in advance	Dongfang Electrical Machinery Works	518.40	518.4
Receipts in advance	Dongdian Property Company	1,319.90	
Receipts in advance	Hitachi Dongfang Boiler	37,170,000.00	
Receipts in advance	Aberle Company	234,870.50	
Notes payable	Babcock-Hitachi Dongfang Boiler Co. Ltd.	28,000,000.00	51,500,000.00
Notes payable	Dongfang Materials Company	71,730,964.54	82,916,066.04
Notes payable	DEC Finance Company (412,874,589.91
Notes payable	Leshan New Enenergy Company		31,050,000.00
Notes payable	International Cooperation Company	62,537,459.52	
Notes payable	Dongdian Jinjie Company	96,097,840.82	
Notes payable	Dongdian Ancillary Company	24,795,396.87	20,000,000.00
Notes payable	Dongfang Electrical Machinery Works	9,465,818.90	8,586,317.04
Notes payable	Henan Auxiliary Equipment	3,600,000.00	7,600,000.00
Notes payable	Dongfang Automatic Control Company	1,800,000.00	7,600,000.00
Notes payable	Dongfang Hitachi (Chengdu) Company	100,000.00	
Notes payable	Large Logistic Company	5,865,847.95	7,060,000.00
Notes payable	Dongfeng Electric Machinery Works	6,844,000.00	1,692,000.00
Notes payable	China Western Power	1,900,000.00	2,000,000.00
Dividend payable	China Western Power	283,442.57	1,600,000.00

(VIII) Share-based Payments
Nil.

(IX) Contingent Liabilities:

Contingent liabilities due to unsettled litigation and arbitration and impact to financial reports :

(1) The case concerning project settlement with Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. (廣州經濟技術開發區建設監理有限公司)

In February 2005, DFHM and Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. entered into the Management Contract on Construction Project. The parties failed to reach a consensus on the payment in respect of the "settlement and review compensation rewards (結算審核獎勵報酬)" stipulated in the Management Contract on Construction Project. In February 2009, Guangzhou Economic and Technological Development District Construction and Supervision Co., Ltd. filed an action to the People's Court of Nansha District, requesting DFHM to pay the service fee for deferred work of RMB360,000, the additional service fee for Phase I improvement project of RMB600,000 and settlement and review compensation rewards of RMB6,955,700, totaling RMB7,915,720. As at the publication date of this interim results, the case has initiated the second-instance procedure.

(2) The case concerning the contract dispute with Zigong Yancheng Construction Engineering Co., Ltd. (自貢市沿城建築工程有限公司)

In May 2005, DEC Dongfang Boiler Group Co., Ltd. ("Dongfang Boiler") entered into a contract with Zigong Dongfang Color Steel Structure Co., Ltd. (自貢市東方彩鋼結構有限公司) for the color steel project for roofs of some workshops. Zigong Dongfang Color Steel Structure Co., Ltd. subcontracted, without permission, the project to Zigong Yancheng Construction Engineering Co., Ltd., which further subcontracted the project to Deyang Runxin Color Steel Co., Ltd. (德陽潤鑫彩鋼有限公司). Disputes in relation to deduction of construction cost arose between the contract-issuing party (subcontract-issuing party) and the contractor (subcontractor) due to low construction quality.

In August 2010, Dongfang Broiler received an indictment issued by Intermediate People's Court of Zigong City in relation to the contract dispute case of Zigong Yancheng Construction Engineering Co., Ltd. versus Deyang Runxin Color Steel Co., Ltd. Zigong Yancheng Construction Engineering Co., Ltd. claimed RMB2,588,200 for contract loss from Deyang Runxin Color Steel Co., Ltd. In this case, Dongfang Broiler was regarded as the third person. In July 2011, Da'an Court ordered to terminate hearing of this case. It is uncertain when the case will resume hearing.

