China National Building Material Company Limited*

(Stock Code: 3323)

2009 Interim Report

*For identification only

Financial and Business Highlights

	30 June 2009	31 December 2008
	(RMB in millions)	
Bank balances and cash	**4,761**	3,726
Total assets	**65,402**	58,904
Equity attributable to equity holders of the Company	**11,507**	8,830

	For the six months ended 30 June	
	2009	2008
	(RMB in millions)	
Revenue	**14,081**	9,824
Profit after taxation	**1,099**	707
Profit attributable to equity holders of the Company	**851**	546
Net cash flows from operating activities	**1,277**	716
Sales volume		
Cement sold by China United *(in thousand tonnes)*	**12,973**	10,820
Clinker sold by China United *(in thousand tonnes)*	**6,993**	4,886
Cement sold by South Cement *(in thousand tonnes)*	**18,830**	10,362
Clinker sold by South Cement *(in thousand tonnes)*	**8,492**	5,142
Gypsum board *(in million m^2)*	**197**	137
Revenue from engineering service *(RMB in millions)*	**1,239**	1,157
Rotor blade *(in blade)*	**1,644**	957
Glass fiber yarn *(in thousand tonnes)*	**221**	262
Selling price		
Cement sold by China United *(RMB per tonne)*	**223.4**	210.3
Clinker sold by China United *(RMB per tonne)*	**185.6**	197.1
Cement sold by South Cement *(RMB per tonne)*	**211.2**	226.3
Clinker sold by South Cement *(RMB per tonne)*	**183.0**	212.8
Gypsum board		
— BNBM *(RMB per m^2)*	**7.17**	6.75
— Taishan Gypsum *(RMB per m^2)*	**4.98**	4.53
Rotor blade *(RMB/blade)*	**428,471**	460,880
Analysis of ratios		
Gross profit margin and net profit margin		
Gross profit margin	**19.0%**	18.3%
Net profit margin	**6.0%**	5.6%
Growth rate		
Revenue	**43.3%**	169.6%
Profit attributable to equity holders of the Company	**55.9%**	112.8%
Others		
Return on capital	**7.4%**	6.9%
Earnings per share-basic	**0.352**	0.247

Contents

This Interim Report, in both Chinese and English versions, is available on the Company's website at http://cnbm.wsfg.hk (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of Corporate Communications (either in printed form or via the Company Website).

Shareholders may send their request to receive the Interim Report and/or to change their choice of the means of receipt of Corporate Communications by notice in writing to the H share registrar of the Company, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by sending an email to the H share registrar of the Company at is-ecom@hk.tricorglobal.com.

Corporate Information

DIRECTORS

Executive Directors

Song Zhiping *(Chairman)*
Cao Jianglin *(President)*
Li Yimin *(Vice President)*
Peng Shou *(Vice President)*
Cui Xingtai *(Vice President)*

Non-executive Directors

Cui Lijun
Huang Anzhong
Zuo Fenggao

Independent Non-executive Directors

Zhang Renwei
Zhou Daojiong
Chi Haibin
Li Decheng
Lau Ko Yuen, Tom

Audit Committee

Chi Haibin *(Chairman)*
Zhou Daojiong
Cui Lijun

Remuneration Committee

Zhang Renwei *(Chairman)*
Zhou Daojiong
Song Zhiping

Supervisors

Shen Anqin *(Chairman)*
Zhou Guoping
Ma Zhongzhi *(Independent Supervisor)*
Liu Chijin *(Independent Supervisor)*
Cui Shuhong *(Staff Representative Supervisor)*
Liu Zhiping *(Staff Representative Supervisor)*

Secretary of the Board	:	Chang Zhangli
Joint Company Secretaries	:	Chang Zhangli Lo Yee Har Susan (FCS, FCIS)
Authorized Representatives	:	Song Zhiping Chang Zhangli
Alternate Authorized Representative	:	Lo Yee Har Susan (FCS, FCIS) (Lee Mei Yi (ACS, ACIS), alternate to Lo Yee Har Susan)
Qualified Accountant	:	Pei Hongyan (FCCA)
Registered address	:	No. A-11 Sanlihe Road Haidian District, Beijing The PRC
Principal Place of Representative Office in the PRC	:	17th Floor China National Building Material Plaza No. A-11 Sanlihe Road Haidian District, Beijing The PRC
Postal Code	:	100037
Place of Representative Office in Hong Kong	:	Level 28 Three Pacific Place 1 Queen's Road East Hong Kong
Principal Bankers	:	China Construction Bank, Beijing Branch Bank of Communications, Beijing Branch Shanghai Pudong Development Bank, Beijing Branch
PRC Legal Adviser	:	Jingtian & Gongcheng Law Office 15th Floor, Union Plaza 20 Chaoyangmenwai Avenue Beijing The PRC
Hong Kong Legal Adviser	:	Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong
International Auditor	:	UHY Vocation HK CPA Limited 3/F, Malaysia Building 50 Gloucester Road Wanchai Hong Kong

Corporate Information

Domestic Auditor	:	Vocation International Certified Public Accountants Co., Ltd. Room 208, Building B of Huatong Mansion No. 19, Chegongzhuang West Road Yi Haidian District, Beijing The PRC
H Share Registrar in Hong Kong	:	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Stock Code	:	3323
Company Website	:	http://cnbm.wsfg.hk www.cnbmltd.com

Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

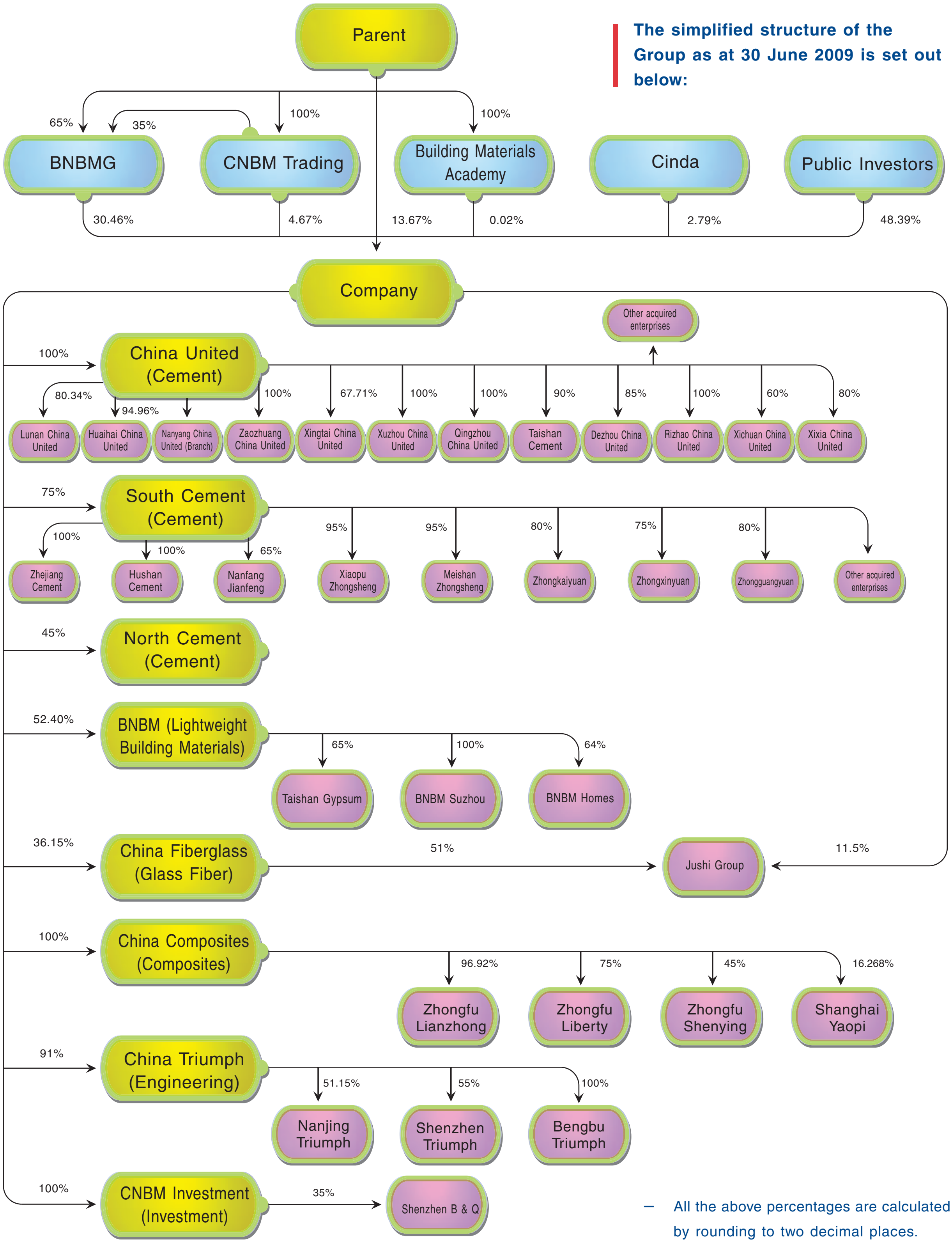
""2330" Cost-saving Plan"	reduction of 2 units of electricity and 3 kilograms of coal per tonne of cement and saving RMB30 per tonne of cement in procurement cost through centralized procurement
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Company Limited)
"BNBMG"	北新建材(集團)有限公司 (Beijing New Building Material (Group) Company Limited)
"BNBM Suzhou"	蘇州北新礦棉板有限公司(BNBM Suzhou Mineral Fiber Ceiling Company Limited)
"Board"	the board of directors of the Company
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Fiberglass"	中國玻纖股份有限公司 (China Fiberglass Company Limited)
"China Triumph"	中國建材國際工程有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Group Corporation Limited)
"Cinda"	中國信達資產管理公司 (China Cinda Asset Management Corporation)
"CNBM Trading"	中建材集團進出口公司 (China National Building Material Import and Export Company)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"CRM"	customer relationship management
"Directors"	the members of the board of directors of the Company
"Domestic Shares"	the ordinary domestic share(s) of nominal value of RMB1.00 each in the registered capital of the Company which are subscribed for in RMB
"Group" and "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"H Shares"	the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$
"Huaihai Economic Zone"	Huaihai Economic Zone is an area of approximately 178,100 square kilometers covering 20 municipalities(地級市)located in southern Shandong, northern Jiangsu, eastern Henan and northern Anhui

