



洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd.*

Stock Code ■ 3993



2009
Interim Report

* For identification purposes only

CORPORATE INFORMATION

Directors

Executive Directors

Duan Yuxian (*Chairman*)
Li Chaochun (*Vice Chairman*)
Wu Wenjun
Li Faben
Wang Qinxu

Non-executive Directors

Xu Jun (retired on 18 August 2009)
Zhang Yufeng
Shu Hedong (appointed at the extraordinary general meeting on 18 August 2009)

Independent Non-executive Directors

Gao Dezhu
Zeng Shaojin
Gu Desheng
Ng Ming Wah, Charles

Supervisors

Shu Hedong
(*Chairman of Supervisory Committee*)
(retired on 18 August 2009)
Yin Dongfang
Deng Jiaoyun
Zhang Zhenhao (appointed at the extraordinary general meeting on 18 August 2009 and as the Chairman of the Supervisory Committee at meeting of the Supervisory Committee on the same day)

Joint Company Secretaries

Lo Yee Har Susan (*FCS, FCIS*)
Ho Siu Pik (*ACS, ACIS*)

Board Secretary

He Feng

Authorized Representatives

Li Chaochun
Lo Yee Har Susan (*FCS, FCIS*)

Alternate Authorized Representative

Ho Siu Pik (*ACS, ACIS*)

Audit Committee

Ng Ming Wah, Charles
(*Chairman of Audit Committee*)
Gao Dezhu
Gu Desheng
Zhang Yufeng

Auditor

Messrs. Deloitte Touche Tohmatsu

Legal Advisors

Sidley Austin
Links Law Offices

2 2009 Interim Report

Principal Bankers

1. Industrial and Commercial Bank of China Limited, Luanchuan County Sub-branch
2. Agricultural Bank of China, Luanchuan County Sub-Branch
3. China Construction Bank Corporation, Luanchuan County Sub-branch
4. Bank of China Limited, Luanchuan County Sub-branch
5. Bank of Communications, Luoyang Branch, Kaixi Sub-Branch
6. China CITIC Bank, Luoyang Branch
7. Industrial Bank Co., Ltd, Luoyang Sub-Branch

Hong Kong H Share Registrar

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office in the PRC

North of Yihe, Huamei Shan Road, Chengdong New District
Luanchuan County
Luoyang City
Henan Province
the PRC

Principal Place of Business in the PRC

North of Yihe, Huamei Shan Road, Chengdong New District
Luanchuan County
Luoyang City
Henan Province
the PRC

Principal Place of Business in Hong Kong

Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

Share Information

Stock code : 3993
Listing date : 26 April 2007
Number of H shares : 1,311,156,000 H shares (as at 30 June 2009)
Nominal value : RMB0.20 per share
Stock name : CMOC

Financial Calendar

Interim results announcement : 17 August 2009
Closure of register of members : N/A
Payment of interim dividend : N/A

Investor Relations

The Company : Mr. He Feng
North of Yihe, Huamei Shan Road,
Chengdong New District, Luanchuan County,
Luoyang City,
Henan Province,
the PRC

Telephone : (86-379) 6681 9810
Facsimile : (86-379) 6682 4500
Email : hefeng@chinamoly.com

Financial Public Relation : Wonderful Sky Financial Group Limited
Consultant and : Unit 3102-3105, 31/F
Media Enquiry : Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Telephone : (852) 2851 1038
Facsimile : (852) 2815 1352

Company's Website

www.chinamoly.com

MARKET REVIEW

(The relevant commodity prices stated below include value-added tax)

After the historical freefall in September and October 2008 under the global financial storm, the global molybdenum market embarked on a trip towards "recovery and adjustment". At the beginning of 2009, domestic market prices of molybdenum raw materials once bounced back to RMB1,900/metric tonne unit. However, since February 2009, price slide started slowly and bottomed again in March. Price of molybdenum concentrates once again retreated at RMB1,500/metric tonne unit. The market did not bottom out immediately. The low price continued until April when domestic steel maker's ferromolybdenum purchase picked up. It was not until June when China's steel makers were running at full capacity which required more ferromolybdenum procurement, that the market saw another rally, but barely hit RMB1,800/metric tonne unit. During this period, molybdenum market had seen the largest fall of 21% and rise of 20%. The average ferromolybdenum price in the first half of 2009 as quoted by www.molyworld.com was RMB115,300/tonne, down by 59% from the same period last year. Average price of molybdenum oxides was RMB1,828/metric tonne unit, down by 58.3% from same period last year. In the first half of 2009, molybdenum demand in overseas market continued to contract, with molybdenum price lingering at lower level than in China. Demand turned up in April, accompanied by substantial supply cut of major molybdenum makers overseas in the first quarter, price of molybdenum gradually recovered due to decreased supply. Domestic and overseas molybdenum price gap started to close since May, and the monthly average price gap of molybdenum oxide narrowed to US\$3/lb Mo in June. In the first half of the year, average Rotterdam spot price of ferromolybdenum in overseas market was equivalent to RMB93,400/tonne, down by 71.9% from the same period last year. Average price of U.S. MW Molybdenum oxide was equivalent to RMB1,397/metric tonne unit, down by 73% from the same period last year.

During the first half of 2009, China's tungsten market experienced an up-down-up fluctuation. Tungsten price bottomed out in the beginning of year 2009 and quickly soared to RMB65,000-66,000/tonne on 16 February, the ceiling in the first half of 2009. However, as demand was not supported by concrete improvements, domestic tungsten concentrates price fell back to RMB55,000-57,000/tonne on March 23. Price rose again after April. By the end of June, domestic tungsten concentrates price hit RMB60,000-62,000/tonne. In the first half of year 2009, the ceiling of tungsten concentrates price in China was RMB65,000-66,000/tonne; bottom was RMB55,000-57,000/tonne; average was RMB59,700-61,300/tonne, down by 31.78% year-on-year.

International market posed similar moves as China. From January to June, ceiling of APT in European market was US\$210-230/tonne; bottom was US\$180-200/metric tonne unit; average was US\$199.1-224.2/metric tonne unit, down by 19.14% year-on-year.

DOMESTIC INDUSTRY POLICIES

1. *Export Quota*

On 26 December 2008 and 30 June 2009, the Ministry of Commerce of the PRC promulgated two notifications on export quota (first batch and second batch) of ordinary trading industrial commodities respectively, which set out the quotas that the Company was entitled to. Under the notifications, the Company was entitled to export 4,362 tonnes and 2,891 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 55 tonnes and 37 tonnes of molybdenum chemical products and 93 tonnes and 60 tonnes of molybdenum products respectively. The quotas for molybdenum products of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd., a wholly owned subsidiary of the Company, were 58 tonnes and 53 tonnes.

2. *Implementation of New Tariffs*

On 22 June 2009, the 4th Meeting of Tariff Regulations Committee of the State Council considered and passed, and as approved by State Council, that starting from 1 July 2009, export tariff for molybdenum chemicals including molybdenum powder, ammonium molybdates, high-purity molybdenum trioxide and certain molybdenum products would be adjusted from 10% or 15% to 5% non-discriminatively. Export tariff for primary molybdenum products such as molybdenum oxide and ferromolybdenum remains unchanged. Export tariff for tungstic acid, tungsten trioxide, ammonium paratungstate and other tungsten oxides and hydroxide would be adjusted from 10% to 5% non-discriminatively, which is a positive factor for our molybdenum and tungsten chemicals and products.

