比亞迪股份有限公司
BYD COMPANY LIMITED
(Stock Code 股份代號: 1211)

CATCHING THE EYE ON GREEN STAGE

INTERIM REPORT 2012 年中期報告

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Turnover	-0.39%	to RMB 21,399 million
Gross profit	-11.97%	to RMB 2,599 million
Profit attributable to equity holders of the parent	-94.09%	to RMB 16 million
Earnings per share	-91.67%	to RMB 0.01

HIGHLIGHTS

– Gradual shift of automobile product mix towards the medium to high end markets, with revenue growth of 12.35% to approximately RMB10,725 million

– Handset components and assembly business recorded a sales revenue of approximately RMB8,462 million, and the Group actively acquired emerging intelligent terminal manufacturers as new customers

– Rechargeable battery and new energy business maintained stable performance, with sales revenue of approximately RMB2,212 million

INDUSTRY ANALYSIS AND REVIEW

Automobile Business

Looking back at the first half of 2012, against the backdrop of the complicated and bumpy economic situation at home and abroad, the economy of China was growing at a slower rate but towards a stabilized trend amidst a challenging environment. GDP growth in the first half year increased by 7.8% year-on-year as the national economy maintained an overall steady development. The economic growth target of China for 2012 was adjusted downward to 7.5%, and economic growth in China was focused more on transforming the mode of economic development and enhancing the quality and benefits of economic development.

Due to factors such as the macro environment and weak demand, China's automobile industry continued to be soft since last year. In the first half year, production and sales volume of automobiles were approximately 9.5292 million units and 9.5981 million units respectively, representing an increase of merely 4.1% and 2.9% as compared with the same period last year, with sport utility vehicles (SUV) achieving production and sales growth of over 30%, much higher than those of other segments. While the automobile markets of some regions successively recorded negative growth, market of domestic branded passenger vehicle was sluggish in particular. In the first half of 2012, domestic branded passenger vehicles recorded sales of approximately 3.1511 million units, representing a slight year-on-year decrease and accounting for 41.4% of the total sales of passenger vehicles, down by three percentage points in market share when compared with the same period last year.

For new energy automobiles, the current applications of new energy automobiles for use as official vehicles and urban public transport vehicles gradually increased in speed and the progress of marketing new energy automobiles was accelerated. With continuous accumulation of new energy automobile technologies and maturing auxiliary facilities in the sector, new energy automobiles were getting much closer to conventional automobiles in the aspects of power, performance of control and convenience of utilization, and largely outperformed traditional automobiles in terms of energy saving and environment protection. By leveraging on automobile products with superior performance, new energy automobile manufacturers with mature technologies gradually consolidated their leading position in the sector and continued to be pioneers in the development of the industry.

Handset Components and Assembly Business

According to statistics of market research institutions, the global output of handsets in the first half of 2012 was approximately 838 million units, representing a decrease of 2.2% as compared with the corresponding period last year. The global handset market demand further slowed down in the first half of the year as consumers postponed the timing for upgrading and replacement of handsets due to factors including the absence of new models launched by leading manufacturers and the anticipation of better smart phone packaged deals to be available. Faced with a tough and competitive market environment, some handset manufacturers adopted the sales strategy of price competition more frequently, which posed pressure on the profits of upstream handset manufacturers.

During the reporting period, the competitive scenario of the global handset industry was clearer, with more polarized development trends between smart phones and functional handsets. The shipment of smart phones continued to grow rapidly with increasing market shares, whereas the market share of traditional handset manufacturers continued to shrink, with an accelerated transferring trend in the focus of development and the say of manufacturers in the sector. According to statistics of market research institutions, the sales volume of smart phone handsets in the first half of 2012 reached 298 million units, increased substantially by 43.6% year-on-year, and smart phones will continue to be the key driving force for growth in the handset market.

During the reporting period, mobile Internet in the PRC accelerated penetration which ushered in faster development momentum. 3G mobile terminals are more diversified with increasingly sophisticated construction of third generation mobile communication technology (3G), as an important carrier of the mobile Internet industry. During the period, the number of new domestic 3G users continued to increase, with cumulative number of users reaching 176 million according to the data published by marketing research institutions.

Rechargeable batteries and New Energy Business

In the first half of 2012, with declined demand in the handset industry, the market demand for upstream lithium-ion batteries was affected. In overseas markets, further deterioration of the European debt crisis in the first half year had adverse impact on major economies in Europe, posing a more challenging scene for a recession in the Eurozone. The economic slump in the European countries continued to affect the global market demand for electric powered tools and toys, which would have further impact on the upstream nickel battery manufacturers.

In respect of the photovoltaic market, global markets are still affected by the turbulence resulting from excess capacity, oversupply and increasing inventory levels upstream and downstream. The significant imbalance between demand and supply of the photovoltaic industry resulted in significant decrease in prices and declining profits for enterprises. Most manufacturers in the domestic photovoltaic industry were incurring losses and under pressure during the reporting period. Trade sanctions imposed against the photovoltaic products of the PRC by some overseas markets further impaired the operating environment of domestic photovoltaic manufacturers.

BUSINESS REVIEW

BYD Company Limited ("BYD" or the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in automobile business (including traditional fuel-powered vehicles and new energy vehicles), handset components and assembly services and rechargeable battery and new energy business. During the reporting period, the Group recorded revenue for automobile business of approximately RMB10,725 million, representing an increase of 12.35% year-on-year; the handset components and assembly business recorded revenue of approximately RMB8,462 million, representing a decrease of 11.05% year-on-year; and the rechargeable battery and new energy business recorded revenue of approximately RMB2,212 million, representing a decrease of 8.75% year-on-year.

Automobile Business

Affected by slowdown of domestic macro-economy and overall declined market share of domestic brands, the competition in the domestic automobile market was more intensified, resulting in an extremely challenging market landscape. During the reporting period, the Group recorded total automobile sales of approximately 199,700 units, decreased by 9.27% as compared to the same period last year. Despite a decrease in automobile sales units of the Group, benefiting from the gradual shift of the Group's product mix towards the medium to high end markets, revenue from the automobile industry still achieved a growth rate of 12.35% to approximately RMB10,725 million. During the reporting period, the Group increased its commitment to enhancing the quality of its automobile products, which leading to cost increase, but due to the benefiting from an improvement of its product structure, the gross profit margin of the automobile business managed to sustain.

As a continuation of the Group's adjustment policies in 2011, the Group implemented upgrading and improvements in areas such as development pace, product research and development, product mix and sales networks to various extents during the reporting period. Despite the sluggish automobile market demand in the first half of 2012, the two new models launched by the Group last year, S6 and G6 were well received by the market. These new car models successfully entered the medium to high end automobile markets with their high price-to-performance ratios, driving sales of the Group's automobile business and partially offset the effects of declined sales of existing models.

S6, the Group's first SUV model, has been rather eye-catching since its launch in May 2011. S6 has been hailed as a leading SUV model with its intelligent electronic installation and stylish chic design. According to the statistics of the CAAM, in the first half of 2012, sales of S6 has been one of the top three best-selling models among domestic branded SUV with average monthly sales of approximately 7,000 vehicles. And G6, the medium end sedan launched, by the Group in September 2011, swiftly achieved the impressive result of a monthly average sales of 3,000 vehicles which showed an upward trend with its stringent quality control, excellent power technology, high-end intelligent electronic installation, and magnificent and noble appearance. Moreover, the L3 model of the Group has also leveraged on its high-end installation and quality advantage to become one of the top choices among vehicle models of the same level.