Definitions

"IFRS"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"North Region"	the north region of the PRC, including but not limited to Liaoning, Jilin, Heilongjiang and Inner Mongolia
"NSP cement"	cement produced by clinker made through the new suspension preheater dry process
"Parent"	中國建築材料集團公司 (China National Building Material Group Corporation)
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"Reporting Period"	the period from 1 January 2009 to 30 June 2009
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Sanshi Group"	浙江三獅集團有限公司 (Zhejiang Sanshi Group Company Limited)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southeast Economic Zone"	the southeast region of the PRC, which includes but is not limited to Shanghai, Zhejiang, Jiangsu, Jiangxi and Hunan
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisors"	the members of the supervisory committee of the Company
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"Three Five Management Operation Mode"	Five N (operation mode), i.e. integration, modelization, institutionalization, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralization. Five I (five operation indices, key operation indices) , i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio
"Three Lines and One Hub"	the Hu-Hang (Shanghai - Hangzhou) Passenger Dedicated Line, Ning-Hang (Ningbo - Hangzhou) Passenger Dedicated Line, Hang-Yong (Hangzhou - Ningbo) Passenger Dedicated Line and Hangzhou Railways Hub

Simplified Shareholding Structure of the Group

The simplified structure of the Group as at 30 June 2009 is set out below:



– All the above percentages are calculated by rounding to two decimal places.

Financial Highlights

The Group's financial results highlights at 30 June 2009 and 30 June 2008 are as follows:

	For the six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	(RMB in thousands)	
Revenue	**14,081,116**	9,823,909
Gross profit	**2,681,100**	1,795,340
Profit after taxation	**1,099,348**	707,357
Profit attributable to equity holders of the Company	**850,780**	545,554
Distribution made to the equity holders of the Company	**111,655**	72,880
Earnings per share — basic *(RMB)*(1)	**0.352**	0.247

Note:

(1) *The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 2,208,488,000 shares for the six months ended 30 June 2008 and the weighted average number of 2,416,423,711 shares for the six months ended 30 June 2009.*

	30 June 2009	31 December 2008
	(unaudited)	(audited)
	(RMB in thousands)	
Total assets	**65,402,009**	58,904,191
Total liabilities	**50,112,550**	46,770,967
Net assets	**15,289,459**	12,133,224
Minority interests	**3,782,179**	3,302,874
Equity attributable to equity holders of the Company	**11,507,280**	8,830,350
Net assets per share — weighted average *(RMB)*(1)	**4.76**	4.00
Debt to assets ratio(2)	**48.7%**	42.9%
Net debts/equity ratio(3)	**177.3%**	177.4%

Notes:

(1) *The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 2,208,488,000 shares for 2008 and the weighted average number of 2,416,423,711 shares for the six months ended 30 June 2009.*

(2) *Debt to assets ratio = total borrowings/total assets x 100%*

(3) *Net debt/equity ratio = (total borrowings - bank balances and cash)/(minority interests + equity attributable to equity holders of the Company) x 100%*

Business Highlights

The major operating data of each segment of the Group as at 30 June 2009 and 30 June 2008 are set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2009	2008
Production volume-cement *(in thousand tonnes)*	**13,055.4**	10,845.3
Production volume-clinker *(in thousand tonnes)*	**14,327.2**	11,461.2
Sales volume-cement *(in thousand tonnes)*	**12,972.8**	10,819.6
Sales volume-clinker *(in thousand tonnes)*	**6,993.0**	4,886.2
Average selling price-cement *(RMB per tonne)*	**223.4**	210.3
Average selling price-clinker *(RMB per tonne)*	**185.6**	197.1

South Cement

	For the six months ended 30 June	
	2009	2008
Production volume-cement *(in thousand tonnes)*	**18,941.9**	10,430.2
Production volume-clinker *(in thousand tonnes)*	**21,118.0**	12,562.8
Sales volume-cement *(in thousand tonnes)*	**18,830.2**	10,361.5
Sales volume-clinker *(in thousand tonnes)*	**8,491.7**	5,141.7
Average selling price-cement *(RMB per tonne)*	**211.2**	226.3
Average selling price-clinker *(RMB per tonne)*	**183.0**	212.8

Business Highlights

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June 2009	2008
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**36.5**	23.0
Sales volume *(in million m^2)*	**34.8**	29.7
Average selling price *(RMB per m^2)*	**7.17**	6.75
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**161.3**	104.4
Sales volume *(in million m^2)*	**162.0**	107.6
Average selling price *(RMB per m^2)*	**4.98**	4.53
Acoustical ceiling panels – BNBM		
Production volume *(in million m^2)*	**2.5**	3.2
Sales volume *(in million m^2)*	**2.3**	2.8
Average selling price *(RMB per m^2)*	**21.3**	17.5
Acoustical ceiling panels – BNBM Suzhou		
Production volume *(in million m^2)*	**0.9**	2.1
Sales volume *(in million m^2)*	**0.8**	1.4
Average selling price *(RMB per m^2)*	**14.80**	7.69
Lightweight metal frames		
Production volume *(in thousand tonnes)*	**13.5**	16.5
Sales volume *(in thousand tonnes)*	**14.9**	15.0
Average selling price *(RMB per tonne)*	**6,099.0**	6,772.0

GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June 2009	2008
Rotor blades		
Production volume *(in blades)*	**1,806**	1,072
Sales volume *(in blades)*	**1,644**	957
Average selling price *(RMB per blade)*	**428,471**	460,880
FRP Products		
Production volume *(in thousand tonnes)*	**8.7**	9.6
Sales volume *(in thousand tonnes)*	**9.7**	7.4
Average selling price *(RMB per tonne)*	**20,991.0**	16,690.0
Glass Fiber Mats		
Production volume *(in million m^2)*	**36.1**	61.9
Sales volume *(in million m^2)*	**32.7**	63.3
Average selling price *(RMB per m^2)*	**0.91**	0.88

Management Discussion and Analysis

The Group is mainly engaged in cement, lightweight building materials, composite materials and engineering services businesses. Based on the current market positions (in terms of the production capacity as at 30 June 2009), the Group is:

- the largest cement producer in the Huaihai Economic Zone of the PRC;
- the largest cement producer in the Southeast Economic Zone of the PRC;
- the largest gypsum board producer in Asia;
- the largest manufacturer of 1.5 MW-level rotor blade in the PRC;
- the largest glass fiber producer in the world through China Fiberglass, an associate of the Company; and
- an international engineering firm that provides float glass production lines and NSP cement production lines design and/or EPC services in the PRC and designed and/or constructed over 50% of the float glass production lines sold in the PRC.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

The first half of 2009 saw a stable and recovering national economy with more upside potentials, as the policies and measures adopted by the central government for stimulating domestic demand to maintain growth had taken effect. In the first half, China's GDP recorded a year-on-year growth of 7.1%. The country's fixed assets investment grew by 33.5% year on year, 7.2 percentage points higher as compared to the growth in the same period last year. Investments in infrastructure (excluding electricity) increased by 57.4%. Real estate investments increased by 9.9%. The value added in the first half increased by 13.7% as compared to the same period last year, maintaining a stead-fast growth in the building materials industry. (Sources: NBSC and the Operation Bureau of the Ministry of Industry and Information Technology (工業和信息化部運行局))

Year 2009 is the year of management integration to the Group. Leveraging on the development opportunities arising from a series of government policies aiming at "maintaining growth, expanding domestic demand and adjusting structure" in the first half, the Group fostered capital operation and consolidation and restructuring at a steady pace. In compliance with requirements of Three Five Management Operation Mode, the Group further initiated management integration and stepped up the implementation and completion of KPI index. It moved forward to reinforce corporate governance, regulate capital expenditure and paved way for smooth project construction of all segments. Notable progress had been made on capital operation, consolidation and restructuring and management integration. Attributed to better production and operating results, the leading operating indicators of the Group posted better growth as compared to the same period last year.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Cement Segment

Review of the cement industry in the PRC in 2009

In the first half of the year, the total production volume of cement across the nation increased in a stead-fast manner, with monthly production hitting record highs. The domestic cement production from January to June increased by 14.9% as compared to the same period last year to an aggregate of 730 million tonnes, which outpaced the growth of the same period last year by 6.2 percentage points. Demand for cement saw a strong pick-up and accelerating growth as investments in fixed assets surged and the property sector gradually bottomed out. An improved economic efficiency in the industry fetched a profit of RMB10.3 billion, a year-on-year increase of 21%. The ratio of NSP cement clinker increased steadily, being around 70% to date. (Sources: Production Office of the Ministry of Industry and Information Technology, China Building Materials Industry Association and Digital Cement)

Review of the Group's cement business in the first half of 2009

During the first half of the year, cement segment continued to progress with the regional strategy and expanded into new strategic regions steadily. Since the establishment of North Cement, the general strategic layout of cement business, comprising Huaihai Economic Zone, Southeast Economic Zone and North Region, started to take shape. While actively and prudently advancing with consolidation and restructuring, cement segment initiated management integration in deeper level to build core profit regions and realize the balanced development between external expansion and internal growth, thus fostered sustainable competitiveness.

China United

Furthered business alignment for synergies

In the first half of 2009, China United established core profit regions and synergistic profit regions through the integration of marketing resources in regional markets to actively create marketing synergies. In core profit regions, the company improved the management of its marketing networks by setting up regional marketing centers. It took part in a healthy competition mechanism among regional cement enterprises. As for synergistic profit regions, the company sought to promote collaboration and synergy with its peers and also took part in a healthy market competition mechanism. The company believes that these initiatives are beneficial to the interests of and harmony among cement enterprises in the region. In the first half of 2009, a steady growth in the product price of Huaihai Economic Zone was recorded despite the falling trend in the price of raw materials and fuel.

Actively propelled management integration

In the first half of 2009, China United seized the initiative to promote "Five C" management integration based on business synergy. Under China United's efforts, the roles of its headquarters and its subsidiaries were clearly defined. As such, China United was positioned as a profit center and its subsidiaries as cost centers. Meanwhile, China United pressed ahead with the adoption of the mentor designation system (輔導員選派制度) and further optimized corporate management and internal regulation.