(3) Arbitration over technology disputes with US-based Foster Wheeler

In March 1994, Dongfang Electric Corporation (“DEC”), Dongfang Boiler Factory (東方鍋爐廠) and US-based Foster Wheeler entered into a licensing agreement, whereby DEC and Dongfang Boiler Factory imported from Foster Wheeler the technology for 50MW and 100MW non-reheat loop fluidized-bed boilers. In January 1999, Dongfang Boiler Factory transferred its rights and obligations stipulated under the licensing agreement to Dongfang Broiler.

In January 2009, Foster Wheeler filed an arbitration claim with the Chamber of Commerce of Stockholm, Sweden against DEC, Dongfang Boiler Factory and Dongfang Broiler as respondents. Foster Wheeler alleged that DEC, Dongfang Boiler Factory and Dongfang Broiler have used its technology on 135MW and 300MW boilers in violation of provisions of the licensing agreement, and claimed compensation for its losses. DEC has submitted a statement of defense to the Chamber of Commerce of Stockholm, Sweden.
(4) Save as the aforesaid contingent liabilities, as at 30 June 2011, the Group had no other material contingent liabilities.

(X) Undertakings:

1. Significant undertaking

Irrevocable letter of credit issued by the Group as of 30 June 2011 equalled to RMB 6,834,719,277.23, including letter of credit dominated in US dollar equivalent to RMB114,574,857.41, letter of credit denominated in Euro equivalent to RMB345,847,312.37, letter of credit denominated in Yen equivalent to RMB11,244,910,000 and letter of credit denominated in Swiss Franc equivalent to RMB8,833,530.40. The Group issued letter of guarantee equivalent to RMB 22,583,601,896.74 as of 30 June 2011, including letter of guarantee denominated in US dollar equivalent to RMB890,957,289.89, and letter of guarantee in Euro equivalent to RMB32,144,932.38.

2. Capital commitments

Unit: RMB 0'000

	As at 30 June 2011	As at 31 December 2010
Construction in progress		
Contracted but not shown in financial statement	18,109.86	149,435.00

3. Undertaking of operating lease

The Group acted as a lessor

During the reporting period, details of the irrevocable operating leasing contracts entered into by the Company are as follows:

Unit: RMB0'000

	As at 30 June 2011	As at 31 December 2010
Within 1 year	159.42	180.60
2-5 years	318.84	325.10

The Group acted as a lessee

Unit: RMB0'000.

	As at 30 June 2011	As at 31 December 2010
Within 1 year	2,963.24	2,023.90
From 2 years to 5 years	3,612.37	5,647.70

(XI) Segment information

Unit: RMB

Business segments from January to June 2011

Item	High Efficiency and Clean Energy Equipment	New Energy	Hydro power and Environmental Protection Equipment	Construction and Services	Unallocated	Eliminations	Total
Revenue from operations	14,349,766,675.62	4,983,116,978.44	1,279,749,408.86	2,430,937,217.59	237,218,499.43	3,521,574,247.06	19,759,214,532.88
Including: external sales	11,569,712,135.12	4,241,930,280.42	1,279,749,408.86	2,430,604,209.05	237,218,499.43		19,759,214,532.88
Inter-segment sales	2,780,054,540.50	741,186,698.02		333,008.54	-	3,521,574,247.06	-
Operating expenses	12,038,738,415.88	4,160,217,486.27	1,045,284,950.20	1,790,332,426.87	1,653,496,161.99	2,651,387,347.71	18,036,682,093.50
Operating profit (losses)	2,311,028,259.74	822,899,492.17	234,464,458.66	640,604,790.72	-1,416,277,662.56	870,186,899.35	1,722,532,439.38
Total assets					112,950,605,886.46	26,642,285,596.98	86,308,320,289.48
Total liabilities					90,263,921,340.99	17,024,138,355.65	73,239,782,985.34
Supplemental information:							
Depreciation and amortisation expenses					568,117,442.85		568,117,442.85
Capital expenditure							
Non-cash expenses other than depreciation and amortisation							

