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中國南車股份有限公司

CHINA SOUTH LOCOMOTIVE & ROLLING STOCK CORPORATION LIMITED

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

(Stock Code: 1766)

2009 THIRD QUARTERLY REPORT

This announcement is made pursuant to the disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company's unaudited results for the three quarters ended 30 September 2009 are summarised as follows:

- This report was prepared in accordance with the relevant requirements in relation to information disclosure of quarterly reports of listed companies issued by China Securities Regulatory Commission.
- Information set out in this report was prepared in accordance with the Generally Accepted Accounting Principles in the PRC.
- Unless otherwise indicated, Renminbi is the recording currency in this report.
- For the three quarters of 2009, the Company recorded revenue from operations of RMB29,363,139,000, with net profits attributable to shareholders of the Company amounting to RMB1,039,846,000.

The contents of this report are consistent with the announcement published on the Shanghai Stock Exchange. This announcement is published simultaneously overseas and domestically.

1 IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the board of supervisors, the directors, supervisors and senior management of the Company warrant that this report contains no false representation, misleading statements or material omission, and shall be jointly and severally liable for the truthfulness, accuracy and completeness of the contents in this report.
- 1.2 All directors of the Company attended the Board meeting.
- 1.3 The third quarterly financial report of the Company is unaudited.
- 1.4 Zhao Xiaogang, Chairman of the Company, Zhan Yanjing, the person-in-charge of accounting affairs, and Xu Weifeng, the person responsible for the accounting department (Head of the Accounting Department), warrant the truthfulness and completeness of the financial statements in this quarterly report.

2 BASIC INFORMATION OF THE COMPANY

2.1 Major accounting information and financial indicators

Currency: RMB

	As at the end of the reporting period	As at the end of last year	Change as of the end of the reporting period as compared to the end of last year
Total assets (<i>RMB'000</i>)	54,704,087.00	45,488,674.00	20.26
Owners' equity (or shareholders' equity) (<i>RMB'000</i>)	16,733,478.00	16,056,070.00	4.22
Net assets per share attributable to shareholders of the Company (<i>RMB</i>)	1.41	1.36	3.68

	From the beginning of the year to the end of the reporting period (January to September)	Change as compared to the corresponding period of last year
Net cash flow from operating activities (<i>RMB'000</i>)	-1,486,578.00	-146.01
Net cash flow per share from operating activities (<i>RMB</i>)	-0.13	-160

	The reporting period (July to September)	From the beginning of the year to the end of the reporting period (January to September)	Change from the corresponding period of last year (%)
Net profit attributable to shareholders of the Company (<i>RMB'000</i>)	413,509.00	1,039,846.00	64.25
Earnings per share (basic) (<i>RMB</i>)	0.03	0.09	0
Basic earnings per share after non-recurring gains or losses (<i>RMB</i>)	—	0.08	—
Diluted earnings per share (<i>RMB</i>)	0.03	0.09	0
Return on net assets (fully diluted) (%)	2.47	6.21	Increased by 0.87 percentage points
Return on net assets after non-recurring gains or losses (fully diluted) (%)	2.27	5.81	Increased by 0.91 percentage points

Items after non-recurring gains or losses and amounts

	Amount from the beginning of the year to the end of the reporting period (January to September) (RMB'000)
Items of non-recurring gains or losses	
Profit or loss on disposal of non-current assets	3,217
Government subsidies recorded in the current profit and loss (excluding continuously available government subsidies closely related to the Company's normal operations and of fixed amount or fixed quantity in accordance with the State's unified standards)	60,299
Gains or losses from fair value changes of financial assets held for trading, financial liabilities held for trading and investment income from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except effective hedging activities related to the Company's normal operations	3,523
Non-operating income/expenses other than above items	3,668
Other non-recurring gains or losses	2,367
Effect on income tax	-6,114
Total	<u>66,960</u>

2.2 Total number of shareholders and particulars of the 10 shareholders with largest number of shares not subject to trading moratorium as at the end of the reporting period

Unit: Share

Total number of shareholders as at the end of the reporting period 368,256 (including 3,567 holders of H shares)

Particulars of the ten shareholders with largest number of tradable shares not subject to trading moratorium