3. *Adjustment to the VAT rate on mining and processing products of metal mines and non-metal mines by the State*

According the notice jointly issued by State Taxation Administration and Ministry of Finance on 29 December 2008, as decided by the State Council, the VAT rate on mining and processing products of metal mines and non-metal mines was adjusted back to 17% from 13% with effect from 1 January 2009.

BUSINESS REVIEW

During the first half of 2009, capitalizing on its abundant resources, scale of production and an integrated production chain, the Group overcame adverse market conditions, kept the production of its major products unchanged or increased the production to various degree as compared with the same period last year, and recorded remarkable performance. From January to June, the Group's production of molybdenum concentrates (including 45% Mo) amounted to approximately 16,949.1 tonnes, representing an increase of 1.2% as compared with the same period last year. The production of scheelite concentrates (including 65% W) amounted to approximately 2,826.4 tonnes (including Yulu's 1,056.7 tonnes), representing an increase of 102.9% as compared to the same period last year. The Group produced approximately 10,474 tonnes of sulphuric acid (92.5% concentration), 404.2kg of gold and 3,316.5kg of silver. Under the market condition in the first half of the year, the Group concentrated its sales in domestic market. The top ten clients of the Company accounted for 55.5% of the domestic sales volume of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

For the six months ended 30 June 2009, profit attributable to the equity holders of the Company was RMB196.6 million, representing a decrease of RMB1,045.5 million or 84.2% from RMB1,242.1 million for the six months ended 30 June 2008.

The comparative analysis for the six months ended 30 June 2009 and the six months ended 30 June 2008 is as follows:

Operating Results

For the six months ended 30 June 2009, the Group recorded a turnover of RMB1,315.8 million, representing a decrease of RMB2,010.1 million or 60.4% from RMB3,325.9 million for the six months ended 30 June 2008. For the six months ended 30 June 2009, the Group achieved a gross profit of RMB307.4 million, representing a decrease of RMB1,668.8 million or 84.4% as compared with RMB1,976.2 million for the same period last year.

Operating results, operating cost, gross profit and gross profit margin by products

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products for the first half of 2009 and 2008:

Product name	For the six months ended 30 June							
	2009				2008			
	Turnover	Operating Cost	Gross Profit	Gross Profit Margin	Turnover	Operating Cost	Gross Profit	Gross Profit Margin
Domestic market								
— Molybdenum additive materials	1,001.3	736.1	265.2	26.5%	2,012.2	620.1	1,392.1	69.2%
— Tungsten concentrate (65% WO ₃)	67.8	51.9	15.9	23.5%	—	—	—	—
— Processed Tungsten and Molybdenum products	91.4	89.0	2.4	2.6%	188.0	148.1	39.9	21.2%
— Gold and silver	75.7	60.2	15.5	20.5%	83.0	75.8	7.2	8.7%
— Other	56.6	56.1	0.5	0.9%	26.0	11.8	14.2	54.6%
Sub-total	1,292.8	993.3	299.5	23.2%	2,309.2	855.8	1,453.4	62.9%
International market								
— Molybdenum additive materials	22.6	14.7	7.9	35.0%	772.7	288.1	484.6	62.7%
— Processed Tungsten and Molybdenum products	0.39	0.38	0.01	2.5%	244.0	205.8	38.2	15.7%
Sub-total	23.0	15.1	7.9	34.3%	1,016.7	493.9	522.8	51.4%
Total	1,315.8	1,008.4	307.4	23.4%	3,325.9	1,349.7	1,976.2	59.4%

Note: Molybdenum additive materials include molybdenum concentrates/molybdenum oxides/ferromolybdenum.

For the first half of 2009, turnover decreased by 60.4% to RMB1,315.8 million from RMB3,325.9 million for the first half of 2008, mainly due to: (1) a nearly 60% decline in unit average selling price of major molybdenum products for the first half of 2009 as compared with the same period last year; (2) a sharp decrease in overseas sales of the Company in the context of bleak international molybdenum market. In spite of the increase in sales volume of major molybdenum products in domestic market, sales revenue decreased sharply owing to the plummeting prices.

For the six months ended 30 June 2009, operating cost of the Group was RMB1,008.4 million, representing a decrease of 25.29% from RMB1,349.7 million for the same period last year. The main reasons behind the decrease in the operating cost are as follows: (1) Less procurement of molybdenum products by third parties of the Company as compared to the same period last year due to sluggish consumption in domestic and overseas molybdenum market in the first half of the year. (2) A significant decrease in export tariffs as a result of the low volume of molybdenum products exported in the first half of the year due to the substantial contraction in demand for molybdenum products in the international market as compared to the same period last year. (3) Substantial decreases in labor cost, unit material consumption and power expenses as a result of the implementation of cost control measures and new internal assessment mechanism. Meanwhile, technological tests and research in mining and processing carried out by the Company had led to some achievements in reasonable mining and detailed management on technological process for ore mixing and processing, thus lowering unit cost of production.

For the six months ended 30 June 2009, the average gross margin of the Group was 23.4%, representing a decrease of 36 percentage points as compared with 59.4% for the same period last year, mainly attributable to the sharp decrease in the selling prices during the period which undermined the overall gross profit margin of molybdenum products. Although unit cost decreased during the period, it failed to offset the gross profit decline resulting from the price slump.

Other Income

For the six months ended 30 June 2009, other income of the Group amounted to RMB88.7 million, representing an increase of RMB32.7 million or 58.4% from RMB56.0 million for the same period last year. Major reasons were as follows: gain from short-term capital management for the year increased by RMB19.0 million, government grants of RMB7.8 million, increment in deposit interest by RMB3.7 million.

Selling and Distribution Expenses

For the six months ended 30 June 2009, the selling and distribution expenses of the Group amounted to RMB6.3 million, representing a decrease of RMB13.0 million or 67.4% from RMB19.3 million for the same period last year. Such decrease was mainly due to a significant decrease in the export transportation expenses as only small quantities of molybdenum products were exported by the Company from the PRC during the period.

Administrative Expenses

For the six months ended 30 June 2009, the administrative expenses of the Group was RMB98.6 million, decreased by RMB20.1 million or 16.9% from RMB118.7 million for the same period last year, mainly attributable to: 1) More stringent management expenses auditing system; 2) lower purchase price of office supplies through more centralized procurements; 3) lower bonus for administrative and management staff.

Other Expenses

For the six months ended 30 June 2009, other expenses of the Group amounted to RMB7.0 million, representing a decrease of RMB75.1 million or 91.5% from RMB82.1 million for the same period last year. Such decrease was mainly due to a reduction of RMB71.8 million in exchange loss as the Company repatriated back the proceeds (dominated in HK dollar) from the IPO in 2008 and timely exchanged the proceeds into Renminbi. Further, the shrinking exports minimised the effect of foreign-exchange market fluctuations.

Finance Costs

For the six months ended 30 June 2009, the finance costs of the Group amounted to RMB15.0 million, representing an increase of RMB10.4 million from RMB4.6 million for the same period last year, mainly due to an increase of RMB10.8 million in bill discount interest for the period.

Share of Results of Associates

For the six months ended 30 June 2009, the results of associated companies attributable to the Group amounted to RMB3.4 million, representing a decrease of RMB4.5 million or 57% from RMB7.9 million for the same period last year. Such decrease was mainly attributable to the sharply declined results of Yulu (an associated company) during the period as affected by plummeting market price.

Income Tax Expense

For the six months ended 30 June 2009, the income tax expense of the Group amounted to RMB73.7 million, representing a decrease of RMB353.8 million or 82.8% from RMB427.5 million for the same period last year. Such decrease was mainly due to much lower profits for the period.