China United also actively initiated centralized tendering and bulk purchase. Taking advantage of opportunities arising from an overall slip in the price of raw materials and fuel, it executed long-term contracts which effectively reduced procurement costs. By maximizing its production capability, China United worked towards consumption reduction, whereupon major consumption indices saw decline to various degrees.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Cement Segment *(Continued)*

China United *(Continued)*

Secured steady progress of project construction as scheduled

In the first half of 2009, China United has commenced construction of 11 projects, including the construction of cement grinding stations of Lianyungang China United Cement Company Limited, Fuyang China United Cement Company Limited and Linyi Yidong China United Cement Company Limited, the clinker production line and auxiliary residual heat power generation projects of Huaihai China United Cement Company Limited, Zaozhuang China United Cement Company Limited and Beichuan China United Cement Company Limited, the auxiliary residual heat power generation projects for clinker production lines of Xingtai China United Cement Company Limited, Rizhao China United Cement Company Limited, Linyi China United Cement Company Limited, Wolong China United Cement Company Limited and Xichuan China United Cement Company Limited.

Attained smooth progress in consolidation and restructuring

As at June 2009, China United has an annual cement capacity of approximately 42 million tonnes. Thus far, all enterprises acquired by China United have undergone smooth and stable transitions. There are improvements in the business management, technology indices and profitability in China United. We believe that the company has gradually moved into a stage for sound development.

South Cement

Fostered market expansion and synergy with gradually stronger regional market control

In the first half of 2009, among key national projects which had commenced construction, South Cement and its subsidiaries successfully bided for more than 10 million tonnes of cement. Hunan South Cement Company Limited had entered into contracts as regards three highways within its domain, namely Xiarong (Xiamen – Rongjiang), Hengchang (衡長) (Hengyang – Changsha) and Beijing-Zhuhai Double-track Highway as well as two railways, namely Xianggui Railway (Changsha – Nanning) and Hengchaji Railway (Hengyang – Chaling – Ji'an). The company is actively preparing for the tender of other key projects to be initiated. Jiangxi South Cement Company Limited has successfully won the bids in key projects such as the Xiangpu Railway (Xiangtang – Putian), Hengchaji Railway and Hangnanchang Express Railway (杭南長高鐵) (Hangzhou – Nanning – Changsha). In the recent express railway project referred to as "three railway lines with one hub", the subsidiaries of South Cement in Zhejiang, Shanghai and Jiangsu won a number of bids in their regions.

South Cement had made greater efforts to deepen market infiltration and networking. For instance, marketing centers were fully capitalized to facilitate integrated management in regional markets, which, we believe, stead-fastly expanded market influence in regional markets. Market shares in regions such as Chenzhou of Hunan, Changsha of Hunan, Gannan of Guangxi, Jiaxing of Zhejiang and Jinshan of Shanghai have further expanded. Several sizable core profit regions have gradually taken shape.

Pressed ahead management integration to kick start the trial run of integrated regional management

In the first half of 2009, South Cement had formulated the "CRM" business and integration strategy. In compliance with the requirements of regional integration and Three Five Management Operation Mode, it launched the trial run of integrated management and consolidation in regions including Hunan, Jiaxing and Zhebei. At present, the trial run has been launched in full in the above-mentioned three regions, with centralized marketing as the principle, centralized financing and procurement as the focal points and human resources as well as production techniques as the basis.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Cement Segment *(Continued)*

South Cement *(Continued)*

Emphasized on target management and pushed ahead the cost-saving plan, which lifted corporate business management in a sustainable manner

In the first half of 2009, South Cement introduced KPI management to establish a system of target management benchmarks and target systems, materializing the "2330" Cost-saving Plan. Through target management, it standardized, systemized and further promoted the experience gained from quality control, marketing management, cost management, energy management and general management of different companies. South Cement also facilitated synergies in technology, enhanced production capacity, stabilized quality, reduced its consumptions of raw materials and fuel and saved costs to achieve a higher standard in management and overall efficiency.

Facilitated consolidation and restructuring and project construction prudently and put ongoing efforts in improving the strategic layout

On 26 June 2009, the equity interests of ten cement enterprises under Sanshi Group were transferred to South Cement on Shanghai United Assets and Equity Exchange. Upon the acquisition, South Cement has basically completed its large-scale consolidation and restructuring in Zhejiang region. Its annual production capacity of cement was approximately 95 million tonnes.

While carrying out consolidation and restructuring, construction of the Company's projects are in progress. In the first half of 2009, 2 residual heat power generation projects in Zhejiang region, 1 clinker production line in Hunan region, 1 clinker production line and 1 residual heat power generation project in Anhui region, and 2 residual heat power generation projects in Jiangxi region have successfully commenced production. The new construction projects were under steady progress as scheduled.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Lightweight Building Materials Segment

Review of the Group's lightweight building materials business in the first half of 2009

Strengthened marketing channels and brand building to further consolidate its industry-leading presence

The first phase construction of BNBM's national industrial layout of gypsum board was basically completed and the production capacity of gypsum board had been fully utilised in the first half of 2009. BNBM stepped up development of marketing channels and regarded brand building as a major task. In May 2009, BNBM won the award of "Global Gypsum Company of the Year 2009" at the ninth session of the Global Gypsum Conference held in Brazil. In June 2009, CNBM was ranked the 95th in the 2009 "China's 500 Most Valuable Brands" of the World Brand Lab while ranking 1st among the new building material enterprises.