Name of shareholder (full name)	Number of tradable shares not subject to trading moratorium held as at the end of the reporting period	Type of share
HKSCC NOMINEES LIMITED	2,016,539,900	Overseas listed foreign invested shares
Donghai Securities Co., Ltd.	86,061,682	Ordinary shares denominated in RMB
China Construction Bank — Great Wall Brand Prime Equity Securities Investment Fund (中國建設銀行 — 長城品牌 優選股票型證券投資基金)	65,083,532	Ordinary shares denominated in RMB
Agricultural Bank of China — China AMC Stable Growth Mixed Stock Investment Fund (中國農業銀行 — 華夏平穩 增長混合型證券投資基金)	40,009,931	Ordinary shares denominated in RMB

Industrial and Commercial Bank of China — China Southern Longyuan Industrial Subject Stock Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	39,646,912	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China — Shanghai 50 ETF Index Securities Investment Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	33,035,664	Ordinary shares denominated in RMB
Bank of China — Harvest Shanghai — Shenzhen 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	27,082,070	Ordinary shares denominated in RMB
China Construction Bank Co., Ltd. — Changsheng Tongqing Separately Traded Equity Securities Investment Fund (中國建設銀行股份有限公司 — 長盛同慶可分離交易股票型證券投資基金)	23,000,000	Ordinary shares denominated in RMB
Bank of Communication — E Fund 50 Index Securities Investment Fund (交通銀行 — 易方達 50 指數證券投資基金)	20,168,766	Ordinary shares denominated in RMB
West China Securities Co., Ltd. (華西證券有限責任公司)	17,739,202	Ordinary shares denominated in RMB

Note: H shares held by HKSCC NOMINEES LIMITED are held on behalf of its various clients.

3 SIGNIFICANT EVENTS

3.1 Particulars of and reasons for material changes in major accounting items and financial indicators of the Company

Applicable Not Applicable

1. The balance of financial assets held-for-trading as at the end of the period was RMB27,809,000, representing a decrease of 72.19% as compared with RMB100,000,000 at the beginning of the year. The decrease was mainly attributable to the expiry and receipt of the balance of banks' wealth management products investment as at 31 December 2008.
2. The balance of bills receivable as at the end of the period was RMB901,537,000, representing an increase of 125.58% as compared with RMB399,650,000 at the beginning of the year. The increase was attributable to the increased sales revenue and the increasing number of clients adopting the method of settlement by bill to improve capital utilization rate.
3. The balance of accounts receivable as at the end of the period was RMB9,100,989,000, representing an increase of 51.79% as compared with RMB5,995,582,000 at the beginning of the year. The increase was attributable to the increased sales revenue and the fact that some major customers prefer to settle at the end of the year, which explains higher accounts receivable than the balance at the end of the year.
4. The balance of prepayments as at the end of the period was RMB5,446,350,000, representing an increase of 53.17% as compared with RMB3,555,793,000 at the beginning of the year. The increase was mainly attributable to the increased procurement volume as a result of the technical renovation projects and contractual projects during the period.
5. The balance of inventories as at the end of the period was RMB12,442,675,000, representing an increase of 48.31% as compared with RMB8,389,453,000 at the beginning of the year. The increase was mainly attributable to the increased balance of inventories due to the expanded sales and production scale of the Company.