Non-Controlling Interests

For the six months ended 30 June 2009, the non-controlling interests of the Group amounted to RMB2.4 million, representing a decrease of RMB143.4 million or 98.4% from RMB145.8 million for the same period last year. Such decrease was mainly due to decreased profits during the period from the holding subsidiaries of the Group, namely Jiuyang, Sanqiang and Dadongpo.

Profit or Loss Attributable to Shareholders of the Company

For the six months ended 30 June 2009, the net profit attributable to shareholders of the Company amounted to RMB196.6 million, representing a decrease of RMB1,045.5 million or 84.2% from RMB1,242.1 million for the same period of 2008, mainly due to decreased profit for the period.

Financial Position

For the six months ended 30 June 2009, the total assets of the Group amounted to approximately RMB14,230.4 million, comprising non-current assets of approximately RMB5,279.0 million and current assets of approximately RMB8,951.4 million. Equity attributable to equity holders of the Company for the six months ended 30 June 2009 decreased by RMB573.6 million to RMB10,663.5 million from RMB11,237.1 million for the year ended 31 December 2008. Such decrease was due to a profit distribution by the Company on 28 June 2009, which distributed RMB770.4 million of dividends.

Financial Resources and Capital Structure

For the six months ended 30 June 2009, property, plant and equipment of the Group increased by RMB190.8 million to RMB4,104.0 million from RMB3,913.2 million for the year ended 31 December 2008. The increase was mainly attributable to more investments in construction of the following projects by the Company:

- 1) Yongning Gold's 80,000-tonne-per-year gold and lead smelting project
- 2) The molybdenum roasting project with a capacity of 40,000 tonnes per year
- 3) The project for 30,000-tonne-per-day open pit mine
- 4) The project for renovation and expansion of the processing company

Debt to Total Assets Ratio

The debt to total assets ratio of the Group rose from 8.6% as of 31 December 2008 to 23.1% as of 30 June 2009. Debt to total assets ratio is equivalent to total liabilities divided by total assets. The increase was mainly attributable to: 1) an increase of RMB2,109.1 million in discounting acceptance bills payable during the period; 2) payment of RMB770.4 million of dividend for 2008 during the period.

Cash Flow

For the six months ended 30 June 2009, cash and cash equivalents of the Company increased by RMB1,832.7 million to RMB4,380.4 million from RMB2,547.6 million for the year ended 31 December 2008, including: 1) financing from discounted bank bills of RMB2,109.2 million, 2) payment of RMB770.4 million of dividend for 2008.

For the six months ended 30 June 2009, net cash inflow generated from operating activities was RMB477.9 million; net cash inflow generated from investment activities was RMB61.1 million; net cash inflow generated from financing activities was RMB1,293.7 million.

As affected by the economic crisis, the market prices of molybdenum products plunged during the period. However, the Company's molybdenum products prices were still above their cash costs. During the period, the Company implemented strict internal management, saved energy and reduced consumption, thus maintaining sound operation status and healthy financial position. As at 30 June 2009, the Company still had sufficient capital. Abundant cash will enable the Company to operate smoothly and satisfy the liquidity needs from production capacity expansion. Meanwhile, it will also ensure funding support for any possible merger and acquisition of resources as well as expansion of the Company.

Exposure to Fluctuations in Exchange Rate

The Group conducts operations mainly in the PRC. As the production capacity of the Group increased along with the expansion of market and recovery of overseas molybdenum market, exports sold to different countries by the Group or its subsidiary in Hong Kong are expected to increase. We mainly settle transactions of export sales in US dollars. Due to periodicity in calculating the amount of export income, the currency risks of the Group were primarily generated from the sales of products in foreign currencies.

Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

Exposure to the Price Fluctuation of Molybdenum Products

As the trading price of the Group's molybdenum products is calculated on basis of the international and domestic prices, the Group has been exposed to the price fluctuations of molybdenum products. In the long run, the international and domestic prices of molybdenum products mainly depend on market demand and supply. These factors are beyond our control. Further, the prices of molybdenum products are also susceptible to the global and PRC economic cycle, taxation policies as well as variations in the global currency market. The Group has not entered into any trading contracts and has not made any pricing arrangement to hedge against the risk arising from fluctuations in the price of nonferrous products.

Exposure to Interest Rate

The exposure to interest rate of the Group is mainly related to our short-term and long-term bank borrowings and deposits. The interest rate of outstanding liabilities of the Group is calculated on basis of the base rate amended by the People's Bank of China and the Hong Kong inter-bank market from time to time. So far, the Group has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

Use of proceeds

As at 30 June 2009, the Company applied an aggregate of approximately RMB3,645 million of the proceeds raised from our initial public offering in April 2007, mainly as follows:

- approximately RMB781 million in repaying various short-term bank borrowings and interest;
- approximately RMB826 million in repaying current liabilities and supplementing general working capital;
- approximately RMB361 million to prepay the remaining consideration in respect of the mining rights of Sandaozhuang Mine;
- approximately RMB317 million to construct auxiliary facilities of ores;
- approximately RMB382 million for expansion of Mining Branch, Sanqiang Company and construction of scheelite recovery plant;
- approximately RMB456 million for construction of Luoyang Yongning Gold & Lead Refining Co., Ltd. and acquisition project of precious metals;
- approximately RMB471 million to construct a smelting plant of molybdenum with a capacity of 40,000 tonnes/year;
- approximately RMB51 million for technological improvement at High Tech Company.

MATERIAL EVENTS

Further implementation of open-pit mine standards and auxiliary projects

In the first half of 2009, except for No. 4 crushing station, construction of all other sub-projects had been completed. No. 4 crushing station is under construction and expected to be completed by the end of February 2010.

Proceeding with molybdenum roasting and smelting plant of 40,000 tonnes (Phase I)

In the first half of 2009, the ferromolybdenum workshop had completed its construction and commenced trial operation. For Phase I of molybdenum oxides workshop with an annual processing capacity of 20,000 tonnes of molybdenum concentrate, auxiliary facilities such as acid plant are under installation. The whole project is expected to be completed and put into operation at the end of this August.

Pressing ahead with molybdenum deep processing project of 1,500 tonnes per year

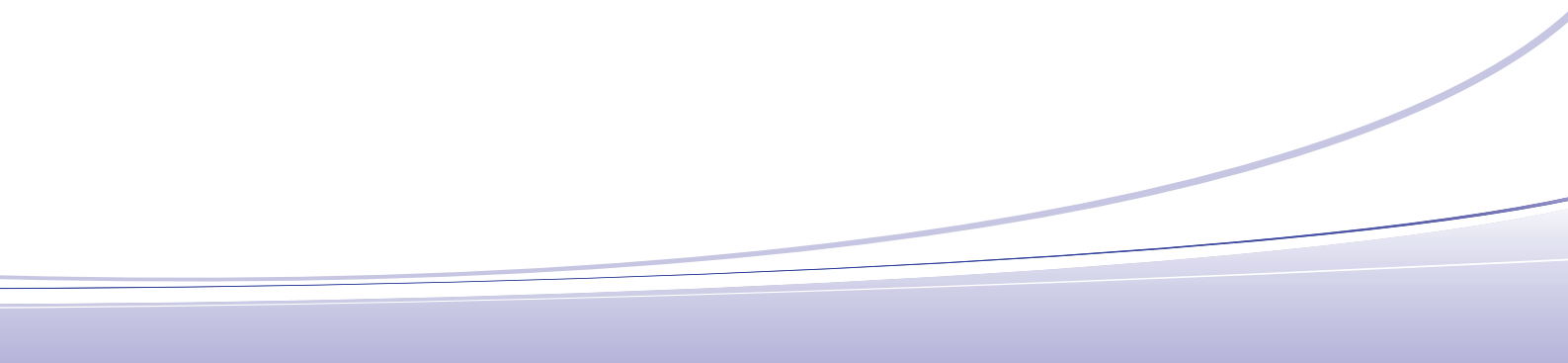
In the first half of 2009, installation of equipment for the last sub-project-molybdenum plate production line was completed. The test is expected to be carried out for individual equipment in July followed by a trial production in August.