Business segments from January to June 2010

Item	High Efficiency and Clean Energy Equipment	New Energy	Hydro power and Environmental Protection Equipment	Construction and Services	Unallocated	Eliminations	Total
Revenue from operations	11,109,305,866.61	4,887,272,975.16	1,256,351,523.53	1,302,040,028.27	297,932,296.13	1,941,534,862.64	16,911,367,827.06
Including: external sales	9,881,433,465.22	4,173,610,513.91	1,256,351,523.53	1,302,040,028.27	297,932,296.13		16,911,367,827.06
Inter-segment sales	1,227,872,401.39	713,662,461.25			-	1,941,534,862.64	-
Operating expenses	9,345,679,462.09	3,957,374,789.95	1,107,329,238.10	1,240,386,069.87	1,246,539,347.66	1,113,362,354.89	15,783,946,552.78
Operating profit (losses)	1,763,626,404.52	929,898,185.21	149,022,285.43	61,653,958.40	-948,607,051.53	828,172,507.75	1,127,421,274.28
Total assets					105,980,609,903.55	28,342,138,981.38	77,638,470,922.17
Total liabilities					86,772,118,764.21	19,067,163,155.64	67,704,955,608.57

Supplemental information:											
Depreciation and amortisation expenses								379,899,680.42			379,899,680.42
Capital expenditure											
Non-cash expenses other than depreciation and amortisation											

(XII) Notes to major accounts in the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable by category

Unit: RMB

Category	Closing balance				Opening balance				
	Balance		Provision for bad debt		Balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which bad debt provisions are made collectively:									
Accounts receivable for which impairment provisions are collectively made based on similar aging condition	1,330,984,331.25	100	94,286,062.33	100.00	560,771,726.31	100	31,338,873.23	100	
Sub-total	1,330,984,331.25	100	94,286,062.33	100.00	560,771,726.31	100	31,338,873.23	100	
Total	1,330,984,331.25	/	94,286,062.33	/	560,771,726.31	/	31,338,873.23	/	

Accounts receivable for which bad debt provisions are made collectively on ageing basis:

Unit: RMB

Aging	Closing balance				Opening balance				
	Balance		Provision for bad debt		Balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	
Within 1 year									
Including:									
Within 1 year	918,228,490.05	68.99	45,864,302.71	45.864,302.71	525,370,522.96	93.69	26,268,526.15	93.69	
Sub-total	918,228,490.05	68.99	45,864,302.71	45.864,302.71	525,370,522.96	93.69	26,268,526.15	93.69	
1-2 years	364,542,383.80	27.39	36,454,219.90	36.454,219.90	20,098,935.90	3.58	2,009,893.59	3.58	
2-3 years	36,589,216.20	2.75	7,317,843.24	7.317,843.24	15,302,267.45	2.73	3,060,453.49	2.73	
3-4 years	11,624,241.20	0.87	4,649,696.48	4.649,696.48					
Total	1,330,984,331.25	100	94,286,062.33	94.286,062.33	560,771,726.31	100	31,338,873.23	100	

(2) Accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company. There were no accounts receivable due from shareholders who hold 5% or more of the voting rights of the Company.

(3) Accounts receivable due from the top five debtors of the Company

Unit: RMB

Name of enterprise	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)
BGR ENERGY SYSTEMS LIMITED	Customer	896,327,494.55	1-3 years	67.34
northern power generation company	Customer	139,397,367.40	1-2 years	10.47
China National Corporation for Overseas Economic Cooperation (中國海外經濟合作總公司)	Customer	104,056,056.40	1-2 years	7.82
CNOOC Fujian Gas Power Co., Ltd.	Customer	86,866,905.20	1-4 years	6.53
Jiangshu Huadian Qishuyuan Power Generation Company Limited	Customer	42,704,540.00	Within 1 year	3.21
Total	/	1,269,352,363.55	/	95.37