6. The balance of other current assets as at the end of the period was RMB0 as compared with RMB300,000,000 at the beginning of the year, which was attributable to the expiry and receipt of all balance of banks' wealth management products investment as at 31 December 2008.
7. The balance of available-for-sale financial assets as at the end of the period was RMB12,462,000, representing an increase of 60.88% as compared with RMB7,746,000 at the beginning of the year. The increase was attributable to the increase in fair value of available-for-sale financial assets.
8. The balance of short-term borrowings as at the end of the period was RMB5,477,185,000, representing an increase of 47.49% as compared with RMB3,713,581,000 at the beginning of the year. The increase was mainly attributable to the increased short-term bank borrowings of the Company to supplement the working capital.
9. The balance of bills payable as at the end of the period was RMB5,505,929,000, representing an increase of 76.07% as compared with RMB3,127,130,000 at the beginning of the year. The increase was attributable to the increased bills payable issued by the Company for payment of materials as a result of higher business volume, as well as the increased settlement by bill by the Company to improve capital utilization rate.
10. The balance of accounts payable as at the end of the period was RMB13,842,264,000, representing an increase of 64.49% as compared with RMB8,415,044,000 at the beginning of the year. The increase was mainly attributable to the increased accounts payable for procurement of materials as a result of higher business volume.
11. The balance of staff remuneration payable as at the end of the period was RMB666,779,000, representing an increase of 44.23% as compared with RMB462,306,000 at the beginning of the year. The increase was mainly attributable to the fact that actual payment of remuneration is less than the amount provided by the Company (based on performance and total remuneration budget). Distribution of such remuneration will be completed by the end of the year. On the other hand, the higher levy basis of social insurance and housing fund also resulted in an increased balance of staff remuneration payable.

12. The balance of taxes payable as at the end of the period was RMB-123,287,000, representing a decrease of 111.14% as compared with RMB-58,390,000 at the beginning of the year. The decrease was mainly attributable to the increased input tax deduction for inventories and the larger offset amount of value-added tax as a result of deductible input tax in the value-added tax of fixed assets acquired since 1 January 2009.
13. The balance of long-term borrowings as at the end of the period was RMB183,410,000, representing a decrease of 72.42% as compared with RMB664,996,000 at the beginning of the year, which was attributable to the decrease in long-term borrowings due to loan structure adjustment made by the Company.
14. The aggregate selling expenses of the year was RMB683,315,000, representing an increase of 44.75% as compared with RMB472,069,000 in the corresponding period last year. The increase was attributable to the increased selling expenses arising from the growth in sales revenue.
15. The aggregate finance cost of the year was RMB130,244,000, representing a decrease of 45.18% as compared with RMB237,585,000 in the corresponding period last year. The decrease was mainly attributable to the increase in the interest income on fixed deposit of the proceeds from the issue of H shares.
16. The aggregate investment income of the year was RMB110,586,000, representing a decrease of 39.20% as compared to RMB181,892,000 in the corresponding period last year. The decrease was mainly attributable to the changes of the consolidated basis and the disposal of certain available-for-sale financial assets by the Company in the corresponding period last year and the lack of such investment income this year.
17. The net cash flow generated from operating activities was RMB-1,486,578,000, representing a decrease of 146.01% as compared with RMB-604,282,000 in the corresponding period last year. The decrease was mainly attributable to the more significant increases in accounts receivable and inventories over the increase in accounts payable.

18. The net cash flow from financing activities was RMB668,958,000, representing a decrease of 90.51% as compared with RMB7,046,884,000 in the corresponding period last year, which was mainly attributable to the proceeds from the issue of shares in the corresponding period last year.

3.2 Analysis and explanations of the progress of significant events and their impact and solution

Applicable Not Applicable

1. Implementation of dividend distribution policy

The final dividends of the Company for the year 2008 was approved on the 2008 annual general meeting of the Company held on 15 June 2009. The distribution of the above final dividends was completed on 14 July 2009.

Details of the above distribution of dividends are set out in the relevant announcement of the Company published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 2 July 2009.

2. Issue of medium term notes

The resolution in relation to the issue of Medium-term Notes was considered and approved on the 2009 first extraordinary general meeting of the Company held on 7 August 2009. Details are published on the relevant announcement of the Company published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange dated 8 August 2009.

3. *Entering into material contracts*

During the reporting period, each of CSR Qingdao Sifang Locomotive and Rolling Stock Co., Ltd. (南車青島四方機車車輛股份有限公司), a controlling subsidiary of the Company, and Bombardier Sifang (Qingdao) Transportation Ltd. (青島四方龐巴迪鐵路運輸設備有限公司), a joint venture, has entered into a contract in relation to the sale of multiple units with relevant railway bureaus of the Ministry of Railways. Details are published on the relevant announcement of the Company published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange dated 29 September 2009.