In June 2012, the State Council officially published the "Energy Saving and New Energy Automobile Industry Development Plan (2012-2020)" to confirm the use of pure electric power as the major strategic direction for the development of new energy automobiles and transformation of the automobile industry, and the current focus will be facilitating the progress of pure electric vehicle and plug-in hybrid vehicle for commercialization. The plan endeavors to achieve a cumulative production and sales volume of pure electric vehicle and plug-in hybrid vehicle of 500,000 vehicles by 2015, and a cumulative production and sales volume of pure electric vehicle and plug-in hybrid vehicle of over 5,000,000 vehicles by 2020. The plan has emphasized on increased support from financial and taxation policies to create a good environment for the development of this industry. On local government measures such as restricted car usage by registration number, auction of vehicle licences and car purchase quotas, new energy automobiles will enjoy preferential treatment. The announcement of the Energy Saving and New Energy Automobile Industry Development Plan has confirmed the direction of development for the domestic new energy automobile industry, and the various protective measures under the plan will provide a material driving force to promote the marketing and application of new energy automobiles.

For new energy automobiles, the Group actively promoted the development, application and marketing of electric automobiles during the reporting period. As of the end of June 2012, there were totally approximately 200 units of the K9 pure electric bus and 300 units of the e6 pure electric taxi operating in Shenzhen with excellent performance in every aspect. After K9, the Group's first pure electric bus model, commenced trial operation as public buses in Shenzhen in early 2011, the Group actively pitched overseas markets for electric bus trial operation and already started export sales of K9 to foreign countries during the reporting period. In June 2012, the Group won a tender and entered into a contract in July with Frysland provincial government of Netherlands and Arriva, an operator. The Group will deliver 6 units of pure electric bus K9 by the end of 2012 for use in Schiermonnikoog, an island in northern Netherlands. Moreover, the Group also collaborated with a local operator in Hungary on the trial operation of the K9 series. The local government was greatly satisfied with K9's performance and indicated its intention of purchases. Trial operations had also started with Madrid Bus Company (馬德里公交公司) in Spain and Schiphol Airport in Amsterdam of Netherlands. K9's excellent acceleration and control as shown in the testing process has won wide recognition from the local governments, which has paved the way for the Group to enter the European market. As regards domestic market, in July 2012, the Group entered into a collaboration intent with a bus company in Tianjin for the joint establishment of a new energy automobile factory to produce electric buses to meet the market demand of the region.

During the reporting period, the Group actively explore the market of domestic urban public transport. The e6 pure electric taxis have officially been put into operation in Baoji City, while cooperation projects in other cities were also orderly underway. In addition, the Group has successfully received the orders of travel agencies and car rental companies, hence expanding the new application areas of e6 model. The first pure electric automobile model, e6, of the Group targeted at individual consumers was launched as a pioneer in Shenzhen in October 2011 and was well received by the market, steady sales result was achieved during the reporting period.

On 26 May 2012, a serious traffic accident happened on the Marina Avenue (濱海大道) in Shenzhen, the BYD e6 model was the car victim and its safety level had raised wide concern in society. After conducting a multi-stage investigation and verification examination by a team of quality verification experts comprising domestic authoritative experts, the quality verification conclusion was officially released by the Shenzhen Academy of Metrology and Quality Inspection (深圳市計量質量檢測研究院) on 3 August 2012, and confirmed that the e6 pure electric taxi was in compliance with the relevant State standards and requirements. The power battery of the car did not explode in the accident, 75% of the battery unit was not burnt. The power battery system was reasonable in terms of installation layout, insulation protection and high pressure electricity system design on whole-vehicle basis, and no defect was detected in the whole-vehicle safety design. Please refer to the overseas regulatory announcements published by the Group on the website of the Hong Kong Stock Exchange (http://www.hkex.com.hk) on 29 May 2012 and 3 August 2012 for details.

During the reporting period, Shenzhen BYD Daimler New Technology Co., Ltd. ("BYD Daimler"), the joint venture between the Group and Daimler, officially launched its electric vehicle brand "DENZA (騰勢)". DENZA's first concept vehicle model was exhibited in the 12th Beijing International Automotive Exhibition held in April 2012, and it attracted strong interest and received unanimous recognition from the market. The first model of DENZA is expected to be launched in 2013.In August 2012, each of BYD and Daimler contributed RMB 200 million to BDNT on same proportional basis, ensuring the research and development of the new energy automobile with the provision of adequate fund.

During the reporting period, the Group actively made progress in the steady enhancement of quality in the Group's automobile products by continuously adhering to the brand philosophy of "technology, quality and responsibility", achieved the IQS10 level for automobile quality and offered the extra long-term warranty on quality of "4 years or 100,000 km" covering all existing series of car models of the Group sold since 1 April 2012. The increase in the Group's commitment to the quality of its products may lead to increase in cost in the near-term but, in the long run, is conducive to the enhancement of the Group's automobile products' competitiveness and the reputation of its automobile's brand, thus ensuring the continuing growth of the Group's automobile business in the long term.

Handset Components and Assembly Business

For handset components and assembly business, the Group provides customers with vertically integrated one-stop services, including design and production of handset components like cases, keyboards, LCD modules, lens, flexible circuit boards and chargers, etc., as well as handset design and assembly. Currently, the Group is one of the most competitive suppliers of handset components and assembly services in the world. Major customers include Nokia, Huawei, Apple, Motorola, HTC, ZTE and other leading global manufacturers of electronic products.

In the first half of 2012, due to decline in sales of our major customer, the Group's handset components and assembly business recorded a sales revenue of approximately RMB8,462 million, representing a decrease of 11.05% year-on-year. As a result of a decrease in sales to major customers, intense market competition and rising costs, its gross profit margin for the period fell by 1.80 percentage points year-on-year to 10.21%.

During the reporting period, the Group's major customer of handset components and assembly business has gradually transformed its business from production of traditional handsets to smart phones. However, while its new smart phone products were yet to reverse the competition landscape, its market share and sales volume continued to be under pressure and in turn affected the Group's handset components and assembly business. On the other hand, the Group actively acquired other emerging intelligent terminal manufacturers as new customers for supply of new products. Cooperation with new intelligent terminal manufacturers were doing well and it laid a solid foundation for long-term cooperation. Nevertheless, the revenue contribution from early cooperation with new customer was yet to fully offset the impact brought by decreased sales of existing customers. The Group will continue to enhance its cooperation with these new customers who are expected to contribute more to the Group's business gradually.

Rechargeable Battery and New Energy Business

The Group's rechargeable batteries mainly include lithium-ion batteries and products of nickel batteries which are widely used in mobile phones, digital cameras, electric tools, electric toys and various portable electronic devices. The Group is also actively researching and developing lithium ferrous phosphate batteries (ferrous batteries) and solar battery products, and is committed to applying such products in areas like new energy vehicles, energy storage stations, photovoltaic power plants and etc.

During the reporting period, the Group's rechargeable battery and new energy business realized sales revenue of approximately RMB2,212 million. For lithium-ion battery business, during the period the Group actively acquired new customers and promoted the application of new lithium-ion battery models, achieving sales growth during the reporting period. Due to sluggish global economy, the Group's nickel battery business recorded decreased sales.

As for the solar business, imbalanced market supply and demand resulted in a plummet in global prices of photovoltaic products during the reporting period, and together, with its overstock, pressurized the Group's solar business. The Group further advanced its new energy plan focusing on electric vehicles, solar batteries and energy storage stations during the reporting period. As an important part of the Group's "Silicon-Iron Strategy", the energy storage station business expanded into overseas markets actively during the reporting period, achieving a breakthrough and securing orders successfully.

ISSUE OF CORPORATE BONDS

On 23 December 2011, the China Securities Regulatory Commission issued a regulatory permit for securities [2011] No. 2081, approving the Company to issue corporate bonds of total par value not exceeding RMB6 billion (inclusive) to the public. On 19 June 2012, the Company issued the first tranche of corporate bonds at par value in an aggregate amount of RMB3 billion ("current period bonds"), with coupon rate at 5.25% for a term of 5 years, together with an option for the issuer to increase the coupon rate at the end of the third year and a sell-back option for investors. The current issue of corporate bonds was intended to be used for repayment of bank loans, adjusting corporate debt structure and enhancing liquid capital of the Company. With consent from the Shenzhen Stock Exchange under the document Shen Zheng Shang [2012] No. 222, the current period bonds were listed for dealing on the Shenzhen Stock Exchange on 16 July 2012. For further details, please refer to the "Offering Document for the Public Issue of Corporate Bonds 2011 (First Tranche)" disclosed at the cninfo website (http://www.cninfo.com.cn) on 15 June 2012 and the "Announcement on the Listing of Corporate Bonds 2011 (First Tranche)" made by the Company on 13 July 2012 in the China Securities Journal, Securities Times, Shanghai Securities News and cninfo website, as well as the relevant overseas regulatory announcements disclosed on the Hong Kong Stock Exchange.