2. Other receivables:

(1) Other receivables by category

Unit: RMB

Category	Closing balance				Opening balance			
	Balance		Provision for bad debt		Balance		Provision for bad debt	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables which are individually significant and for which individual bad debt provisions are made	4,598,270,000.00	98.04	0	0	4,440,000.000	98.17		
Other receivables for which bad debt provisions are made collectively:								
Other receivables for which impairment provisions are collectively made based on similar aging condition	91,975,502.51	1.96	13,987,979.01	100	82,957,386.84	1.83	10,754,389.33	100
Sub-total	91,975,502.51	1.96	13,987,979.01	100	82,957,386.84	1.83	10,754,389.33	100
Total	4,690,245,502.51	/	13,987,979.01	/	4,522,957,386.84	/	10,754,389.33	/

Other receivables which are individually significant and for which individual bad debt provisions are made

Unit: RMB

Other receivables	Balance	Provision for bad debt	Percentage (%)	Reason
DFEM	917,500,000.00			No provision is made for proceeds from A share issue
Dongfang Turbine	2,901,500,000.00			No provision is made for proceeds from A share issue
Dongfang Boiler	621,000,000.00			No provision is made for proceeds from A share issue
DFHM	113,970,000.00			No provision is made for special fund
Dongfang (Wuhan) Nuclear Equipment Co., Ltd	44,300,000.00			Provision is not made for special fund
Total	4,598,270,000.00		/	/

Other receivable for which bad debt provisions are made collectively on ageing basis:

Unit: RMB

Aging	Closing balance			Opening balance		
	Balance		Provision for bad debt	Balance		Provision for bad debt
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year						
Including:						
Within 1 year	47,671,909.38	51.83	2,381,638.83	33,745,158.91	40.68	1,687,257.95
Sub-total	47,671,909.38	51.83	2,381,638.83	33,745,158.91	40.68	1,687,257.95
1-2 years	2,562,733.76	2.79	256,273.37	7,753,126.44	9.35	775,312.64
2-3 years	26,731,384.59	29.06	5,346,276.91	41,459,101.49	49.97	8,291,818.74
3-4 years	15,009,474.78	16.32	6,003,789.90			
Total	91,975,502.51	100.00	13,987,979.01	82,957,386.84	100.00	10,754,389.33

(2) Other receivables due from shareholders who hold 5% or more of the voting rights of the Company.

Unit: RMB

Name of enterprise	Closing balance		Opening balance	
	Amount	Provision for bad debt	Amount	Provision for bad debt
Dongfang Electric Corporation	11,739,879.49	2,086,993.97	22,728,927.70	2,679,457.45
Total	11,739,879.49	2,086,993.97	22,728,927.70	2,679,457.45

(3) Other amounts due from related parties

Unit: RMB

Name of enterprise	Relationship with the Company	Amount	Percentage of total other accounts receivable (%)
DEC Dongfang Turbine Co., Ltd	Subsidiary	2,902,411,181.05	61.88
DEC Dongfang Electric Machinery Co., Ltd.	Subsidiary	947,165,686.36	20.19
DEC Dongfang Boiler Group Co., Ltd.	Subsidiary	621,031,270.00	13.24
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	Subsidiary	114,005,165.21	2.43
Dongfang (Wuhan) Nuclear Equipment Co., Ltd	Subsidiary	44,300,000.00	0.94
Total	/	4,628,913,302.62	98.68

3. Long-term equity investments
Based on cost method

Unit: RMB

Name of investee	Investment costs	Opening balance	Increase/decrease	Closing balance	provision for impairment	provision for impairment during the period	Percentage of shareholding in investee (%)	Percentage of voting rights in investee (%)
DEC Dongfang Boiler Group Co., Ltd.	1,591,511,223.83	4,391,395,417.83		4,391,395,417.83			99.67	99.67
DEC Dongfang Turbine Co., Ltd.	2,542,003,999.71	2,542,003,999.71		2,542,003,999.71			100	100
DEC Dongfang Electric Machinery Co., Ltd.	2,000,000,000.00	2,000,000,000.00		2,000,000,000.00			100	100
Dongfang Electric (India) Private Limited (東方電氣(印度)私人有限公司)	54,795,319.92	54,795,319.92		54,795,319.92			99.99	100
Dongfang (Wuhan) Nuclear Equipment Co., Ltd	131,560,000.00	131,560,000.00		131,560,000.00			67	67
Dongfang (Guangzhou) Heavy Machinery Co., Ltd.	84,034,592.37	589,459,392.37		589,459,392.37			51.05	51.05