3.3 Performances of the undertakings given by the Company, its shareholders and its de facto controllers

Applicable Not Applicable

1. China South Locomotive & Rolling Stock Industry (Group) Corporation (“CSRG”), the controlling shareholder of the Company, made the following undertakings in the Prospectus:

- (1) The lock-up undertakings in respect of the shares of the Company held by it are as follows: Within 36 months from the date of the listing of the Company’s A Shares on the Shanghai Stock Exchange, CSRG will not transfer or authorize others to manage its shareholdings in the Company, nor will the Company acquire such shares.

- (2) The undertakings with regard to South Huiton Co., Ltd. (“South Huiton”)’s restructuring are as follows: There will be a proposed restructuring in CSRG’s shareholdings and relevant assets in South Huiton. This includes but is not limited to CSRG’s proposed acquisition of South Huiton’s assets in relation to the freight wagon businesses. CSRG will transfer the above-mentioned assets in relation to the freight wagon businesses acquired from South Huiton to the Company within three months from the date of CSRG’s acquisition of such assets. The transfer price will be determined through negotiations based on the results of assets valuation. Necessary approval procedures for such assets transfer will be complied with as required by domestic and overseas regulatory bodies.
- (3) The non-competition undertakings are as follows: (1) CSRG undertakes that CSRG will not and will, through legal procedures, procure its wholly-owned and holding subsidiaries not to engage in any businesses which might directly compete with the Company’s current operating businesses; (2) Subject to the aforesaid undertaking (1), should CSRG (including its wholly-owned and holding subsidiaries or other associates) operate any products or provide any services that might be in competition with the principal products or services of the Company in the future, CSRG has agreed to grant the Company pre-emptive rights to acquire the assets or the entire equity interests in such subsidiaries related to such products or services from CSRG; (3) Subject to the aforesaid undertaking (1), CSRG may develop advanced and lucrative projects in the future which fall within the Company’s business scope, but it should preferentially transfer any achievements on such projects to the Company for its own operation under the same terms of transfer; (4) CSRG should indemnify the Company for its actual losses due to the losses arising from the failure in fulfilling undertakings (1) to (3).

During the reporting period, CSRG, the Company’s controlling shareholder, fulfilled its undertakings as stated above.

2. Commitment on building ownership problems

As disclosed in the Prospectus, the Company has not yet obtained property ownership certificates for 326 buildings with a total gross floor area of 282,019.03 square meters (representing 7.85% of the total gross floor area of the buildings occupied by the Company). Of those 326 buildings, 125 buildings have not been granted property ownership certificates by the local governing authorities due to the implementation of the policy of “Leaving the City and Entering the Suburb” in Shijiazhuang and the changes in urban planning in Chengdu area. In respect of those buildings in Shijiazhuang which are subject to such urban planning, Shijiazhuang Administration of Urban and Rural Planning (石家莊市城鄉規劃局) has issued the Explanation on the Area Planning of CSR Shijiazhuang Rolling Stock Works and pointed out that it would not, due to urban planning, accept any applications for the planning permits in respect of the properties without property ownership certificates. In respect of those buildings in Chengdu, Chengdu Administration of Urban Planning (成都市規劃管理局) has issued the Explanation on the Road Planning in the Area of CSR Chengdu Locomotive & Rolling Stock Works and pointed out that two municipal roads planned would run through the land of the area of the works based on the need of urban development. The remaining 201 buildings with a gross floor area of 195,396.80 square meters (representing 5.44% of the total gross floor area of the properties included in the listing scope) have not yet obtained property ownership certificates due to the fact that the relevant planning procedures or construction procedures have not yet been completed. As the land use rights of those 201 properties are owned by CSRG, there would be no disputes in their relevant use and operation. For the buildings without property ownership certificates, CSRG has undertaken in the Restructuring Agreement that, in respect of the assets injected by CSRG into the Company, including properties without proper ownership certificates due to incomplete planning or construction procedures, such properties should meet the requirements for the Company’s production and operational use and that it should assume all the responsibilities to compensate and indemnify the Company for all financial losses incurred in relation to such properties.