Stepped up marketing efforts and won tenders for landmark projects

BNBM further strengthened the sales strategy focusing on key landmark projects in large and medium cities nationwide, taking into account of their positive effects and market influence. In the first half of 2009, gypsum board and lightweight metal frame system products won tenders for projects including the Shanghai World Expo Park, the building complex of the Tianjin Jinta, Jinmen（天津津塔、津門）series, the Guangzhou West Tower, second phase of the ICBC's head office project, construction works for the Wanda Plaza series and the JW Marriott Hotels series.

Maintained project construction stage by stage

During the first half of 2009, construction and operation of the Ninghai, Taicang, Zhaoqing, Guangan, Tieling and Wuhan projects were progressing, and the gypsum board projects of Taishan Gypsum were under construction. Save as the gypsum board construction project, two external wall board projects have commenced operation and development as scheduled.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Glass Fiber and Composite Materials Segment

Review of the Group's glass fiber and composite materials segment in the first half of 2009

Composite materials business

During the first half of 2009, the construction of the production bases of rotor blade for wind power generating units under the national layout of China Composites were in progress. The rotor blades project of Lianyungang phase II has completed while the rotor blade projects of Lianyungang phase III, Shenyang, Jiuquan and Baotou were operating as planned. The production and sales volume increased. In the first half of the year, China Composites has produced and sold 1,806 units and 1,644 units of rotor blades, respectively, ranking No. 1 in the national sales of 1.5 MW-level rotor blade in the PRC. It has again successfully entered into a bulk contract for rotor blade export. The production and sales volume steadily increased under the smooth progress of carbon fiber project of Zhongfu Shenying Carbon Fiber Company Limited.

Glass fiber business

In the first half of the year, under the lingering fallout of global financial crisis, the glass fiber market was confronted with tremendous pressure. With imbalanced short-term demand and supply, piled-up inventories and lower glass fiber product price, the overall profitability of the industry was on a slide. (Source : China Building Materials Federation)

As to actively address the impact of financial crisis, China Fiberglass modified its formula through technology innovation, thus significantly reduced its production cost. In order to tap markets, it adopted a series of measures, including creative management of marketing, a new sales mode and a plan to diversify and maintain the clientele. The company recorded a month-on-month increase in sales volume.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

Engineering Services Segment

Review of the Group's engineering services business in the first half of 2009

Sought ways to minimise the impact of the financial crisis while production and operation maintained stable growth

In the first half of the year, despite the difficult domestic and overseas economic environment, taking advantage of the opportunity arising from the increase in domestic demand, the business of cement engineering service of China Triumph has improved while it is one of the leaders of the high-end glass technology market. China Triumph proactively exploited the market of civil building design and realized stable development.

Implemented a sound strategy of "Go international", exploring the global market

Regardless of the influence from the global financial turmoil which was not yet mitigated completely, China Triumph was committed to assuring quality, timely completion and safety and putting its overseas engineering business on a solid footing. By putting foreign on-going projects into full play as a showcase of the brand, we believe that the company increased the power of influence and competitiveness of the brand. The company also showcased its advanced technology, findings from scientific research and integrated strengths through participations in international exhibitions and international conventions, facilitating greater international exchange and closer corporations to further consolidate the foundation for the international business development.

OUTLOOK FOR THE SECOND HALF OF 2009

In the second half of 2009, the Group aims to stick to its set strategy by continuing to optimize its index management which is quantified by key performance indicator (KPI). While committed to fostering and intensifying the management integration which centers at the principle of "Three Five Management Operation Mode", the Group aims to create core profit regions to increase sustainable competitive edges. The Group also targets that scientific innovation and the management of capital expenditure will be further strengthened. The Group will actively exploit markets and continue to seek "substantial clients, lucrative projects and profitable orders". On this basis, the Group will endeavor to meet all project targets in 2009.

Cement Segment

According to the industry layout and development strategy of the Group, it will continue to make efforts in the consolidation and restructuring of Huaihai Economic Zone and Southeast Economic Zone to increase its market presence and create market synergies. The Group targets to steadily step up consolidation and restructuring of the North Region in an attempt to seek new approaches for more fruitful results. Meanwhile, taking into account an effective layout, the Group targets to deploy a healthy combination of newly-built plants and those consolidated and restructured to speed up the construction of cement grinding stations and the layout of clinker production lines while the integrated pilot management and the management integration of the cement business segment are planned to be put into full play.

China United

China United aims to continue pressing ahead with management integration in an active, reliable and strong approach to enhance market integration and market infiltration. Taking advantage of the overall economies of scales, China United aims to further improve its price control ability of cement and clinker. Among the cement enterprises in the target region, consolidation and restructuring are targeted to be launched to further expand production scales, sharpen competitive edges, consolidate and establish better market position in the target market in the region. In respect of project constructions, China United will work towards reducing its production costs and increasing profitability through expansion of its production scales, optimization of strategic development layout and reduction in energy consumption.