Proceeding with Yongning 80,000-tonne-per-year gold, lead and silver smelting plant project

In the first half of 2009, civil work and equipment installation were basically completed. The test is expected to be carried out for individual equipment in August followed by a joint commissioning in September.

Construction of tailing storage of No. 1 Ore Processing Branch

Preliminary works are progressing for the project, including preparation of feasibility study report.



Honours of the Group including “Key Export Enterprise” and “Eminent Foreign-funded Enterprise” granted by provincial and municipal governments

On 12 February 2009, the Group is accredited by the People’s Government of Henan Province as “Key Export Enterprise in Henan 2009”, successfully entering into the 2009 key importer and exporter list in Henan. The Group was further entitled “Champion in Actual Use of Foreign Direct Investment in Henan 2008” by Henan Provincial Department of Commerce, being the only enterprise winning the honour in Henan. Meanwhile, the Group was named “Eminent Foreign-funded Enterprise in Luoyang 2008” and “Leading Foreign Trader in Luoyang 2008”.

Chairman Mr. Duan Yuxian was honoured the 5th “Yuan Baohua Corporate Management Gold Award” 董事長段玉賢先生榮膺第五屆「袁寶華企業管理金獎」

On 17 May 2009, our Chairman Mr. Duan Yuxian was honoured the 5th “Yuan Baohua Corporate Management Gold Award” by China Foundation of Corporate Management Science (中國企業管理科學基金會). This is the top award in Chinese field of corporate management science, which was granted to an entrepreneur in Henan for the first time. 2009年5月17日，董事長段玉賢先生被中國企業管理科學基金會授予第五屆「袁寶華企業管理金獎」榮譽稱號，該獎項是中國企業管理科學領域的最高獎項，這也是河南企業家首次獲得此項殊榮。

The Group was entitled the “Model Ecological Project of All-Round Well-off China 2009” 集團公司榮獲「2009年中國全面小康生態示範工程」稱號

On 28 June 2009, “The Second China Ecological Well-off Forum” jointly hosted by the Ministry of Environmental Protection, State Forestry Administration and Qiushi magazine (《求是》雜誌社) was held in Luoyang Mudu-Lee Royal International Hotel, with the theme of advocating ecological civilization and scientific growth. At the meeting, the Group was entitled the “Model Ecological Project of All-Round Well-off China 2009”. 2009年6月28日，由國家環境保護部、國家林業局、《求是》雜誌社共同主辦的，以倡導生態文明與科學發展為主題的「第二屆中國生態小康論壇」在洛陽鉅都利豪國際飯店隆重舉行。會上，集團公司被授予「2009年中國全面小康生態示範工程」榮譽稱號。

The Group was honored as “Advanced Unit on National Soil and Water Conservation” in 2008 集團公司被授予2008年度全國水土保持先進單位榮譽稱號

In July 2009, the Group was honored as “Advanced Unit on National Social and Water Conservation” in 2008 by the Ministry of Water Resources. 2009年7月，集團公司被國家水利部授予2008年度「全國水土保持先進單位」榮譽稱號。

PROSPECTS FOR THE SECOND HALF OF 2009

In 2009, China has continued the macroeconomic control and the refining of import & export and other policies. With effect from 1 July 2009, Chinese export tariffs for molybdenum chemical products and certain molybdenum products were reduced from 10% or 15% to 5%, which will favour the export of certain molybdenum products of China. The higher export rebates for certain iron and steel products from 1 June 2009 and the lower export tariffs for certain iron and steel products (including steel with molybdenum content) from 1 July 2009 are expected to stimulate consumption of domestic molybdenum products. As the global economy continues to recover, more niche for consumption will be created in domestic raw materials market of molybdenum, thanks to the rebounding international molybdenum prices and less impact from imported molybdenum materials. The decreased export tariffs for China's molybdenum chemicals and certain molybdenum products are conducive to further expand the market of China's molybdenum exports, thus alleviating the pressure on domestic supply of molybdenum and supporting their domestic prices.

On the tungsten market, China has taken various measures to address the punches, such as volunteer production cutback by enterprises, tungsten hoard of local governments, cutting down Chinese export tariff for major tungsten products from 10% to 5% since 1 July, etc. All these have played an active role in stabilising tungsten price. Accordingly, steady and potentially higher tungsten price is expected in the second half of 2009.

In the second half of 2009, the production volume of major products will remain virtually the same as that in the first half of 2009, subject to market conditions. Also, in the second half of 2009, the molybdenum roasting and smelting plant with a capacity of 40,000 tonnes per year will commence pilot production by the end of August 2009. The molybdenum plate project comprising molybdenum deep processing production lines of 1,500 tonnes per year will commence pilot production in August 2009, with other sub-projects fully completed and put into operation. The gold-lead-silver smelting plant project of 80,000 tonnes per year in Yongning will take a joint commissioning by the end of September 2009.

In the second half of 2009, in view of the continued consolidation of molybdenum resources in Henan province and the favorable Chinese new tariff policies, the management of the Company will seize the market opportunities from molybdenum market recovery, further enhancing production and operation to meet the targets set for the year. In addition, the Company will expedite the construction of key projects to ensure their completion as scheduled. By aggressively boosting resource consolidation and overseas acquisitions in strict adherence to our corporate development strategies, we expect to enhance our comprehensive strengths and profitability for better returns to shareholders.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders for their unwavering trust and support and full understanding.

By Order of the Board

Duan Yuxian

Chairman

Luanchuan, the PRC, 17 August 2009

DIRECTORS AND SUPERVISORS

As at 17 August 2009, our Board consists of the following 11 directors, pursuant to the Articles of Association, our directors have a term of three years, renewable upon re-election.

Executive Directors: Duan Yuxian, Li Chaochun, Wu Wenjun, Li Faben, Wang Qinxi

Non-executive Directors: Xu Jun, Zhang Yufeng

Independent Non-executive Directors: Gao Dezhu, Zeng Shaojin, Gu Desheng, Ng Ming Wah, Charles

Supervisors: Shu Hedong, Yin Dongfang, Deng Jiaoyun

EMPLOYEES

The Group had approximately 7,899 employees as at 30 June 2009. The remuneration package of the employees includes salary, bonuses and allowances. Employees also receive welfare benefits including medical care, housing subsidies, child care and education, retirement and other miscellaneous items.