In respect of the 4 properties of a total gross floor area of 21,223.04 square meters rented by the Company, its subsidiaries and joint ventures in the PRC, the lessors have not yet been granted property ownership certificates. For the properties of which the lessors have not yet been granted properties ownership certificates, CSRG undertook, at the Company's establishment, to compensate the Company for all losses (if any) arising from the failure to obtain the property ownership certificates of those buildings rented from CSRG. For the properties rented by the Company from any third parties other than CSRG, CSRG undertook to settle all disputes related to the leases of such properties, to bear all expenses related to the settlements of such disputes and to compensate the Company for all losses (if any) incurred therefrom.

During the reporting period, the Company has been actively applying for property ownership certificates. As at the end of the reporting period, property ownership certificates were obtained for 32 of the above buildings with a gross floor area of 49,160.72 square meters. The Company has been actively applying for property ownership certificates for those remaining properties without ownership certificates.

3.4 Warnings and explanations as to the reasons for the loss in accumulated net profit expected to be recorded from the beginning of the year to the end of the next reporting period (if any) or material changes of it as compared to the same period of last year

Applicable

Not Applicable

3.5 Implementation of cash dividend policy during the reporting period

The Articles of Association, which were revised at the 2008 annual general meeting of the Company on 15 June 2009 and filed with State-owned Assets Supervision and Administration Commission of the State Council, specified the Company's cash dividend policy as follows: "The Company's profit distribution policy shall remain consistent and stable. The Company may distribute dividends in any of the following manner(s) (or both): (I) cash; (II) stocks. The Company may distribute cash dividends as appropriate on a pro rata basis provided that sufficient capital is maintained for its ordinary operation and development needs."

As approved by the 2008 annual general meeting on 15 June 2009, the Company distributed cash dividend of RMB0.32 (tax inclusive) for every 10 shares to all shareholders of the Company for 2008. Such dividend distribution was completed on 14 July 2009.

By order of the Board

China South Locomotive & Rolling Stock Corporation Limited

Zhao Xiaogang

Chairman

Beijing, the PRC

28 October 2009

As at the date of this announcement, the executive directors are Mr. Zhao Xiaogang, Mr. Zheng Changhong, Mr. Tang Kelin and Mr. Liu Hualong; and the independent non-executive directors are Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. Tsoi, David.

4 APPENDIX

4.1 Consolidated Balance Sheet

30 September 2009

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Closing balance	Opening balance
Current assets:		
Cash and Bank Balances	9,822,675	11,722,772
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets held-for-trading	27,809	100,000
Bills Receivable	901,537	399,650
Accounts Receivable	9,100,989	5,995,582
Funds paid in advance	5,446,350	3,555,793
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable		
Dividends receivable	23,779	2,296
Other receivables	470,235	559,630
Purchases of resold financial assets		
Inventories	12,442,675	8,389,453
Non-current assets due within one year		
Other current assets		300,000
Total current assets	38,236,049	31,025,176

Non-current assets:

Loans and advances granted		
Available-for-sale financial assets	12,462	7,746
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	625,919	594,009
Investment property		
Fixed assets	9,104,760	7,694,160
Construction in progress	3,089,259	2,547,943
Construction materials	8,090	607
Disposal of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	3,443,952	3,432,401
Development expenditure	33,589	42,919
Goodwill	61,404	56,742
Long-term deferred expenses	21,772	26,464
Deferred income tax assets	66,831	60,507
Other non-current assets		
Total non-current assets	16,468,038	14,463,498
Total assets	54,704,087	45,488,674

Current liabilities:

Short-term borrowings	5,477,185	3,713,581
Borrowings from central bank		
Deposits taking and deposit in inter-bank market		
Placements funds		
Financial liabilities held-for-trading		
Bills Payable	5,505,929	3,127,130
Accounts Payable	13,842,264	8,415,044
Funds received in advance	4,797,142	6,252,075
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	666,779	462,306
Taxes payable	-123,287	-58,390
Interests payable		
Dividends payable	57,863	59,470
Other payables	1,553,269	1,420,912
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Customer deposits for securities underwriting		
Non-current liabilities due within one year	175,616	197,511
Other current liabilities		
Total current liabilities	31,952,760	23,589,639

Non-current liabilities:

Long term borrowings	183,410	664,996
Bonds payable		
Long term payables	3,213	4,818
Specific payables		
Projected liabilities	93,153	82,571
Deferred income tax liabilities	11,336	10,066
Other non-current liabilities	2,820,733	2,459,066
Total non-current liabilities	3,111,845	3,221,517
Total liabilities	35,064,605	26,811,156

Shareholders' equity:

Share capital	11,840,000	11,840,000
Capital reserve	2,850,602	2,839,639
Less: Treasury shares		
Surplus reserve	59,047	59,047
General risk provision		
Retained earnings	1,986,160	1,325,193
Currency translation differences	-2,331	-7,810
Total shareholders' equity		
attributable to the equity		
holder of the parent company	16,733,478	16,056,069
Minority interests	2,906,004	2,621,449
Total shareholders' equity	19,639,482	18,677,518
Total liabilities and		
shareholders' equity	54,704,087	45,488,674

Legal representative:

Zhao XiaogangPerson-in-charge of
accounting affairs:**Zhan Yanjing**Head of the
accounting department:**Xu Weifeng**

Balance Sheet of the Parent Company

30 September 2009

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Closing balance	Opening balance
Current assets:		
Cash and Bank Balance	3,773,725	5,991,989
Financial assets held-for-trading		
Bills receivable		
Accounts receivable	30,000	30,000
Funds paid in advance	79	79
Interests receivable	28,015	8,539
Dividends receivable		633,200
Other receivables	6,779,488	1,450,650
Inventories		
Non-current assets		
due within one year		
Other current assets		
Total current assets	10,611,307	8,114,457

Non-current assets:

Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	424,000	294,000
Long-term equity investment	17,080,488	15,297,629
Investment property		
Fixed assets	8,063	8,960
Construction in progress	503	503
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	2,892	722
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	17,515,946	15,601,814
Total assets	28,127,253	23,716,271

Current liabilities:

Short-term borrowings	3,330,000	1,630,000
Financial liabilities held-for-trading		
Bills payable		
Accounts payable		
Funds received in advance		
Staff remuneration payable	3,881	10,365
Taxes payable	1,258	5,138
Interests payable		
Dividends payable		
Other payables	5,404,987	1,797,836
Non-current liabilities		
due within one year	500	500
Other current liabilities		
Total current liabilities	8,740,626	3,443,839

Non-current liabilities:

Long term borrowings	100,000	600,000
Bonds payable		
Long-term payables		
Specific payables		
Projected liabilities		
Deferred income tax liabilities		
Other non-current liabilities	16,978	19,322
Total non-current liabilities	116,978	619,322
Total liabilities	8,857,604	4,063,161

Shareholders' equity:

Share capital	11,840,000	11,840,000
Capital reserve	7,222,642	7,222,642
Less: Treasury shares		
Surplus reserve	59,047	59,047
Retained earnings	147,960	531,421
Currency translation differences		
Total shareholders' equity	19,269,649	19,653,110
Total liabilities and shareholders' equity	28,127,253	23,716,271

Legal representative:

Zhao XiaogangPerson-in-charge of
accounting affairs:**Zhan Yanjing**Head of the
accounting department:**Xu Weifeng**

4.2 Consolidated Income Statement

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Amount for the reporting period (From July to September)	Amount for last reporting period (From July to September)	Amount for the beginning of year to the end of the reporting period (From January to September)	Amount for the beginning of last year to the end of the reporting period (From January to September)
I. Total operating revenue	10,782,823	9,492,584	29,363,139	24,478,792
Including: Revenue from operations	10,782,823	9,492,584	29,363,139	24,478,792
Interest income				
Premiums earned				
Handling charges and commission income				
II. Total cost of sales	10,269,958	9,207,337	28,045,791	23,313,948
Including: Operating cost	8,944,893	8,234,588	24,454,692	20,339,179
Interest expense				
Handling charges and commission expenses				
Surrender payment				
Net expenditure for compensation payments				
Net provision for insurance deposits				
Policyholder dividend expenses				
Reinsurance costs				
Business tax and surcharges	28,566	20,445	113,539	101,386
Selling expenses	261,173	155,681	683,315	472,069