OUTLOOK FOR THE SECOND HALF OF 2009 *(CONTINUED)*

Cement Segment *(Continued)*

South Cement

South Cement is committed to the building-up of synergistic and core profit regions so as to capitalize synergies control in the established markets and increase profitability of core profit regions. In the view of management integration, South Cement aims to focus on the major pilot regions with a view to attaining “Five C” in the regions. As for the projects of South Cement, it aims to further realize the cement supply of key tendered projects and proactively organize the newly tendered projects. Besides, the layout and project construction are planned to be speeded up whilst the strategic layouts are planned to be improved to strengthen its regional market control.

Lightweight Building Materials Segment

The Group aims to spare no effort in shaping up marketing to improve marketing capabilities. Besides, the Group targets to exploit the new property business and new rural residential property market and foster cost control and cost cut in operations. The Group further expands the business scale by undergoing expansion in project construction and technical improvement.

Glass Fiber and Composite Materials Segment

Composite materials business

The project construction of rotor blades of wind power generating units is targeted to be further expanded whilst strict control over expenditure is targeted to be applied to reduce cost and increase efficiency. In connection with carbon fiber, the Group aims to stabilize product quality as soon as possible by continuing to excel in the performance of equipment and technical performance of the production line which has a capacity of 1,000 tonnes.

Glass fiber business

The Group plans to continue to propell technical innovations, enhance management improvement and improve performances of increment, cost-saving and consumption reduction. It also aims to adjust the new formula and further reduce production cost to optimize product properties. Besides active adjustment in product mix, the Group aims to increase the proportion of mid and high end products. To secure greater market share, the Group aims to further establish and enhance the global sales and marketing network in addition to exploring new markets.

Engineering Services Segment

The Group targets to increase its market presence by taking advantage of new technologies and advance product quality which speaks for the brand. At the same time, it aims to further improve the mechanism of risk control and raise awareness of risk exposures. The Group plans to accelerate the commercialization of research findings and increase the added value of products.

FINANCIAL REVIEW

The unaudited revenue of the Group increased from RMB9,823.9 million for the six months ended 30 June 2008 to RMB14,081.1 million for the six months ended 30 June 2009, increased by 43.3%. Unaudited profit attributable to equity holders increased from RMB545.6 million for the six months ended 30 June 2008 to RMB850.8 million for the six months ended 30 June 2009, increased by 55.9%.

Revenue

Revenue for the six months ended 30 June 2009 amounted to RMB14,081.1 million, representing an increase of 43.3% from RMB9,823.9 million for the six months ended 30 June 2008. The main reasons for such increase were an increase of RMB3,283.4 million in revenue from the cement segment, an increase of RMB331.8 million in revenue from the lightweight building materials segment, an increase of RMB268.1 million in revenue from the Group's glass fiber and FRP products segment and an increase of RMB82.5 million in revenue from the Group's engineering services segment.

Cost of sales

The cost of sales for the six months ended 30 June 2009 amounted to RMB11,400.0 million, representing an increase of 42.0% from RMB8,028.6 million for the six months ended 30 June 2008, primarily due to an increase in cost of sales of RMB2,775.4 million from the cement segment, an increase in cost of sales of RMB160.0 million from the Group's glass fiber and FRP products segment, an increase in cost of sales of RMB126.9 million from lightweight building materials segment and an increase in cost of sales of RMB23.4 million from the Group's engineering services segment.

Other income

Other income of the Group increased from RMB425.7 million for the six months ended 30 June 2008 to RMB733.1 million for the six months ended 30 June 2009, increased by 72.2%, mainly attributable to an increase of 813.3% in fair value of held-for-trading investments, which increased from RMB16.5 million for the six months ended 30 June 2008 to RMB151.0 million for the six months ended 30 June 2009, an increase of 329.0% in discount in acquisition of equity interests of subsidiaries, which increased from RMB36.8 million for the six months ended 30 June 2008 to RMB157.7 million for the six months ended 30 June 2009, and an increase of 26.2% in the VAT refund, which increased from RMB165.9 million for the six months ended 30 June 2008 to RMB209.4 million for the six months ended 30 June 2009.

Selling and distribution costs

Selling and distribution costs increased by 33.5% from RMB411.3 million for the six months ended 30 June 2008 to RMB549.1 million for the six months ended 30 June 2009. The major reasons for such increase were an increase of RMB61.6 million in packaging fees, an increase of RMB25.5 million in transportation costs as a result of the Group's rising sales volume of major products, coupled with an increase of RMB14.9 million in remuneration for sales staff resulting from a surge of the operating results of the Group.

FINANCIAL REVIEW *(CONTINUED)*

Administrative and other expenses

Administrative and other expenses increased by 51.6% from RMB542.9 million for the six months ended 30 June 2008 to RMB822.9 million for the six months ended 30 June 2009. The major reasons for such increase were the increase of RMB76.4 million in the salary of the Group as a result of merger and restructure of subsidiaries, an increase of RMB44.7 million in repairing cost, an increase of RMB30.1 million in administrative expenses such as travelling expenses, an increase of RMB18.7 million in research and development expenses, an increase of RMB17.4 million in depreciation and an increase of RMB11.5 million in water and electricity fees.

Finance costs

Finance costs increased by 28.2% from RMB570.2 million for the six months ended 30 June 2008 to RMB730.7 million for the six months ended 30 June 2009. The reason for such increase was the Group's need for more borrowings to support the increase in the business volume in each of its four business segments.