FUTURE PROSPECTS AND STRATEGIES

With the deterioration of the European debt crisis and persisting recession of the U.S. economy, recovery of the global economy is difficult. The Group has expected that the operation environment will remain full of challenges in the second half of 2012. And the future economic growth of China will still be subject to a certain extent of downside risk. However, the Chinese government has continuously launched growth stabilization policies and the gradual relaxation of liquidity, which will avoid a hard landing of the Chinese economy.

In the second half of 2012, the Group will see the end of its 3-year internal adjustment. The adjustments made by the Group in the aspects of development pace, product research and development, product mix, sales network and human resources, contributed to the establishment of a stable base for the long-term healthy development of the Group in future. Looking ahead in the second half of the year, the Group's management will tackle changes in the domestic and international macroeconomic environments actively by continuous efforts in strict quality control, reducing costs and improving productivity, so as to enhance the market competitiveness of products and brand influence of the Group and accelerate the development of its new energy-related business.

Automobile Business

Looking ahead to the second half of 2012, the Group expects the relaxation in monetary policy and the increasing market demand in third-tier and fourth-tier cities will help promote recovery of the automobile industry to a certain extent. Since the second half of the year is always a traditional peak season for automobile sales, the market demand is expected to be higher than the first half of the year.

For business of conventional automobiles, the Group expects that the highly popular models of S6 and G6 will continue to enjoy impressive sales. Leveraging on their superior price-to-performance ratio and the expanding market size, S6 and G6 are expected to maintain sales growth and the Group's overall product mix will be enhanced and consolidate the Group's presence in the medium- and high-end markets. In the second half of 2012, the Group will launch new car models as scheduled, including the upgraded models for replacing some existing old models. The Group will launch the brand new model, "Speed" (速銳), for generation replacement to cater more closely to market needs. "Speed" outperforms the F3 model in terms of exterior design, devices and power. Its remote control driving technology also enhances the driving fun and convenient usage for consumers. Since its debut in Beijing automobile exhibition in April 2012, "Speed" has attracted wide interest in the market. The Group believes that "Speed" will become a new growth driver for the Group's automobile business following its launch in August this year.

After a prolonged adjustment and communication, the Group's distributors and the Group have now shared the same direction and strategies in development. In future, the Group will continue to improve the distribution network in China, strengthen communication with its distributors and strive to enhance the sales and profitability of its distributors, in order to realize complementary growth between the Group and the distributors.

In respect of electric automobile business, the State Council published the "Energy Saving and New Energy Automobile Industry Development Plan (2012-2020)" ("Plan")in June. In order to achieve the target of cumulative production and sales volume of 500,000 units by 2015, the Plan has launched a series of protective measures and supportive policies, such as reduction or exemption of parking fees and preferential electricity charging fees, have been offered for the first time. It is hopeful that the launching of the Plan will drive the rapid growth of the new energy automobile industry and accelerate the application of new energy automobiles in various areas.

By leveraging on the powerful support of government policies, the Group will continue to speed up the commercialization of electric automobiles in the second half of 2012 through promoting electric automobiles in all pilot point cities and expand actively into overseas markets. Apart from the second generation of the dual mode electric automobile model "Qin" (秦), the Group will also actively prepare for the launch of DENZA, a brand of BYD Daimler electric automobiles, so as to bring new sources of income and profit for the Group. In general, the Group will strive to become the leader of the global new energy automobile industry with its strong battery technology, automobile research and development capability and excellent vertical integration capability.

Handset Components and Assembly Business

In the second half of 2012, fierce competition in the global handset industry is expected to continue, with smart phones dominating the market. A market research institution anticipated that the global sales of smart phones will exceed 1 billion units by 2015, with revenue accounting for nearly 80% of the total revenue of the handset industry ultimately. With the booming development of smart phones, tablets and mobile Internet, the Group will make active adjustments to capture the enormous opportunities of the industry development. The Group will actively advance its cooperation with global intelligent terminal manufacturers, as well as to secure more new customers and orders for smart phones and related high-end consumer electronic products, so as to increase its market shares in the smart phone market and other mobile terminal markets for further expanding its income sources.

Moreover, the release of "Certain Opinions of the State Council on Further Promoting Information Technology Development and Protecting the Safety of Information Effectively " (國務院關於大力推進信息化發展和切實保障信息安全的若干意見) in June has confirmed that the coverage of the 3G network over both urban and rural areas by the end of the "12th Five-Year Plan" Period will be the major target of information technology development. The full coverage by the 3G network will provide a great driving force to the market demand for 3G terminals. In future, the Group will follow the development of the industry closely by further strengthening its research and development of 3G handsets to capture the historic development opportunity brought by the 3G industry development. The Group will also explore new business actively and acquire more international brand manufacturers as new customers to creating new growth drivers, while strengthening and enhancing the Group's overall competitiveness in the handset components and assembly sectors.

Rechargeable Battery and New Energy Business

Under the influence of the global macroeconomic environment, it is expected that the demand for batteries for handsets, electrical tools and electronic toys will remain weak in the second half of 2012. The Group will actively develop new application areas for rechargeable battery products (such as lithium-ion batteries for smart phones) to enrich the portfolio of products, expand sales channels, maintain market shares, consolidate and strengthen its leadership position in the rechargeable battery market.

The solar photovoltaic market suffered from the imbalance of supply and demand in the first half of 2012. However, according to the research findings of the latest NPD Solarbuzz Quarterly report, benefiting from the strong demand in the Asia-pacific region, especially the strong demand from China in the fourth quarter of 2012, it is expected the photovoltaic market demand in the second half of 2012 will reach 17.2 GW. With rebounded demand and gradual clear of inventories, the Group expects the price of photovoltaic products will be stabilized gradually. The Group will review the utilization rate of its production capacity prudently, in order to capture the opportunities brought by the recovery of photovoltaic market in the second half of the year.

Given the advantages of high safety level, high stability and environmental friendly of lithium ferrous phosphate batteries, the Group will further expand the research and development and commercialization efforts on lithium ferrous phosphate batteries, in order to lower its production cost further for wide scope applications in electric automobiles, energy storage stations, etc. Meanwhile, the Group will also continue to advance its energy storage station related business to provide a greater driving force for the ultimate realization of its Silicon-Iron Strategy.

Estimated operating results for January to September 2012

Change (in percentage) of net profit attributable to shareholders of the listed company for January to September 2012	-95%	to	-75%
Change (in range) of net profit attributable to shareholders of the listed company (RMB10,000) for January to September 2012	1,764	to	8,818
Net profit attributable to shareholders of the listed company (RMB10,000) for January to September 2011	35,273		
Reasons for changes in results	In the third quarter of 2012, the demand in China's automobile industry is expected to remain weak with more intense market competition, as affected by the uncertainties in the macro-economic landscape at home and abroad. The Group's automobile business is still under much pressure albeit recovered from the second quarter by benefiting from seasonal factors. Therefore, it is expected that from January to September 2012, the performance of the Group's automobile business generally will be similar to that in the corresponding period last year. The performance of the handset components and assembly business is expected to decline from January to September 2012 as compared to the corresponding period last year, due to decline in sales at major customer. As for the solar battery business, the stagnant solar market around the globe, as well as the significant decrease in prices of the solar products have affected the operating results in the first half of the year which represented a major decline against the same period last year. Following the increase in marketing efforts and appropriate cost-control initiatives adopted by the Group, it is expected that the loss will narrow in the third quarter as compared to the same period last year. However, the Group's overall results may still be dragged down to a large extent.		