Based on equity method

Unit: RMB

Name of investee	Investment costs	Opening balance	Increase/decrease	Closing balance	Provision for impairment	Provision for impairment during the period	Cash dividend	Percentage of shareholding in investee (%)	Percentage of voting rights in investee (%)
AREVA –Dongfang Reactor Coolant Pumps Company Limited	42,500,000.00	65,471,618.54	15,000,000.00	101,434,259.32				50	50

4. Revenue from operations and cost of operations

(1) Revenue from operations and cost of operations

Unit: RMB

Item	Amount for this period	Amount for last period
Revenue from principal operations	5,089,417,266.01	2,991,628,609.02
Revenue from other operations	4,773,006.07	1,682,799.52
Operating cost	4,614,633,050.20	2,937,380,981.03

(2) Principal operations (by industry)

Unit: RMB

Name of industry	Amount for this period		Amount for last period	
	Revenue from operations	Operating cost	Revenue from operations	Operating cost
Power generation equipment manufacturing	5,089,417,266.01	4,614,118,549.65	2,991,628,609.02	2,935,550,029.28
Total	5,089,417,266.01	4,614,118,549.65	2,991,628,609.02	2,935,550,029.28

(3) Principal operations (by product)

Unit: RMB

Name of product	Amount for this period		Amount for last period	
	Revenue from operations	Operating cost	Revenue from operations	Operating cost
High efficiency and clean energy equipment	2,305,698,234.88	2,262,562,775.03	1,333,649,242.30	1,280,941,119.07
New energy	758,447,784.92	740,627,712.79	743,689,461.07	733,319,075.75
Construction and services	2,025,271,246.21	1,610,928,061.83	914,289,905.65	921,289,834.46
Total	5,089,417,266.01	4,614,118,549.65	2,991,628,609.02	2,935,550,029.28

(4) Principal operations (by region)

Unit: RMB

Name of area	Amount for this period		Amount of last period	
	Revenue from operations	Operating cost	Revenue from operations	Operating cost
PRC	3,255,305,601.20	3,194,173,582.67	2,084,746,971.13	2,028,668,391.39
Overseas district	1,834,111,664.81	1,419,944,966.98	906,881,637.89	906,881,637.89
Total	5,089,417,266.01	4,614,118,549.65	2,991,628,609.02	2,935,550,029.28

(5) Operating revenue from top five customers of the Company

Unit: RMB

Name of customer	Total operating revenue	Percentage in total operating revenue of the Company (%)
China Guangdong Nuclear Engineering Group Co.Ltd.	1,111,222,476.98	21.83
BGR ENERGY SYSTEMS LIMITED	878,707,931.98	17.27
China Nuclear Power Engineering Co., Ltd.	627,888,839.60	12.34
China Resources Power (Hezhou) Co.,Ltd.	595,814,451.52	11.71
RABIGH ELECTRICITY COMPANY	566,051,850.07	11.12
Total	3,779,685,550.15	74.27

5. Investment income

(1) Details of investment income

Unit: RMB

	Amount for this period	Amount for last period
Gain from long-term equity investments accounted for using the cost method	903,944,678.28	828,172,507.75
Gain from long-term equity investments accounted for using the equity method	20,962,640.78	417,440.23
Investment gain generated during the period of holding the held-for-trading financial assets	301,359.90	

Investment gain generated during the period of holding of available-for-sale financial assets	11,488,788.80	
Investment gain from disposal of held-for-trading financial assets	5,345,732.83	
Investment gain from disposal of available-for-sale financial assets	1,074,178.70	
Others	54,463.53	1,061,666.67
Total	943,171,842.82	829,651,614.65