SHARE CAPITAL

	As at 30 June 2009	
	Number of shares	Amount RMB
Domestic shares at a nominal value of RMB0.20 per share	3,565,014,525	713,002,905
H shares at a nominal value of RMB0.20 per share	1,311,156,000	262,231,200
Total	4,876,170,525	975,234,105

SHARE CAPITAL STRUCTURE

As at 30 June 2009, the share capital structure of the Company was as follows:

	As at 30 June 2009	
		Approximate percentage of total share capital
 Holders of domestic shares or H shares	No. of shares	
Holders of domestic shares		
Luoyang Mining Group Co., Ltd.	1,796,593,475	36.84%
Cathay Fortune Corporation	1,736,706,322	35.62%
Other shareholders	31,714,728	0.65%
Holders of H shares	1,311,156,000	26.89%
Total	4,876,170,525	100%
		Approximate percentage of total share capital
	No. of shares	
Domestic shares	3,565,014,525	73.11%
H shares	1,311,156,000	26.89%
Total shares	4,876,170,525	100%

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2009, the interests and short positions of substantial shareholders (other than directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which would be required, pursuant to Section 336 of the Securities and Futures Ordinance ("SFO"), to be entered into the register of interest and short positions referred to therein, or holding 5% or above in the issued share capital of the Company which would be required to be notified to the Company are as follows:

Shareholders

Holders of Domestic shares	No. of shares	Approximate percentage of total domestic share capital
Luoyang Mining Group Co., Ltd.	1,796,593,475 (L)	50.40%
Cathay Fortune Corporation	1,736,706,322 (L)	48.72%

Holders of H shares	No. of shares	Approximate percentage of total issued H share capital
National Council for Social Security Fund (中國全國社會保障基金理事會)	119,196,000 (L)	9.09%
Citigroup Inc.	52,099,562 (L)	3.97%
	17,109,505 (S)	1.30%
	704,100 (P)	0.05%
JP Morgan Chase & Co.	65,456,590 (L)	4.99%
	765,000 (S)	0.06%
	30,635,774 (P)	2.34%
UBS AG	77,938,720 (L)	5.94%
	3,507,707 (S)	0.27%

Note: (L) — Long position, (S) — Short position, (P) Lending pool

Save as disclosed above and to the knowledge of Directors, as at 30 June 2009, there are no interest and short position of other parties (excluding Directors, Supervisors and chief executives or management staff of the Company) in the shares or related securities of the Company, which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, and which would be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or parties who are the substantial shareholders of the Company (as defined in the Listing Rules).

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

As at 30 June 2009, none of the directors and supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the same period.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2009, none of the directors, supervisors or their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time as at 30 June 2009 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

DIVIDENDS

At the Board meeting held on 17 August 2009, the Board resolved not to distribute an interim dividend for the six months ended 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's H shares were listed on the Stock Exchange on 26 April 2007. The Company and its subsidiaries have not purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2009, in the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The Board of the Company consists of 11 directors, namely 5 executive directors, 2 non-executive directors and 4 independent non-executive directors. For the six months ended 30 June 2009, the Board convened three meetings (with an attendance rate of 85%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, directors and members of the senior management; and to prevent them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened one meeting during the six months ended 30 June 2009 (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiries, the Board confirmed that all the directors complied with the required standard set out in the Model Code for the period ended 30 June 2009.

AUDIT COMMITTEE

The terms of reference of the audit committee based on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The audit committee provides an important link between the Board and the Company’s auditors in matters falling within the scope of the audit of the Company and the Group. The audit committee will review the effectiveness of the external audit and of internal controls, evaluate risks and will provide advice and guidance to the Board. The audit committee comprises three independent non-executive directors and one non-executive director, namely, Mr. Ng Ming Wah, Charles, Mr. Gao Dezhu, Mr. Gu Desheng and Mr. Zhang Yufeng. The audit committee has reviewed the audited financial results of the Company for the six months ended 30 June 2009 and considered that the results complied with relevant accounting standards and that the Company has made appropriate disclosure.

NON-COMPETITION AGREEMENT

As disclosed in the Prospectus of the Company dated 13 April 2007, an annual review would be conducted by our independent non-executive directors on such decisions to exercise or not to exercise the option and the right of first refusal to acquire retained businesses which constitute competition. The Non-competition Agreement took effect on 26 April 2007.

Deloitte.

德勤

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
洛陽樂川鋁業集團股份有限公司
CHINA MOLYBDENUM CO., LTD.**

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 47, which comprises the condensed consolidated statement of financial position of 洛陽樂川鋁業集團股份有限公司 China Molybdenum Co., Ltd. and its subsidiaries as of 30 June 2009 and the related condensed statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 August 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Six months ended 30 June	
		2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Revenue	3	1,315,766	3,325,892
Cost of sales		(1,008,373)	(1,349,738)
Gross profit		307,393	1,976,154
Other income and gains	4	88,702	55,974
Selling and distribution expenses		(6,259)	(19,296)
Administrative expenses		(98,601)	(118,685)
Other expenses and losses	5	(7,000)	(82,115)
Finance costs	6	(15,000)	(4,591)
Share of results of associates		3,381	7,922
Profit before taxation		272,616	1,815,363
Taxation	7	(73,668)	(427,501)
Profit for the period	8	198,948	1,387,862
Other comprehensive income			
Exchange differences arising on translation of foreign operations		260	(2,070)
Available-for-sale financial assets		—	(836)
Other comprehensive income for the period		260	(2,906)
Total comprehensive income for the period		199,208	1,384,956
Profit for the period attributable to:			
Owners of the Company		196,593	1,242,070
Non-controlling interests		2,355	145,792
		198,948	1,387,862
Total comprehensive income attributable to:			
Owners of the Company		196,853	1,239,164
Non-controlling interests		2,355	145,792
		199,208	1,384,956
Earnings per share - Basic	10	RMB0.040	RMB0.255

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

	NOTES	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	4,104,032	3,913,156
Land use rights — non-current portion	12	428,365	421,008
Mining rights		324,205	337,815
Trademarks		746	835
Interests in associates		39,585	46,204
Investments in debt securities	15	50,000	200,000
Available-for-sale investments		2,300	2,300
Deferred tax assets	13	138,286	130,721
Deposits paid for acquisition of mines	17	191,443	155,153
		5,278,962	5,207,192
Current assets			
Inventories		719,428	650,367
Trade and other receivables	14	809,298	653,587
Amount due from an associate	22(i)	56,480	105,856
Land use rights — current portion		10,097	9,295
Investments in debt securities	15	1,072,000	2,899,000
Held-for-trading investments		285,024	663,339
Restricted bank deposits	16	1,618,702	—
Bank balances and cash		4,380,360	2,547,624
		8,951,389	7,529,068

	NOTES	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Current liabilities			
Trade and other payables	18	(649,600)	(681,061)
Dividend payables		(102,390)	(51,767)
Tax payable		(76,851)	(67,964)
Bank borrowings — due within one year	19	(2,340,444)	(228,000)
		(3,169,285)	(1,028,792)
Net current assets		5,782,104	6,500,276
Total assets less current liabilities		11,061,066	11,707,468
Non-current liabilities			
Bank borrowings — due after one year	19	(50,000)	—
Provision		(39,619)	(38,653)
Long term payable		(3,413)	(5,286)
Deferred income	20	(24,251)	(18,444)
		(117,283)	(62,383)
		10,943,783	11,645,085
Capital and reserves			
Share capital	21	975,234	975,234
Reserves		9,688,312	10,261,894
Equity attributable to owners of the Company			
		10,663,546	11,237,128
Non-controlling interests		280,237	407,957
Total equity		10,943,783	11,645,085

The condensed consolidated interim financial statements on pages 23 to 47 were approved and authorised for issue by the Board of Directors on 17 August 2009 and are signed on its behalf by:

DUAN YUXIAN
DIRECTOR

WU WENJUN
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Share capital	Share premium	Capital reserve	Statutory Investment			Translation reserve	Attributable to owners		Non-controlling interests	Total
				surplus reserve	revaluation reserve	Reserved profits		of the Company			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2008	975,234	7,346,260	361,933	339,082	836	(464)	1,346,386	10,369,267	337,602	10,706,869	
Profit for the year	—	—	—	—	—	—	1,640,902	1,640,902	207,911	1,848,813	
Gain on change in fair value of available-for-sale investments	—	—	—	—	7,262	—	—	7,262	—	7,262	
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(1,770)	—	(1,770)	—	(1,770)	
Transfer to profit and loss on sales of available-for-sale investments	—	—	—	—	(8,098)	—	—	(8,098)	—	(8,098)	
Total comprehensive income for the year	—	—	—	—	(836)	(1,770)	1,640,902	1,638,296	207,911	1,846,207	
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	35,000	35,000	
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(172,556)	(942,991)	
Transfer of reserves	—	—	—	203,871	—	—	(203,871)	—	—	—	
Transfer (Note)	—	—	358,750	—	—	—	(358,750)	—	—	—	
Transfer upon utilisation (Note)	—	—	(295,930)	—	—	—	295,930	—	—	—	
At 31 December 2008 (audited) and at 1 January 2009	975,234	7,346,260	424,753	542,953	—	(2,234)	1,950,162	11,237,128	407,957	11,645,085	
Profit for the period	—	—	—	—	—	—	196,593	196,593	2,355	198,948	
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	260	—	260	—	260	
Total comprehensive income for the period	—	—	—	—	—	260	196,593	196,853	2,355	199,208	

	Share capital	Share premium	Capital reserve	Statutory Investment			Attributable to owners		Non- controlling interests	Total
				surplus reserve	revaluation reserve	Translation reserve	Retained profits	of the Company		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Transfer of reserves	—	—	—	586	—	—	(586)	—	—	—
Transfer (Note)	—	—	183,016	—	—	—	(183,016)	—	—	—
Transfer upon utilisation (Note)	—	—	(363,725)	—	—	—	363,725	—	—	—
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(140,075)	(910,510)
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	10,000	10,000
At 30 June 2009 (unaudited)	975,234	7,346,260	244,044	543,539	—	(1,974)	1,556,443	10,663,546	280,237	10,943,783
At 1 January 2008	975,234	7,346,260	361,933	339,082	836	(464)	1,346,386	10,369,267	337,602	10,706,869
Profit for the period	—	—	—	—	—	—	1,242,070	1,242,070	145,792	1,387,862
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(2,070)	—	(2,070)	—	(2,070)
Gain on change in fair value of available-for-sale investments	—	—	—	—	1,234	—	—	1,234	—	1,234
Transfer to profit and loss on sales of available-for-sale investments	—	—	—	—	(2,070)	—	—	(2,070)	—	(2,070)
Total comprehensive income for the period	—	—	—	—	(836)	(2,070)	1,242,070	1,239,164	145,792	1,384,956
Transfer (Note)	—	—	105,337	—	—	—	(105,337)	—	—	—
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(172,556)	(942,991)
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	—	20,000	20,000
At 30 June 2008 (unaudited)	975,234	7,346,260	467,270	339,082	—	(2,534)	1,712,684	10,837,996	330,838	11,168,834

Note: Pursuant to regulations in the People's Republic of China ("PRC") relating to the mining industry, the Group is required to transfer an amount to the capital reserve account annually. The amount is calculated as the shortfall of the amount of depreciation on property, plant and equipment in respect of mines and the amount calculated based on the volume of molybdenum ore extracted each year and at the applicable rate per tonne of molybdenum ore. The utilisation of the amount in the capital reserve account will be subjected to the relevant PRC Regulations and the capital reserve account is not available for distribution to shareholders. Upon utilisation the corresponding amount will then transfer from the capital reserve account to retained profits.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash from operating activities	477,877	1,335,068
Investing activities		
Interest received	56,774	34,498
Dividend received from equity securities	260	273
Deposits paid for acquisition of mines	(36,290)	(70,000)
Purchases of property, plant and equipment	(311,532)	(571,477)
Purchases of land use rights	(12,507)	(52,553)
Purchases of trademarks	—	(621)
Purchase of investments in debt securities	(392,000)	—
Receipt upon mature of investments in debt securities	2,369,000	—
Decrease in available-for-sale investments	—	(106,560)
Proceeds from disposal of property, plant and equipment	130	564
Government subsidy received	6,000	19,280
Restricted bank deposits (made) released	(1,618,702)	71
Net cash generated from (used in) investing activities	61,133	(746,525)

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Financing activities		
Interest paid	(18,831)	(7,412)
Dividends paid to shareholders	(770,435)	(770,435)
Dividends paid to non-controlling shareholders of subsidiaries	(89,452)	(130,789)
New bank borrowings raised	2,340,444	100,000
Repayment of bank borrowings	(178,000)	(100,000)
Capital contribution by non-controlling shareholders of subsidiaries	10,000	20,000
Net cash generated from (used in) financing activities	1,293,726	(888,636)
Net increase (decrease) in cash and cash equivalents	1,832,736	(300,093)
Cash and cash equivalents at 1 January	2,547,624	5,680,676
Effect of foreign exchange rate changes	—	(7,414)
Cash and cash equivalents at the end of the period	4,380,360	5,373,169
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,380,360	5,373,169

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1 January 2009 ("new and revised IFRSs"). Except as described below, the accounting policies used in the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, included in the annual report of the Group for the year ended 31 December 2008. The adoption of these new and revised IFRSs has resulted in the following changes.

Presentation of financial statements

In the current period, the Group has adopted International Accounting Standards ("IAS") 1 (Revised) "Presentation of financial statements" which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of IAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

Segment information

In the current period, the Group has adopted International Financial Reporting Standard (“IFRS”) 8 “Operating segments”. IFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker. IFRS 8 replaces IAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). The application of IFRS 8 has resulted in the presentation of additional reported segments and change in presentation of segment result as selling and distribution expenses that were allocated to segment results under IAS14 were no longer allocated under IFRS8 (see note 3 for details).

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of improvements to IFRSs issued in 2008 ¹
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 ²
IAS 27 (Revised)	Consolidated and separate financial statements ¹
IAS 39 (Amendment)	Eligible hedged items ¹
IFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
IFRS 2 (Amendment)	Group cash-settled share-based transactions ³
IFRS 3 (Amendment)	Business combinations ¹
IFRIC - INT 17	Distribution of non-cash assets to owners ¹
IFRIC - INT 18	Transfer of assets from customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfer on or after 1 July 2009.

The adoption of IFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted IFRS 8 “Operating segments” with effect from 1 January 2009. IFRS 8 requires operation segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision makers of the Group are the Executive Directors of the Group. In contrast, IAS 14 required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s ‘system of internal financial reporting to key management personnel’ serving only as the starting point for the identification of such segments.

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors that are used to make strategic decisions.

The Group’s operating businesses are structured and managed separately according to the nature of the operations and products. Each of the Group’s operating segment represents a strategic unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

- (a) Molybdenum related products — domestic
- (b) Molybdenum related products — international
- (c) Processed molybdenum and tungsten products — domestic
- (d) Processed molybdenum and tungsten products — international
- (e) Tungsten products (commenced since June 2008).
- (f) Gold and Silver
- (g) Others*

* Represent sulfuric acid and other by products

For the six months ended 30 June 2008

	Molybdenum related products		Processed molybdenum and tungsten products		Gold	Others	Eliminations	Consolidated
	Domestic	International	Domestic	International	and silver			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TURNOVER								
Sales to external customers	2,012,189	772,700	188,000	243,942	82,980	26,081	—	3,325,892
Intersegment sales	1,454,392	—	131,704	—	—	401,965	(1,988,061)	—
Total	3,466,581	772,700	319,704	243,942	82,980	428,046	(1,988,061)	3,325,892
Segment results	1,392,100	484,554	39,900	38,200	7,180	14,220	—	1,976,154
Unallocated income								55,974
Unallocated expenses								(224,687)
Share of results of associates								7,922
Profit before taxation								1,815,363

Note: Segment information for the six months ended 30 June 2008 has been restated upon application of IFRS 8.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income		
— bank deposits	31,283	27,537
— debentures	250	2,662
— available-for-sale investments	—	9,353
— investments in debt securities	32,853	—
Total interest income	64,386	39,552
Gain arising on disposal of available-for-sale investments	—	2,070
Gain on fair value change of financial assets classified as held-for-trading	10,885	11,568
Dividend from equity securities	260	273
Net gain on sales of scrap materials	2,625	387
Government grants recognised (<i>note</i>)	7,820	—
Others	2,726	2,124
	88,702	55,974

Note: The amount represents unconditional government grants received by the Group from the PRC government to facilitate the business operations of the Group.

5. OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	2,566	12
Net foreign exchange losses	758	72,562
Penalty expenses	572	960
Donations	536	4,777
Others	2,568	3,804
	7,000	82,115

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interests on bank borrowings wholly repayable within five years	5,199	4,611
Interests on bills discounted with recourse	13,632	2,801
Other interest expenses — unwinding discounts on provision	966	919
Less: Amount included in the cost of qualifying assets	(4,797)	(3,740)
	15,000	4,591

7. TAXATION

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
The charge (credit) comprises PRC Enterprise Income Tax:		
Current taxation		
— current period	81,233	447,982
— underprovision in prior year	—	1,693
	81,233	449,675
Deferred taxation		
— current period	(7,565)	(22,174)
	73,668	427,501

The Group is subject to PRC Enterprise Income Tax levied at a rate of 25% (six months ended 30 June 2008: 25%) of taxable income determined in accordance with the relevant laws and regulations in the PRC.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense (included amount of reversal of write down of inventories of RMB6,005,000 for 2009, none for 2008) included in cost of sales	1,008,373	1,349,738
Depreciation of property, plant and equipment	121,453	96,766
Amortisation of land use rights (included in administrative expenses)	4,752	3,263
Amortisation of mining rights (included in cost of sales)	13,610	13,610
Amortisation of trademarks (included in cost of sales)	89	15
Share of tax of associates (included in share of results of associates)	1,237	3,343
Resources compensation fee (<i>Note</i>)	21,000	45,067

Note: Resources compensation fee is calculated on the basis of a ratio of the sales income of mineral products during the period by reference to the compensation fee rate and coefficient of mining recovery rate and included in cost of sales.

9. DIVIDENDS

	Six months ended 30 June	
	2009 <i>RMB'000</i> (unaudited)	2008 <i>RMB'000</i> (unaudited)
Dividend recognised as distribution during the period:		
Final — for year 2008 of RMB0.158 (30.6.2008: for year 2007 of RMB0.128) per share	770,435	624,150
Special dividend — nil (30.6.2008: for year 2007 of RMB0.03 per share)	—	146,285
	770,435	770,435

On 17 June 2008, dividend of RMB0.128 per share and RMB0.03 per share totalling RMB770,435,000 were paid to shareholders as the final dividend and special dividend for 2007, respectively.

On 2 June 2009, dividend of RMB0.158 per share totalling RMB770,435,000 was paid to shareholders as final dividend for 2008.

The Board resolved not to distribute an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

10. EARNINGS PER SHARE — BASIC

The calculation of the basic earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2009 (unaudited)	2008 (unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share (<i>RMB'000</i>)	196,593	1,242,070
Number of shares for the purpose of basic earnings per share	4,876,170,525	4,876,170,525

There are no diluted earnings per share presented for both periods as there are no potential ordinary shares outstanding.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent RMB311,532,000 (RMB571,477,000 for the six months ended 30 June 2008) on property, plant and equipment to expand its existing manufacturing capacity.

12. MOVEMENTS IN LAND USE RIGHTS

The land use rights are situated in the PRC under medium term lease and were acquired with the lease period of 50 years. The land use rights are amortised over their lease periods.

During the period, the Group spent RMB12,507,000 (RMB52,553,000 for the six months ended 30 June 2008) on land use rights.

13. DEFERRED TAX ASSETS

The followings are the deferred tax assets (liabilities) recognised and movements thereon during the period/year:

	Impairment of property, plant and equipment RMB'000	Allowance for inventories RMB'000	Allowance for receivable RMB'000	Unrealised profit RMB'000 (Note)	Held-for- trading investments RMB'000	Undistributed earning of a subsidiary outside PRC RMB'000	Tax losses RMB'000	Deferred income RMB'000	Accrued expense RMB'000	Total RMB'000
At 1 January 2008 (audited)	3,377	—	6,665	37,515	(5,348)	(7,332)	—	—	—	34,877
Credit to condensed consolidated statement of comprehensive income for the year	—	3,259	1,816	53,246	8,508	4,324	3,740	4,707	16,244	95,844
At 31 December 2008 (audited)	3,377	3,259	8,481	90,761	3,160	(3,008)	3,740	4,707	16,244	130,721
(Charge) credit to condensed consolidated statement of comprehensive income for the period	—	(1,949)	(370)	(4,143)	(2,252)	3,008	3,812	1,452	8,007	7,565
At 30 June 2009 (unaudited)	3,377	1,310	8,111	86,618	908	—	7,552	6,159	24,251	138,286

Note: Amounts represented unrealised profit resulting from transactions between the Company and its subsidiaries which are eliminated against the carrying amount of inventories.

For the purpose of balance sheet presentation, deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	30.6.2009 <i>RMB'000</i> (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Deferred tax assets	138,286	133,729
Deferred tax liabilities	—	(3,008)
	138,286	130,721

Deferred tax assets is recognised if it is probable that all of the deferred tax assets will be realised through the recovery of taxes previously paid and/or future taxable income. The management has reviewed its deferred tax assets at each balance sheet date and considered that it is probable that the deferred tax assets of the Group will be realised through future taxable income based on management's assessment of the probability that taxable profits will be available over the period which the deferred tax assets can be realised or utilised.

14. TRADE AND OTHER RECEIVABLES

	30.6.2009 <i>RMB'000</i> (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Trade receivables (net of allowances)	231,266	180,499
Bills receivable	432,885	371,774
	664,151	552,273
Advance to suppliers	47,372	57,387
Dividend receivable from an associate	10,000	—
Interest receivables	26,982	19,370
Other receivables and prepayments	60,793	24,557
	809,298	653,587

The Group normally allows credit period of no longer than 90 days to its trade customers, a longer credit period up to 180 days may be allowed for major customers. The aged analysis of trade receivables and bills receivable is as follows:

	30.6.2009 RMB'000 (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
0 - 90 days	424,345	248,708
91 - 180 days	161,494	291,322
181 - 365 days	77,812	8,364
1 - 2 years	500	3,879
	664,151	552,273

15. INVESTMENTS IN DEBT SECURITIES

	30.6.2009 RMB'000 (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Investments in debt securities represented:		
Investment plans arranged by banks	1,122,000	3,099,000
Analysed for reporting purposes as:		
Current assets	1,072,000	2,899,000
Non-current assets	50,000	200,000
	1,122,000	3,099,000

As at 30 June 2009, the amount represented unlisted investment plans arranged by banks for investment in various debt securities. The underlying debt securities invested by banks are analysed as follows:

	30.6.2009 RMB'000 (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Unlisted corporate entities' debts	869,600	691,000
Debentures and bills issued by central government and banks	252,400	2,408,000
	1,122,000	3,099,000

The Group is entitled to a 100% principal protection clause for the investments in unlisted corporate entities' debts. The interest income from the investment plans are determined based on the interest income generated from the underlying debt securities after deduction of bank charges and bank commission.