FINANCIAL REVIEW

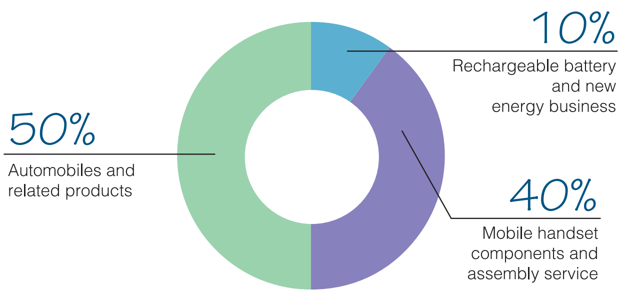
Turnover and Profit Attributable to Equity Holders of the Parent Company

During the period, turnover decreased by 0.39% as compared to that of the first half of 2011, mainly due to decrease in income from handset components and assembly business as a result of the impact of external market environment. Profit attributable to equity holders of the parent company decreased by nearly 94.09% as compared to the same period last year, mainly attributable to the decreased profit margin amid fierce competition.

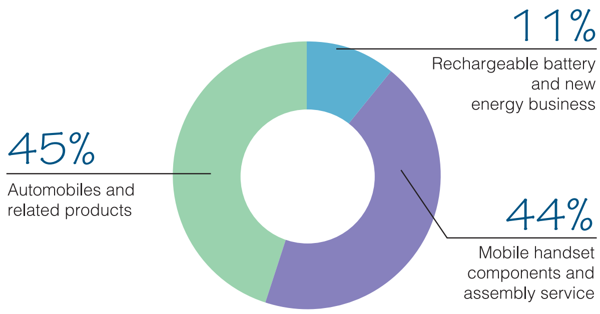
Segmental Information

The chart below sets out comparisons of the Group's turnover by product category for the six-month periods ended 30 June 2012 and 2011:

1H 2012



1H 2011



During the period, the automobile businesses of the Group maintained a steady growth, accordingly, the proportion of the three businesses are almost the same as the same period last year.

Gross Profit and Margin

During the period, the Group's gross profit decreased by approximately 11.97% to approximately RMB2,599 million. Gross profit margin decreased from approximately 13.74% in the first half of 2011 to approximately 12.14% during the period. The decrease in gross profit margin was due to intense market competition which slightly affected the gross profit margin of rechargeable battery and new energy business and handset component and assembly business.

Liquidity and Financial Resources

During the period, BYD recorded operating cash inflow of approximately RMB4,431 million, compared with approximately RMB4,661 million in the first half of last year. Total borrowings as at 30 June 2012, including all bank loans and bond payables, were approximately RMB18,041 million, compared with approximately RMB18,421 million as at 31 December 2011. The maturity profile of bank loans, bond payables and related interests spread over a period of ten years, with approximately RMB9,875 million repayable within one year and approximately RMB4,815 million in the second year, approximately RMB5,254 million within three to five years and approximately RMB86 million over five years. The Group maintained adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.

Turnover days of accounts and bills receivables increased to approximately 78 days for the six months ended 30 June 2012, compared to approximately 63 days for the same period in 2011. Increase in turnover days of trade and bills receivables was mainly due to increased in average balance of accounts and bills receivables. Inventory turnover days was approximately 69 days for the six months ended 30 June 2012, the same as the corresponding period last year.

Capital Structure

The Group's Financial Division is responsible for the Group's financial risk management which operates according to policies implemented and approved by senior management. As at 30 June 2012, borrowings were primarily settled in Renminbi, while cash and cash equivalents were primarily held in Renminbi and US dollar. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure during the period. The loans remaining outstanding as at 30 June 2012 were at fixed interest rates or floating interest rates for Renminbi loans and foreign currency loans.

Foreign Exchange Risk

Most of the Group's income and expenditure are settled in Renminbi and US dollar. During the period, the Group did not experience any significant difficulties in its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt applicable measures to prevent exposure to exchange rate risk.

Employment, Training and Development

As at 30 June 2012, the Group had over 160,000 employees. During the period, total staff cost accounted for approximately 17.92% of the Group's turnover. Employees' remuneration was determined based on performance, experience and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses and commission were also awarded to employees, based on their annual performance evaluation. Incentives were offered to encourage personal development.

Share Capital

As at 30 June 2012, the share capital of the Company was as follows:

	Number of shares issued	Percentage (%)
A shares	1,561,000,000	66.31
H shares	793,100,000	33.69
Total	2,345,100,000	100.00

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the period from 1 January 2012 to 30 June 2012. During the period, neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares.

CAPITAL COMMITMENT

Please refer to note 15 to the financial statements for details of capital commitments.

CONTINGENT LIABILITIES

Please refer to note 14 to the financial statements for details of contingent liabilities.

POST BALANCE SHEET EVENTS

Please refer to note 17 to the financial statements for details of post balance sheet events.

SUPPLEMENTARY INFORMATION

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Hong Kong Stock Exchange has combined the Code on Corporate Governance Practices (the "Old Code") set out in Appendix 14 with the Corporate Governance Report set out in Appendix 23 to the Listing Rules to form the Code on Corporate Governance Practices and the Corporate Governance Report under the new Appendix 14 (the "New Code") which was effective from 1 April 2012. The New Code and the Old Code are collectively known as the "Code".

The Board of Directors of the Company (the "Board") is committed to maintaining and ensuring high standards of corporate governance practices.

The Board has emphasized on maintaining a quality Board with various expertise among directors, high transparency and an effective system for accountability, in order to enhance shareholders' value. The Board is of the view that the Company has complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules during the reporting period except for the following deviation:

Code A.2.1

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wang Chuan-fu is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of rights and authorities between the Board and the management. The Board of the Company comprises experienced and high calibre individuals and meets regularly every three months to discuss issues affecting operations of the Group. Through the operation of the Board, a sufficient balance between rights and authorities is assured. The Board believes that this structure is conducive to a strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang and believes his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business development of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Companies

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. After making specific enquiries to all directors, all directors have confirmed that they have complied with the required standard set out in the Model Code during the reporting period.

Disclosure Pursuant to Rule 13.51B (1) of the Listing Rules

Since the publication of the latest annual report of the Company, on 14 May 2012 Mr. Wang Chuan-fu has been appointed as an independent non-executive director of Renren Inc. (Stock Code: NYSE: RENN), the shares of which are listed on the New York Stock Exchange; on 28 June 2012, Mr. Li Lian-he was appointed as an independent non-executive director of Shenzhen Hua Qiang Enterprise Company Limited (深圳華強實業股份有限公司) (Stock Code: 000062), the shares of which are listed on Shenzhen Stock Exchange.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2012, the Company or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Company.

Audit Committee

The Audit Committee consists of three independent non-executive directors and one non-executive director. A meeting was convened by the Company's Audit Committee on 27 August 2012 to review the accounting policies and practices adopted by the Group and to discuss matters of auditing, internal control, risk management and financial reporting (including the financial statements for the six months ended 30 June 2012) before making recommendations to the Board for approval of the relevant matters.

Interim Dividend

The Board does not recommend the payment of interim dividend for the reporting period (For the six months ended 30 June 2011: Nil).