	Administrative expenses	960,854	788,057	2,574,719	2,096,016
	Finance cost	64,835	9,057	130,244	237,585
	Asset Impairments Loss	9,637	-491	89,282	67,713
Add:	Gains from changes in fair value (loss is represented by “-”)	-6,101	-58,410	-6,101	15,302
	Investment income (loss is represented by “-”)	47,462	49,367	110,586	181,892
Including:	Gains from investment in associates and joint ventures	44,469	24,506	100,613	110,984
	Gains from foreign currencies exchange (loss is represented by “-”)				
III.	Profit from operations (loss is represented by “-”)	554,226	276,204	1,421,833	1,362,038
Add:	Non-operating income	68,392	71,283	241,210	234,171
Less:	Non-operating expense	7,210	16,376	39,996	46,692
Including:	Loss from disposal of non-current assets	-1,911	1,117	4,041	22,214
IV.	Total profit (total loss is represented by “-”)	615,408	331,111	1,623,047	1,549,517
Less:	Income tax expenses	68,479	-1,442	254,859	283,757
V.	Net profit (net loss is represented by “-”)	546,929	332,553	1,368,188	1,265,760
	Net profit attributable to the equity holder of the parent company	413,509	251,753	1,039,846	1,060,719
	Minority interests	133,420	80,800	328,342	205,041
VI.	Earnings per share:				
(1)	Basic earnings per share	0.03	0.03	0.09	0.14
(2)	Diluted earnings per share	0.03	0.03	0.09	0.14

Legal representative:	Person-in-charge of accounting affairs:	Head of the accounting department:
Zhao Xiaogang	Zhan Yanjing	Xu Weifeng

Income Statement of the Parent Company

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Amount for	Amount for	Amount for	Amount for
	the reporting period (From July to September)	last reporting period (From July to September)	the beginning of year to the end of the reporting period (January to September)	the beginning of last year to the end of the reporting period (January to September)
I. Revenue from operations	24,114		24,114	
Less: Operating cost				26
Business tax and surcharges	1,326		1,326	
Selling expenses	1,794	612	3,203	3,565
Administrative expenses	13,452	19,003	48,443	42,979
Finance cost	12,057	8,764	-24,339	120,633
Asset impairments loss				
Add: Gains from changes in fair value (loss is represented by “-”)				
Investment income (loss is represented by “-”)				
Including: Gains from investment in associates and joint ventures				
II. Profit from operations (loss is represented by “-”)	-4,515	-28,379	-4,519	-167,203
Add: Non-operating income				
Less: Non-operating expense		69	61	1,144
Including: Loss from disposal of non-current assets		69	61	144

III. Total profit				
(total loss is represented by “-”)	-4,515	-28,448	-4,580	-168,347
Less: Income tax expenses				
IV. Net profit				
(net loss is represented by “-”)	-4,515	-28,448	-4,580	-168,347

Legal representative:	Person-in-charge of accounting affairs:	Head of the accounting department:
Zhao Xiaogang	Zhan Yanjing	Xu Weifeng

4.3 Consolidated cash flow statements

January to September 2009

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Amount for the beginning of year to the end of the reporting period (From January to September)	Amount for the beginning of last year to the end of the reporting period (From January to September)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	32,599,791	23,705,782
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		

Net increase in deposits from policyholders and investments		
Net increase in disposal of held-for-trading financial assets		
Cash received from interest, handling charges and commissions		
Net increase in capital due to banks and other financial institutions		
Net increase in repurchases business fund		
Tax rebates	208,169	152,785
Other cash received from activities related to operation	561,257	1,438,325
Sub-total of cash inflow from operating activities	33,369,217	25,296,892
Cash paid for goods purchased and service rendered	29,133,154	20,021,556
Net increase in loans and advances to customers		
Net increase in placements with central bank and other financial institutions		
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions		
Cash payment for policyholder dividend		
Cash paid to and on behalf of employees	2,844,158	2,447,233
Taxes paid	1,469,250	1,297,633
Other cash paid for activities related to operation	1,409,233	2,134,752
Sub-total of cash outflow from operating activities	34,855,795	25,901,174
Net cash flow from operating activities	-1,486,578	-604,282