The investment plans were stated at amortised cost less any impairment loss. They will mature from July 2009 to May 2012 (2008: from January 2009 to June 2010) with effective interest rate ranged from 1.9% to 6.9% (2008: 0.4% to 6.9%) per annum. Subsequent to the balance sheet date, RMB74,000,000 was matured and settled.

16. RESTRICTED BANK DEPOSITS

Restricted bank deposits represents deposits in bank to secure advances drawn on bills receivable discounted by the Group which are repayable before December 2009 and therefore classified as current assets. The restricted bank deposits will be released upon the settlement of relevant advances.

17. DEPOSITS PAID FOR ACQUISITION OF MINES

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Advance to a non-controlling shareholder of a subsidiary	104,900	89,800
Other deposits paid	86,543	65,353
	191,443	155,153

On 16 January 2008, the Group entered into a legally binding framework agreement with the People's Government of Luoning County and Luoning County Funiu Mining Development Center ("Funiu Mining") - a minority shareholder of a subsidiary in respect of the proposed acquisition of all the property, plant and equipment, land use rights and mining rights of certain gold mines in Henan ("Proposed Acquisition"). Details of which have been disclosed in the Group's 2008 annual report. As at the date of this report, the Proposed Acquisition is still not yet completed.

18. TRADE AND OTHER PAYABLES

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	117,943	117,893
Bills payable	39,202	7,622
	157,145	125,515
Other payables and accruals	492,455	555,546
	649,600	681,061

The aged analysis of trade payables is as follows:

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
0 - 90 days	132,556	109,095
91 - 180 days	10,732	3,730
181 - 365 days	6,392	6,223
1 - 2 years	2,136	2,323
Over 2 years	5,329	4,144
	157,145	125,515

Trade and bills payables principally comprise amounts outstanding for trade purchases.

19. BANK BORROWINGS

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Fixed-rate bank loans — unsecured	210,000	228,000
Floating-rate bank loan — unsecured	71,248	—
Advances drawn on intra group bills receivable discounted with recourse (Note)	2,109,196	—
	2,390,444	228,000
The maturity profile of the above borrowings is as follows:		
Within one year	2,340,444	228,000
More than one year but not exceeding two years	50,000	—
	2,390,444	228,000
Less: Amounts due within one year shown under current liabilities	(2,340,444)	(228,000)
	50,000	—

During the period, the Group obtained new bank loans amounting to RMB231,248,000 (six months ended 30 June 2008: RMB100,000,000). The loans carry interest at market rates ranging from 2.35% to 5.31% and London Interbank Offer Rate plus 0.6% (six months ended 30 June 2008: 3.0% to 7.8%) per annum and repayable on instalment over a period of one to two year (six months ended 30 June 2008: one year). The proceeds used to finance the purchases of materials and for the expansion of its existing manufacturing capacity on molybdenum related products.

Note: During the period, the Group drawn advances from several banks with full recourse in total amount of RMB2,109,196,000 (31 December 2008: nil) in respect of intra group company bills receivable arising from intra group transactions between the Company and a subsidiary. The advances carried market interest rate and were secured by bank deposits of the Group amounting to RMB1,618,702,000 (31 December 2008: nil). The advances will be repayable before December 2009 and were classified as current liabilities.

20. DEFERRED INCOME

	30.6.2009 <i>RMB'000</i> (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Government grants received		
Balance at beginning of the period/year	18,444	—
Government grants received	6,000	19,280
Released to condensed consolidated statement of comprehensive income during the period/year (RMB257,000 for the six months ended 30 June 2008)	(193)	(836)
Balance at end of the period/year	24,251	18,444

During the period, the Group received a government grant amounting to RMB6,000,000 from local government in respect of the Group's proposed research project on processed molybdenum and tungsten products. During the year ended 31 December 2008, the Group has received government grants amounting to RMB19,280,000 from 樂川縣財政國庫支付中心 in respect of the Group's acquisition of land use rights. The government grants are recognised as deferred income that are released to income over the periods necessary to match them with the related costs.

21. SHARE CAPITAL

	Number of shares		Amount <i>RMB'000</i>
	Domestic shares	H shares	
At 1 January 2008, 30 June 2008, 31 December 2008 and at 30 June 2009	3,565,014,525	1,311,156,000	975,234

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

22. RELATED PARTY TRANSACTIONS

During the period, the Group has the following significant transactions with related companies:

(i) Transaction with Shanghai Yuhua Molybdenum Co. Ltd. (Note):

Nature of transactions	Six months ended 30 June	
	2009 <i>RMB'000</i> (unaudited)	2008 <i>RMB'000</i> (unaudited)
Sales of goods	151,138	345,740

Note: Shanghai Yuhua Molybdenum Co., Ltd. is an associate of the Group.

As at 30 June 2009, trade receivable from Shanghai Yuhua Molybdenum Co., Ltd amounting to RMB56,480,000 (31 December 2008: RMB105,856,000) is unsecured, interest-free and aged within 90 days.

(ii) Transactions with other state-controlled entities in the PRC

In the opinion of the directors of the Company, the Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "State-Owned Enterprises"). In addition, the Group itself is a State-Owned Enterprise. During the period, the Group had material transactions with some of these State-Owned Enterprises in its ordinary and usual course of business.

The Group has identified the nature and quantified the amounts of its material transactions with State-Owned Enterprises during the period and material balances therewith at the respective balance sheet dates as follows:

(a) Material transactions

Nature of transactions	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Sales of goods	520,873	857,769
Payment for:		
Purchase of raw materials	138,066	79,087
Purchase of water and electricity	118,626	115,195
Acquisition of:		
Property, plant and equipment	100	7,488
Interest income	7,532	16,618
Interest expenses	3,375	4,611
Interest expense on bills receivable discounted with recourse	9,017	—

(b) Material balances

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Investments in debt securities	1,122,000	3,099,000
Trade and other receivables	159,118	331,306
Trade and other payables	43,913	1,807
Bank balances	3,628,627	1,488,396
Bank borrowings	832,444	150,000

23. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
Commitments for the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	178,639	269,067

24. LITIGATION

During the period, the Company was involved in civil litigation relating to a claim from a mining company (the "plaintiff") for damages arising from the Company's construction of a manufacturing plant which affect the plaintiff's mining activities in that area for an amount of approximately RMB135 million. The directors are of the view that the Company has complied with relevant laws and regulations in respect of the construction of the manufacturing plant and has appointed lawyers to defend the claim on its behalf. The directors of the Company considered that the Company has good defenses to these claims and will continue to defend vigorously. Accordingly, no provision in connection with the legal claim has been made in the interim condensed consolidated financial statements. Such civil litigation is still in progress up to the date of this interim report.

FOR SHAREHOLDERS' INFORMATION

This 2009 interim report ("Interim Report") has been prepared in both English and Chinese. Shareholders who have received either the English version or Chinese version of the Interim Report may request a copy in the other language by writing to the Company through the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at chinamoly@computershare.com.hk.

The Interim Report (in both English and Chinese versions) has been posted on the Company's website at <http://www.chinamoly.com>. Shareholders who have chosen to read the Company's corporate communications published on the Company's website in place of receiving printed copies may request the printed copy of the Interim Report.

Shareholders who have chosen to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing or by email at chinamoly@computershare.com.hk be promptly sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company through the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at chinamoly@computershare.com.hk.



洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd.*