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2012, the interests of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange Company Limited ("Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which are taken or deemed to be owned under the relevant provisions of the SFO), or which were required to be recorded in the register specified in section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Companies under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as applicable to the supervisors) were as follows:-

A Shares of RMB1.00 each

Name	Number of A Shares	Approximate percentage of shareholding in the total number of issued A Shares (%)	Approximate percentage of shareholding in the tota issued share capital (%)
Wang Chuan-fu (Director)	570,642,580 (L)	36.56%	24.24%
Lu Xiang-yang (Director)	401,810,480 (L) *(Note 1)*	25.74%	17.07%
Xia Zuo-quan (Director)	124,977,060 (L)	8.01%	5.31%
Zhang Hui-bin (Supervisor)	1,702,400 (L) *(Note 2)*	0.11%	0.07%

(L) – Long Position

Notes:

1. Of the 401,810,480 A Shares, 239,228,620 A shares were held by Mr. Lu in his personal capacity and 162,581,860 A Shares were held by Guangzhou Youngy Management & Investment Group Company Limited ("Guangzhou Youngy"). Guangzhou Youngy was in turn held by Mr. Lu and his spouse as to 89.5% and 10.5% equity interests, respectively. Mr. Lu was therefore deemed to be interested in 162,581,860 A Shares under the SFO.
2. The 1,702,400 A shares were held directly by Guangzhou Jianjin Information Technology Co., Ltd. Guangzhou Jianjin Information Technology Co., Ltd. was in turn held by Mr. Zhang Hui-bin and his spouse as to 90% and 10% equity interests, respectively. Mr. Zhang was therefore deemed to be interested in 1,702,400 A Shares under the SFO.

Saved as disclosed above, as at 30 June 2012, none of the directors, supervisors or chief executive officers of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or (b) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2012, to the best knowledge of the Directors of the Company, the following persons (other than the directors, supervisors and chief executive officers of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (Cap.571 of the Laws of Hong Kong), or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

1. A Shares of RMB1.00 each

Name	Number of A Shares	Approximate percentage of shareholding in the total number of issued A Shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Guangzhou Youngy *(Note 1)*	162,581,860(L)	10.42%	6.91%
Yang Long-zhong *(Note 2)*	78,725,740(L)	5.04%	3.34%

(L) – Long Position

Notes:

1. Guangzhou Youngy was owned by Mr. Lu Xiang-yang, a non-executive director of the Company as to 89.5% equity interest. Therefore, pursuant to the SFO, Mr. Lu was also deemed to be interested in 162,581,860 A Shares held by Guangzhou Youngy.

2. Mr. Yang Long-zhong is a member of the senior management of the Company, and is currently the vice President and the general manager of the Sales & Marketing Division of the Company.

2. H Shares of RMB1.00 each

Name	Number of H Shares	Approximate percentage of shareholding in the total number of issued H Shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Berkshire Hathaway Inc. *(Note 1)*	225,000,000(L)	28.37%	9.56%
MidAmerican Energy Holdings Company *(Note 1)*	225,000,000(L)	28.37%	9.56%
Morgan Stanley *(Note 2)*	42,970,468(L)	5.42%	1.83%
	35,895,762(S)	4.53%	1.52%
Li Lu *(Note 3)*	55,511,200(L)	7.00%	2.36%
LL Group, LLC *(Note 3)*	55,511,200(L)	7.00%	2.36%
FIL Limited *(Note 4)*	39,711,986(L)	5.01%	1.69%

(L) – Long Position, (S) – Short Position

Notes:

1. Berkshire Hathaway Inc. was deemed to be interested in 225,000,000 H shares (L) through its controlled corporation, MidAmerican Energy Holdings Company, for the 225,000,000 H shares directly held by it.

2. Morgan Stanley was deemed to be interested in 42,970,468 H shares (L) through its controlled corporation and held a short position in 35,895,762 H shares (S).

3. LL Group, LLC was deemed to be interested in 55,511,200 H shares (L) through its controlled corporation, LL Investment Partners, L.P. Li Lu, being the controlling shareholder of LL Group, LLC, was also deemed to be interested in 55,511,200 H shares.

4. FIL Limited was interested in 39,711,986 H shares (L) in the capacity of investment manager.

As at 30 June 2012, the total issued share capital of the Company was RMB 2,354,100,000, divided into 1,561,000,000 A Shares of RMB1.00 each and 793,100,000 H shares of RMB1.00 each, all were fully paid up.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

		For the six months ended	
	Notes	**30 June 2012**	**30 June 2011**
		(Unaudited)	*(Unaudited)*
		RMB'000	*RMB'000*
REVENUE	5	21,399,440	21,482,776
Cost of sales		(18,800,748)	(18,530,883)
Gross profit		2,598,692	2,951,893
Other income and gains	5	233,375	252,473
Government grants and subsidies		220,854	153,410
Selling and distribution costs		(791,654)	(847,266)
Research and development costs		(590,971)	(612,496)
Administrative expenses		(1,006,231)	(1,012,595)
Other expense		(79,364)	(53,383)
Finance costs	6	(412,753)	(338,534)
Share of profits and losses of:			
Jointly-controlled entities		(12,939)	(2,411)
Associates		335	(1,166)
PROFIT BEFORE TAX	7	159,344	489,925
Income tax expense	8	(55,190)	(95,393)
PROFIT FOR THE PERIOD		104,154	394,532
Attributable to:			
Owners of the parent		16,269	275,363
Non-controlling interests		87,885	119,169
		104,154	394,532
Earnings per share attributable to ordinary equity holders of the parent – basic and diluted	9	RMB0.01	RMB0.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

		For the six months ended	
	Notes	**30 June 2012**	**30 June 2011**
		(Unaudited)	*(Unaudited)*
		RMB'000	*RMB'000*
PROFIT FOR THE PERIOD		104,154	394,532
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		(11,897)	—
Income tax effect		—	—
		(11,897)	—
Exchange differences on translation of foreign operations		(29,299)	(7,816)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(41,196)	(7,816)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		62,958	386,716
Attributable to:			
Owners of the parent		(14,513)	270,522
Non-controlling interests		77,471	116,194
		62,958	386,716

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2012

	Notes	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	33,278,138	30,723,383
Prepaid land lease payments		4,223,776	4,207,601
Goodwill		65,914	65,914
Other intangible assets		3,082,807	2,415,091
Non-current prepayment		1,826,952	4,327,200
Long-term receivable		11,500	17,500
Investments in jointly controlled entities		268,781	285,966
Investments in associates		286,345	286,010
Available-for-sale investments		3,295	15,192
Deferred tax assets		647,805	586,479
Property under development		1,618,851	1,170,839
Total non-current assets		45,314,164	44,101,175
CURRENT ASSETS			
Inventories	11	7,205,269	6,595,797
Trade and bills receivables	12	8,154,522	9,782,082
Prepayments, deposits and other receivables		2,328,172	2,296,072
Due from the jointly-controlled entities		137,411	57,464
Pledged deposits		270,091	311,060
Cash and cash equivalents		4,832,074	3,737,386
Total current assets		22,927,539	22,779,861
CURRENT LIABILITIES			
Trade and bills payables	13	19,620,596	17,235,934
Other payables and accruals		3,514,407	3,523,600
Advances from customers		1,420,223	1,870,520
Deferred income		91,250	94,253
Interest-bearing bank		8,713,868	11,341,822
Tax payable		108,678	222,884
Provision		269,078	338,565
Total current liabilities		33,738,100	34,627,578
Net current liabilities		(10,810,561)	(11,847,717)
Total assets less current liabilities		34,503,603	32,253,458

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2012

	Notes	**30 June 2012** *(Unaudited)* *RMB'000*	**31 December 2011** *(Audited)* *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		9,327,029	7,079,247
Deferred income		1,174,111	1,193,015
Other liabilities		649	1,060
Total non-current liabilities		10,501,789	8,273,322
Net assets		24,001,814	23,980,136
EQUITY			
Equity attributable to equity holders of the Parent			
Issued capital		2,354,100	2,354,100
Reserves		18,755,904	18,770,417
		21,110,004	21,124,517
Non-controlling interests		2,891,810	2,855,619
Total equity		24,001,814	23,980,136