(2) Gain from long-term equity investments accounted for using the cost method

Unit: RMB

Name of investee	Amount for this period	Amount of last period	Reason for the increase/decrease
Dongfang Turbine	355,288,611.00	312,860,633.09	
DFEM	260,604,966.00	279,270,000.00	
Dongfang Boiler	288,051,101.28	236,041,874.66	
Total	903,944,678.28	828,172,507.75	/

(3) Gain from long-term equity investments accounted for using the equity method

Unit: RMB

Name of investee	Amount for this period	Amount of last period	Reason for the increase/decrease
AREVA –Dongfang Reactor Coolant Pumps Company Limited	20,962,640.78	417,440.23	
Total	20,962,640.78	417,440.23	/

6. Additional Information to cash flow statement:

Unit: RMB

Additional Information	Amount for the period	Amount for last period
I. Reconciliations of net profit to cash flows from operating activities:		
Net profit	1,270,555,042.82	780,968,331.37
Add: provision for assets impairment	66,180,778.78	8,047,002.29
Depreciation of fixed assets, biological assets and depletion of oil and nature gas assets	1,325,812.03	766,437.75
Amortisation of intangible assets		
Amortisation of long-term prepaid expenses		
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are represented by "-")	2,325.00	-3,154.00
Losses on scrapping of fixed assets (gains are represented by "-")		
Losses on movement of fair value (gains are represented by "-")	-24,812,376.19	-9,437,672.71
Financial expenses (gains are represented by "-")	1,225,831.92	42,947,811.63
Investments losses (gains are represented by "-")	-943,171,842.82	-829,651,614.65
Decrease in deferred tax assets (increase is represented by "-")		
Increase in deferred tax liabilities (decrease is represented by "-")		
Decrease in inventories(increase is represented by "-")	-94,648,335.48	389,950,723.02
Decrease in operating receivables (increase is represented by "-")	-2,181,209,661.66	-3,841,851,810.81
Increase in operating payables (decrease is represented by "-")	2,009,068,446.92	2,948,296,003.91
Others	514,500.55	514,398.14
Net cash flows from operating activities	105,030,521.87	-509,453,544.06
2. Significant investment and financing activities not relating to cash flows:		
Capitalisation of liabilities		
Convertible bonds due within 1 year		
Fixed assets acquired under financial leasings		
3. Change in cash and cash equivalents:		
Cash balance as of 30 June 2011	1,301,445,352.05	1,964,370,097.75
Less: Cash balance as of 1 January 2011	3,599,890,429.25	6,074,484,094.01

Add: Balance of cash equivalents as of 30 June 2011		
Less: Balance of cash equivalents as of 1 January 2011		
Net increase in cash and cash equivalents	-2,298,445,077.20	-4,110,113,996.26

(XIII) Additional Information

1. Extraordinary profit or loss items for the period

Unit: RMB

Item	Amount
Profit and loss from disposal of non-current assets	2,688,749.36
Government subsidies through current profit and loss (excluding those closely related to the Company's business and enjoyed according to the state policies with standard amount or quantity)	47,964,582.68
Gain or loss from the changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those from effective hedging activities relating to the Company's ordinary course of business	7,492,075.87
Profit or loss from entrusted loans	
Other non-operating income/expenses other than the above items	1,451,772.86
Effect of income tax	-4,507,885.27
Effect of minority interests(after tax)	-1,104,391.56
Total	53,984,903.94

2. Return on net assets and earnings per share

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	11.77	0.77	0.77
Net profit after extraordinary profit and loss attributable to shareholders of the Company	11.35	0.74	0.74

VIII. DOCUMENTS AVAILABLE FOR INSPECTION

1. Copy of the 2011 Interim Report signed by the Chairman of the Company;
2. Original financial statements of the Company stamped and signed by the Legal Representative, General Accountant and Finance Manager;
3. Articles of Association of the Company;
4. This report has been prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

Dongfang Electric Corporation Limited
Si Zefu
Chairman

23 August 2011