II. Cash flow from investment activities:

Cash received from disposal of investments	461,321	1,808,466
Cash received from gains in investments	83,636	84,178
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	28,000	24,360
Net cash received from disposal of subsidiaries and other operating entities		4
Other cash received relating to investment activities		28,707
Sub-total of cash inflow from investment activities	572,957	1,945,715
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	2,714,151	2,616,283
Cash paid for investment	447,147	1,641,328
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investment activities		1,901
Sub-total of cash outflow from investment activities	3,161,298	4,259,512
Net cash flow from investment activities	-2,588,341	-2,313,797

III. Cash flow from financing activities:

Proceeds received from investments	8,000	10,487,412
Including: Proceeds received by subsidiaries from minority shareholder's investment	8,000	
Cash received from borrowings	9,957,454	6,393,968
Cash received from issue of bonds		
Other cash received relating to financing activities		277,202
Sub-total of cash inflow from financing activities	9,965,454	17,158,582
Repayments of borrowing	8,623,744	9,391,524
Cash payments for dividend, profit distribution or interest expenses	665,483	567,292
Including: Dividend and profit paid by subsidiary to minority shareholders	113,700	
Other cash paid relating to financing activities	7,269	152,882
Sub-total of cash outflow from financing activities	9,296,496	10,111,698
Net cash flow from financing activities	668,958	7,046,884
IV. Effect on cash and cash equivalents due to changes in foreign exchange rate	13,455	-1,784
V. Net increase in cash and cash equivalents	-3,392,506	4,127,021
Add: Balance of cash and cash equivalents at the beginning of the reporting period	11,032,907	6,899,460
VI. Balance of cash and cash equivalents at the end of the reporting period	7,640,401	11,026,481

Legal representative:	Person-in-charge of accounting affairs:	Head of the accounting department:
Zhao Xiaogang	Zhan Yanjing	Xu Weifeng

Cash Flow Statement of the Parent Company

January to September 2009

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000 Currency: RMB Type of Audit: Unaudited

Item	Amount for the beginning of year to the end of the reporting period (January to September)	Amount for the beginning of last year to the end of the reporting period (January to September)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	24,114	701
Tax rebates		
Other cash received from activities related to operation	130,244	5,841,637
Sub-total of cash inflow from operating activities	154,358	5,842,338
Cash paid for goods purchased and service rendered		408
Cash paid to and on behalf of employees	27,231	48,960
Taxes paid	11,726	
Other cash paid for activities related to operation	2,490,671	5,251,995
Sub-total of cash outflow from operating activities	2,529,628	5,301,363
Net cash flow from operating activities	-2,375,270	540,975

II. Cash flow from investment activities:

Cash received from investments		1,508,584
Cash received from gains in investments	633,200	50,750
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 relating to investment activities		
Sub-total of cash inflow from investment activities	633,200	1,559,334
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	3,177	916
Cash paid for investments	1,243,992	6,827,739
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investment activities		1,775
Sub-total of cash outflow from investment activities	1,247,169	6,830,430
Net cash flow from investment activities	-613,969	-5,271,096

III. Cash flow from financing activities:

Proceeds received from investments		10,487,412
Cash received from borrowings	6,730,000	4,680,000
Other cash received relating to financing activities		67,257
Sub-total of cash inflow from financing activities	6,730,000	15,234,669
Repayment of borrowings	5,530,000	5,530,000
Cash payments for dividend, profit distribution or interest expenses	427,470	357,394
Other cash paid relating to financing activities		23,234
Sub-total of cash outflow from financing activities	5,957,470	5,910,628
Net cash flow from financing activities	772,530	9,324,041

IV. Effect on cash and cash equivalents due to changes in foreign exchange rate

	5,845	-5,229
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V. Net increase in cash and cash equivalents

	-2,210,864	4,588,691
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Add: Balance of cash and cash equivalents at the beginning of the reporting period

	5,984,589	2,100,000
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VI. Balance of cash and cash equivalents at the end of the reporting period

	3,773,725	6,688,691
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Legal representative:
Zhao Xiaogang

Person-in-charge of
accounting affairs:
Zhan Yanjing

Head of the
accounting department:
Xu Weifeng