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the parent								
	Issued capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve fund**	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	(Unaudited) *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*	*(Unaudited)* *RMB'000*
At 1 January 2011	2,275,100	1,368,590	4,354,102	1,458,213	(43,319)	9,047,633	18,460,319	2,690,757	21,151,076
Profit for the period	—	—	—	—	—	275,363	275,363	119,169	394,532
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(4,841)	—	(4,841)	(2,975)	(7,816)
Total comprehensive income for the period	—	—	—	—	(4,841)	275,363	270,522	116,194	386,716
Issue of shares	79,000	1,274,835	—	—	—	—	1,353,835	—	1,353,835
The government subsidies designated to increase the capital reserve	—	—	2,349	—	—	(2,349)	—	—	—
At 30 June 2011	2,354,100	2,643,425	4,356,451	1,458,213	(48,160)	9,320,647	20,084,676	2,806,951	22,891,627
At 1 January 2012	2,354,100	2,643,425	4,364,831	1,717,898	(123,697)	10,167,960	21,124,517	2,855,619	23,980,136
Profit for the period	—	—	—	—	—	16,269	16,269	87,885	104,154
Other comprehensive income for the period:									
Changes in fair value of available- for-sale investments, net of tax	—	—	(11,897)	—	—	—	(11,897)	—	(11,897)
Exchange differences on translation of foreign operations	—	—	—	—	(18,885)	—	(18,885)	(10,414)	(29,299)
Total comprehensive income for the period			(11,897)		(18,885)	16,269	(14,513)	77,471	62,958
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	(41,280)	(41,280)
The government subsidies designated to increase the capital reserve	—	—	2,324	—	—	(2,324)	—	—	—
At 30 June 2012	2,354,100	2,643,425*	4,355,258*	1,717,898*	(142,582) *	10,181,905*	21,110,004	2,891,810	24,001,814

* *These reserve amounts comprise the consolidated reserves of RMB18,755,904,000 in the interim condensed consolidated statement of financial position as at 30 June 2012.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	For the six months ended 30 June	
	2012	**2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,430,925	4,661,293
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,039,806)	(5,451,115)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(1,297,333)	3,607,221
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,093,786	2,817,399
Cash and cash equivalents at beginning of period	3,737,386	1,978,735
Effect of foreign exchange rate changes, net	902	(13,577)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,832,074	4,782,557
Analysis of balances of cash and cash equivalents		
Cash and bank balances	5,095,165	3,411,319
Non-pledged time deposits with original maturity of less than three months when acquired	7,000	1,424,812
Pledged time for banking facilities	(270,091)	(53,574)
	4,832,074	4,782,557

1. CORPORATE INFORMATION

BYD Company Limited is a joint stock limited liability company (the "Company") registered in the People's Republic of China (the "PRC"). The Company's H shares and A shares have been listed on the Stock Exchange of Hong Kong Limited and Shenzhen Stock Exchage since 31 July 2002 and 30 June 2011, respectively.

The registered office of the Company is located at Yan'an Road, Kui Chong, Longgang District, Shenzhen, 518119, PRC.

The Group is principally engaged in research, development, manufacture and sale of rechargeable batteries, automobiles and related products, handset components, LCD and other electronic products.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

Despite the Group's net current liabilities of approximately RMB10,810,561,000 as at 30 June 2012, the interim condensed consolidated financial statements have been prepared on a going concern basis on the basis of the directors' contention that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the new standards and interpretations as noted below.

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the above new standards and interpretations has had no material effect on the interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the rechargeable battery and new energy products segment comprises the manufacture and sale of lithium-ion batteries and nickel batteries principally for mobile phones, electric tools and other portable electronic instruments and new energy products;

(b) the mobile handset components and assembly service segment comprises the manufacture and sale of components for mobile handset and electronic products such as housing, keypad and the provision of assembly services and ect;

(c) the automobiles and related products segment comprises the manufacture and sale of automobiles, automobile accessories and auto-related moulds and components; and

(d) the "others" segment comprises, principally, non-manufacturing business of the Group.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, goodwill and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION *(Continued)*

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 Jun 2012 and 2011,respectively.

Six months ended 30 June 2012

	Rechargeable Battery and new energy products *RMB'000*	Mobile handset components and assembly service *RMB'000*	Automobiles and related products *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue					
Revenue from external customers	2,211,950	8,462,462	10,725,028	—	21,399,440
Intersegment sales	219,915	417,261	14,634	—	651,810
Others including other gross income from sales of raw materials and disposal of scrap materials	159,842	87,391	351,315	—	598,548
Taxes and surcharges	10,652	58,905	514,467	—	584,024
	2,602,359	9,026,019	11,605,444	—	23,233,822
Reconciliation:					
Elimination of intersegment sales					(651,810)
Elimination of other gross income					(598,548)
Elimination of taxes and surcharges					(584,024)
Revenue – sales to external customers					21,399,440
Segment results	(154,833)	409,449	478,145	—	732,761
Reconciliation:					
Elimination of intersegment results					(141,944)
Interest income					24,603
Government grants and subsidies and unallocated gains					258,347
Corporate and other unallocated expenses					(301,670)
Finance costs					(412,753)
Profit before tax					159,344

4. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2011

	Rechargeable Battery and new energy products *RMB'000*	Mobile handset components and assembly service *RMB'000*	Automobiles and related products *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue					
Revenue from external customers	2,423,908	9,512,503	9,546,365	—	21,482,776
Intersegment sales	51,882	432,638	130,068	—	614,588
Others including other gross income from sales of raw materials and disposal of scrap materials	95,919	199,211	414,413	—	709,543
Taxes and surcharges	2,345	28,367	321,633	—	352,345
	2,574,054	10,172,719	10,412,479	—	23,159,252
Reconciliation:					
Elimination of intersegment sales					(614,588)
Elimination of other gross income					(709,543)
Elimination of taxes and surcharges					(352,345)
Revenue – sales to external customers					21,482,776
Segment results	15,903	548,579	464,663	—	1,029,145
Reconciliation:					
Elimination of intersegment results					(95,010)
Interest income					19,882
Dividend income and unallocated gains					197,639
Corporate and other unallocated expenses					(323,197)
Finance costs					(338,534)
Profit before tax					489,925

4. SEGMENT INFORMATION *(Continued)*

The following table presents segment assets of the Group's operating segments as at 30 June 2012 and 31 December 2011:

At 30 June 2012

	Rechargeable Battery and new energy products	Mobile handset components and assembly service	Automobiles and related products	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Reconciliation:	13,342,199	15,930,976	37,182,005	2,001	66,457,181
Elimination of intersegment receivables					(1,336,272)
Elimination of intersegment sales unrealized profit					100,340
Corporate and other unallocated assets					3,020,454
Total assets					68,241,703

At 31 December 2011

	Rechargeable Battery and new energy products	Mobile handset components and assembly service	Automobiles and related products	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	12,620,120	18,433,707	35,043,063	54	66,096,944
Reconciliation:					
Elimination of intersegment receivables					(1,653,208)
Elimination of intersegment sales unrealized profit					(158,950)
Corporate and other unallocated assets					2,596,250
Total assets					66,881,036

5. REVENUE, OTHER INCOME AND GAINS

Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of assembly services rendered during the period.

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Sales of goods	18,016,528	17,128,662
Assembly service income	3,382,912	4,354,114
	21,399,440	21,482,776

Other income and gains

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Bank interest income	24,603	19,882
Gain on disposal of scrap	136,036	152,424
Others	72,736	80,167
	233,375	252,473

6. FINANCE COSTS

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest on bank and other borrowings	528,019	358,602
Bank charges for discounted notes	109,835	80,369
	637,854	438,971
Less: Interest capitalised	(225,101)	(100,437)
	412,753	338,534

The average capitalisation rate for the year used to determine the amount of borrowing costs eligible for capitalisation was 5.73% (six months ended 30 June 2011: 4.91%).

7. PROFIT BEFORE TAX

The Group profit before tax is arrived after charging:

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of inventories sold	15,357,414	14,342,966
Cost of services provided	3,249,280	4,124,234
Depreciation	1,455,035	1,256,184
Amortisation of other intangible assets	152,517	112,756
Impairment of trade receivables	50,454	2,648
Impairment losses of trade receivables reversed	(2,460)	(11,991)
Write-down of inventories to net realisable value	194,053	63,683
Loss on disposal of items of property, plant and equipment	13,905	16,376

8. INCOME TAX

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current-Mainland China	116,046	137,618
Current-Hong Kong	470	—
Deferred	(61,326)	(42,225)
Total tax charge for the period	55,190	95,393

Taxes on profits assessable have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Certain subsidiaries operating in Mainland China are approved to be high and new technology enterprises and are entitle to enjoy reduced enterprise income tax rates of 15% of the estimated assessable profits for the period.

Certain subsidiaries operating in Mainland China are entitled to exemptions from income tax for the two years commencing from their first profit-making year of operation and thereafter, entitled to a 50% relief from income tax for the next three years.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

	For the six months ended	
	30 June 2012	**30 June 2011**
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, as in the basic earnings per share calculation	16,269	275,363

	Numbers of shares	
	30 June 2012	**30 June 2011**
Shares		
Weighted average number of ordinary shares in issue during the period in the basic earnings per share calculation, as adjusted to reflect the bonus share issue during the period	2,354,100,000	2,277,733,333

No diluted earnings per share amount has been presented for the period as no diluting events existed during these period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired assets with a cost of RMB4,080,412,000 (six months ended 30 June 2011: RMB5,060,441,000) on additions to property, plant and equipment.

Assets with a net book value of RMB45,886,000 were disposed of by the group during the six months ended 30 June 2012 (six months ended 30 June 2011: RMB66,411,000), resulting in a net loss on disposal of RMB13,905,000 (six months ended 30 June 2011: loss of RMB16,376,000).

11. INVENTORIES

	30 June 2012	**31 December 2011**
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Raw materials	2,078,933	1,754,086
Work-in-progress	2,115,066	1,932,692
Finished goods	2,530,513	2,386,645
Mould held for production	480,757	522,374
	7,205,269	6,595,797

12. TRADE AND BILLS RECEIVABLES

For sales under automobiles and related products segment, payment in advance, mainly in the form of bank bills, is normally required. For sales under other segments, the Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months. An aged analysis of the trade and bills receivables as at 30 June 2012 and 31 December 2011, based on invoice date, and net of provision is as follows:

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within three months	7,330,646	8,591,923
four to six months	535,218	1,005,191
Seven months to one year	152,715	170,288
Over one year	135,943	14,680
	8,154,522	9,782,082

The directors are of the opinion that the carrying amounts of trade and bills receivables approximate their fair values.

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of reporting period, based on the invoice date, is as follows:

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	13,316,859	11,630,385
3 to 6 months	5,921,848	5,382,666
6 months to 1 year	134,150	111,911
1 to 2 years	197,178	65,023
2 to 3 years	24,357	22,914
Over 3 years	26,204	23,035
	19,620,596	17,235,934

The trade payables are non-interest-bearing and are normally settled within terms of 30 to 120 days. The directors are of the opinion that the carrying amounts of trade and bills payables approximate their fair values

14. CONTINGENT LIABILITIES

(a) In June 2007, a Hong Kong High Court (the "Court") action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the Company and certain of its subsidiaries (the "Defendants") for allegations in connection with the use of confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs alleged that the Defendants have directly or indirectly through the assistance of certain employees of the Plaintiffs, induced and procured certain former employees of the Plaintiffs (some of whom were subsequently employed by the Group) to breach their contractual and fiduciary duties with their former employer, the Plaintiffs, by disclosing to the Defendants confidential information that such employees have acquired through their employment with the Plaintiffs. In addition, it was alleged that the Defendants knew or ought to have known the confidential nature of such information and that the Defendants allowed or acquiesced its misuse in establishing a handset production system that is highly similar to the Plaintiffs' handset production system and using the Plaintiffs' confidential information with respect to their suppliers and customers. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and that this finally disposed of the June 2007 Action without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Hong Kong High Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same allegations arising from the June 2007 Action. In essence, the Plaintiffs allege that the Defendants have misappropriated and misused confidential information belonging to the Plaintiffs. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages. The Plaintiffs have quantified part of their claim for damages, consisting of the estimated cost of producing the alleged confidential information of RMB2,907,000 and an amount of RMB3,600,000 which allegedly represents compensation paid by the Plaintiffs to other parties to whom they owed a duty to keep confidential the alleged confidential information. The damages otherwise sought by the Plaintiffs in the October 2007 Action have not been quantified.

Regarding the October 2007 Action, the Company has given an indemnity in favour of other defendants for all liabilities, losses, damages, costs and expenses (if any) incurred arising out of or in connection with the October 2007 Action. The indemnity given by the Company to the indemnified parties will not cover loss of future profit and revenue as well as any obligation, such as ceasing to use certain information, on the part of the indemnified parties to comply with any injunction order or any court order to deliver up documents. As at the date of the consolidated financial statements, the service of writs on all of the Defendants has been duly acknowledged.

14. CONTINGENT LIABILITIES *(Continued)*

(a) *(Continued)*

On 2 November 2007, the Company and its subsidiary BYD Hong Kong Limited which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay application took place on 11 and 12 June 2008 and the judgement in respect of the stay application was handed down on 27 June 2008. The stay application was turned down and an order was issued, of which the legal cost for the application of stay by the Plaintiff is to be borne by the Company and its subsidiary BYD Hong Kong. The legal cost, if not agreed, will be determined by the court. On 2 September 2009, the above-mentioned Plaintiffs make an amendment to the writ with the High Court of the Hong Kong Special Administration Region for inclusion of Foxconn Precision Component (Beijing) Co., Ltd. as a Plaintiff. The Group also filed a counterclaim on 2 October 2009 against the Plaintiffs, including Foxconn Precision Component (Beijing) Co., Ltd., the documents of which have been served on all parties of the Plaintiffs. The counterclaim mainly related to the release of defamatory remarks to prejudice of the Defendants' reputation and the interference with the Defendants' business, and the request for remedies by the Plaintiffs.

In January 2010, the plaintiff based on no reasonable cause of action and other reasons, to apply to the court rejected the defendant counterclaim in the book section paragraph content. In August 2010, the court made a dismissed the elimination of application. In September 2010, the plaintiff appeal. In response to the appeal, the court heard again in May 24, 2012. On June 22, 2012, the court announced the verdict, dismissed the appeal on appeal from the Foxconn side request.

Based on the legal opinions issued by the Group's litigation legal counsels to the Group, the ultimate outcome of the litigation is not yet determinable given the early stage of the proceedings. Accordingly no liability accrual has been recorded by the Group.

(b) Damage compensation dispute between Ingenico S.A and the Company

Ingenico S.A, established in France, filed a litigation against the Company on 29 April 2010 with the Commercial Court in Nanterre District, France on the ground that the Company breached the contractual obligations for its damages caused by the defects of the lithium battery provided, and asked for an order that the Company shall indemnify the total amount of EUR 9,703,000 for the physical loss it has suffered from and may suffer from in the future, company image damage, and legal cost. On 8 October 2010, the Company officially received the indictment and service of process through the international despatching procedures stipulated in the Hague Convention.

In May 2012, there is last procedure of hearing in the Commercial Court of Nanterre. Court is tentatively scheduled for October 9, 2012 to decide cases procedural dispute. As of June 30, 2012, there were no significant progress in case.

According to the legal advice issued by the Company's litigation lawyer, in light of the preliminary stage of the legal process, we cannot assure of the final consequence. However, we believe that the Company can defense against the appeal proposed by the plaintiff on the basis of the favourable evidence. As a result, it is uncertain whether this litigation may result in compensation obligation, and should it be so, the amount would not be reliably measured and the Company has not made any provision for the expected liabilities.

14. CONTINGENT LIABILITIES *(Continued)*

(c) The maritime case about Atlantic.

(i) The third-party litigation (No. 08 civ 9352(AKH))

On 10 September 2008, the Company exported to Spectrum Brands, Inc. 360 cartons of Ni-MH batteries with the trademark of "Rayovac", which were loaded in a container (No. APLU9087454) in No. 5 cargo hold of the M/V APL PERU. The shipowner is HLL Atlantic Schiffahrts GmbH and the ship operator is Hanseatic Lloyd Schiffahrt GmbH & Co. KG. On around 5 October 2008, a fire occurred in the Container and resulted in the damages to the Vessel and other cargos aboard.

On 31 October 2008, six companies including Chris Sports North America, Inc. (the "08 Civ. 09352 Plaintiffs"), represents a variety of cargo interests aboard the ship, launched a lawsuit to the United States District Court of Southern District of New York, against the four defendants, including the HLL Atlantic, Lloyd and a carrier named Laufer Group International Ltd. (the "08 Civ. 09352 Defendants"), on the facts of the maritime transport. The 08 Civ. 09352 Plaintiffs alleged that the 08 Civ. 09352 Defendants violating the carriage obligations. On 2 March 2009, the 08 Civ. 09352 Plaintiffs added another carrier named Hyundai Merchant Marine Co. as defendant and demanded that all 08 Civ. 09352 Defendants liable for a loss that amounted to USD428,328.50.

On 10 September 2009, a third-party lawsuit was initiated by two of the 08 Civ. 09352 Defendants, HLL Atlantic and Lloyd, against the Company and Spectrum Brands, Inc. ("SPC"), demanding that the Company and Spectrum Brands, Inc., liable for losses and expenses totaling USD250,000, as well as indemnity, cost of litigation and general average.

On 8 October 2010, the Company was duly served with the third-party complaint and the summons.

(ii) The maritime case (No. 10-CV-06108)

On 7 May 2010, a lawsuit numbered CV 09-00169-RAJ was commenced by 41 plaintiffs including David Peyser Sportswear, Inc. and National Liability and Fire Company against 5 defendants including the Company and SPC, to the United States District Court for Western District of Washington in Seattle. The Plaintiffs requested that the Defendants liable for the loss of approximately USD6,000,000, general average and the cost of litigation.

The Case was based on the same facts as the aforementioned 08 Civ. 09352 Case. On 17 August 2010, the Case has been transferred to the United States District Court for the Southern District of New York. The number of the Case was changed to 10-CV-06108.

On 4 November 2010, the Company was duly served with the plaintiffs' complaint and the summons.

During the reporting period, the cases were in evidence discovery stages during which testimony of the key persons of the several cases and evidence documents of the parties were collected. In March 2012, the Company received the request from Spectrum for submission of related evidence documents. In May 2012, the Company submitted related documents upon request. As of 30 June 2012, the above cases were still at preliminary stages without significant progress. Based on the legal opinions issued by the litigation legal counsels to the Group, the ultimate outcome of the litigations is not yet determinable given the early stage of the proceedings. Accordingly, no liability accrual has been provided by the Group as it is uncertain whether the litigations may result in compensation obligations of the Group, and even if the litigations may result in compensation obligations, the amounts cannot be reliably measured.

15. COMMITMENTS

The Group had the following capital commitments:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Contracted but not provided for		
Buildings (Note 1)	1,351,093	1,862,363
Plant and machinery (Note 2)	2,942,674	4,398,742
	4,293,767	6,261,105

Notes 1: Included in the above capital commitment is a commitment with regards to the under-mentioned BYD Automobile Plant II project, the Shaoguan Base project and the Changsha Sedan project with the total amount of RMB277,852,000;

Note 2: Included in the above capital commitment is a commitment with regards to the under-mentioned BYD Automobile Plant II project, the Shaoguan Base project and the Changsha Sedan project with the total amount of RMB388,005,000;

In addition to the above contracted but not provided capital commitment, the Group also had the following other commitment:

(a) BYD Automobile Plant II Project

BYD Auto Co., Ltd. ("BYD Auto"), a subsidiary of the company, will invest in construction the "BYD Automobile Plant II Project" in the Xi'an High-Tech Zone, the investment amount of the project is RMB4.46 billion, which is a project for the production of vehicles and automobile components. After completion of the project, the annual production capacity will reach 200,000 vehicles and automobile components.

(b) Shaoguan Base Project

In November 2009, Shenzhen BYD Auto Co. Ltd. ("Shenzhen BYD Auto"), a fully-owned subsidiary of the company, entered into an investment agreement with People's Government of Shaoguan City, Guangdong Province. According to the agreement, Shenzhen BYD Auto proposed to build a state-level test track and automobile component production plant within the Dongguan-Shaoguan Industrial Transferred Zone (the "Shaoguan Base Project"). Total investment of the project will amount to approximately RMB1.5 billion. Shenzhen BYD Auto undertook that Shaoguan BYD would be fully commissioned in two years after the land use right obtained and the gross output is expected to exceed RMB1 billion in three years and the fiscal contribution to the tax revenue approximately RMB80 million per year.

15. COMMITMENTS *(Continued)*

(c) Changsha Sedan Project

In July 2009, Shenzhen BYD Auto, a subsidiary of the Company, entered into BYD Automobile Park investment agreement with the Management Committee of Hunan Environmental Industrial Park and the Changsha Economic Commission. According to the agreement, Shenzhen BYD Auto proposed to establish a production project with an annual output of approximately 400,000 units of automobiles in the Hunan Environmental Industrial Park. Total investment of the project will amount to approximately RMB3 billion. Shenzhen BYD Auto undertook that the gross output is expected to exceed RMB10 billion after the plants had fully commissioned for three years.

The Group's share of capital commitments in the joint ventures is as follow:

	30 June 2012	31 December 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Contracted but not provided for	—	21,873

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		For the six months ended	
		30 June 2012	30 June 2011
		(Unaudited)	*(Unaudited)*
		RMB'000	*RMB'000*
Jointly-controlled entities			
Sales of products	(i)	6,844	—
Sales of raw materials	(ii)	67	—
Sales of machinery	(iii)	—	2,533
Service income	(iv)	69,698	60,083
		76,609	62,616

Notes:

(i) The sales of products to the jointly-controlled entities, were made according to the published prices;

(ii) The sales of raw materials to Shenzhen BYD Daimler New Technology Co., Ltd. ("BDNT"), a jointly-controlled entity, were made according to the published prices;

(iii) The sales of machinery to BDNT, a jointly-controlled entity, were made at net book values;

(iv) The service income from jointly-controlled entities were made according to the published prices;

16. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Commitments with related parties:

In 2011, the Group entered into a series of cooperate agreements (the "Agreements") with BDNT, including a Service Agreement on Development of New Electronic Vehicles In China and a Framework Agreement on Product and Distribute of New Electronic Vehicles. According to the Agreements, the Group will provide services to BDNT on design and development of new electric vehicles (the "Vehicles"), manufacture and sell the Vehicles to BDNT. The transactions occurred under the Agreements in the six months ended 30 June 2012. Expected transaction amount from July to December 2012 is about RMB326,772,000.

(c) Outstanding balances with related parties:

The amounts due from Shengzheng Pengcheng Electric Car Rental Company Limited and BDNT of RMB44,585,000 (2011: RMB44,467,000) and RMB92,826,000 (2011:RMB12,997,000), respectively.

No balance due from Guangdong Youngy Financial Leasing Co., Limited (2011:RMB10,000,000).

Balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June 2012	**30 June 2011**
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Short term employee benefits	19,678	16,974
Pension scheme contributions	80	15
	19,758	16,989

17. POST BALANCE SHEET EVENTS

(a) On 30 July 2012, the Company and the Tianjin Public Transportation Group (Holdings) Co., Ltd. entered into the "Agreement on the Joint Establishment of Tianjin BYD Auto Co., Ltd." in Tianjin for the proposed establishment of Tianjin BYD Auto Co., Ltd to mainly manufacture new energy vehicles. According to the agreement, the registered capital of Tianjin BYD Auto would be RMB0.1 billion with each party accounting for 50%.

(b) On 2 August 2012, Shenzhen BYD Auto by investing RMB200,000,000 increased its capital in BDNT, and Daimler increased its capital in BDNT by investing the same amount. After the capital increase, Shenzhen BYD Auto's equity ratio and shareholding ratio in BDNT remained unchanged.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2012.

比亞迪股份有限公司
BYD COMPANY LIMITED