Share of profit of associates

The Group's share of profit of associates decreased by 92.1% from RMB174.7 million for the six months ended 30 June 2008 to RMB13.9 million for the six months ended 30 June 2009, primarily due to the decrease in the profits of associates China Fiberglass and Jushi Group attributable to the Group. The decrease in net profits of China Fiberglass and Jushi Group was mainly attributable to the decrease in sales volume and lower price of the main product, glass fiber yarn.

Income tax expense

Income tax expense increased by 37.8% from RMB163.9 million for the six months ended 30 June 2008 to RMB225.9 million for the six months ended 30 June 2009, primarily due to the increase in profit before taxation.

Minority interests

Minority interests increased by 53.6% to RMB248.6 million for the six months ended 30 June 2009 from RMB161.8 million for the six months ended 30 June 2008, primarily due to the increase in operating profit in each of the Group's business segments.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company increased by 55.9% from RMB545.6 million for the six months ended 30 June 2008 to RMB850.8 million for the six months ended 30 June 2009. Net profit margin increased from 5.6% for the six months ended 30 June 2008 to 6.0% for the six months ended 30 June 2009.

FINANCIAL REVIEW *(CONTINUED)*

China United

Acquisition and addition of new production lines

A million-tonne grinding station of Xixia China United Company Limited（西峽中聯水泥有限公司）, a subsidiary of China United, commenced production on 1 February 2008. Therefore, only the operating results for the five months from 1 February to 30 June 2008 was included for the six months ended 30 June 2008.

China United acquired Qufu China United Company Limited（曲阜中聯水泥有限公司）, Linyi China United Company Limited（臨沂中聯水泥有限公司）and Rizhao Port China United Company Limited（日照中聯港口水泥有限公司）on 1 April 2008. Therefore, only the operating results of the three companies for the three months from 1 April 2008 to 30 June 2008 were included for the six months ended 30 June 2008.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the aforesaid four companies generated during the two periods.

	For the six months ended 30 June	
	RMB in millions	
	2009	2008
Revenue	**547.5**	381.1
Cost of sales	**433.0**	304.8
Gross profit	**114.5**	76.3
Operating profit	**83.0**	50.9

In addition, China United acquired Xichuan China United Cement Company Limited（淅川中聯水泥有限公司）, Wolong China United Cement Company Limited（臥龍中聯水泥有限公司）and Jiaxian China United Cement Company Limited（郟縣中聯水泥有限公司）in the second half of 2008. Operating results of the aforesaid three companies were included in the operating results of the Group for the six months ended 30 June 2009, but excluded in the operating results of the Group for the six months ended 30 June 2008. The following table sets out the revenue, cost of sales, gross profit and operating results of the above three companies for the six months ended 30 June 2009 and their respective contribution the cement segment of the Group:

	RMB in millions	*Total percentage in China United*
Revenue	605.0	14.2
Cost of sales	485.6	14.4
Gross profit	119.4	13.4
Operating profit	90.9	13.4

Save for the reasons stated below, changes in the operating results of China United for the six months ended 30 June 2009 as compared with the six months ended 30 June 2008 were also due to the inclusion of results of the abovementioned new subsidiaries and newly operational subsidiaries.

FINANCIAL REVIEW *(CONTINUED)*

China United *(Continued)*

Revenue

Revenue for China United increased by 30.4% to RMB4,266.9 million for the six months ended 30 June 2009 from RMB3,272.1 million for the six months ended 30 June 2008, mainly attributable to an increase in sales volume and a slight increase in the average selling price of cement.

Cost of sales

Cost of sales for China United increased by 29.2% to RMB3,372.8 million for the six months ended 30 June 2009 from RMB2,609.9 million for the six months ended 30 June 2008, mainly attributable to the increase in cost of sales resulting from increased sales volume of products, but partially offset by lower coal price.

Gross profit and gross profit margin

Gross profit for China United increased by 35.0% to RMB894.0 million for the six months ended 30 June 2009 from RMB662.2 million for the six months ended 30 June 2008. Gross profit margin of China United increased from 20.2% for the six months ended 30 June 2008 to 21.0% for the six months ended 30 June 2009, mainly due to higher cement price and lower coal price.

Operating profit

Operating profit for China United increased by 32.0% to RMB677.5 million for the six months ended 30 June 2009 from RMB513.4 million for the six months ended 30 June 2008. Operating profit margin for the segment increased to 15.9% for the six months ended 30 June 2009 from 15.7% for the six months ended 30 June 2008, primarily due to the increase in gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

South Cement

Acquisition and addition of new production lines

South Cement acquired many cement companies after 30 June 2008. As at 30 June 2009, additional 26 subsidiaries were consolidated into South Cement as compared to 30 June 2008. Operating results of the aforesaid 26 companies have been included in the operating results of South Cement for the six months ended 30 June 2009, but excluded in the operating results of South Cement for six months ended 30 June 2008. The following table sets out the revenue, cost of sales, gross profit and operating results of the aforesaid 26 companies for the six months ended 30 June 2009 and their respective contribution to South Cement.

	RMB in millions	*Total percentage in South Cement*
Revenue	**2,128.8**	37.3
Cost of sales	**1,774.7**	35.5
Gross profit	**354.1**	50.5
Operating profit	**413.4**	75.6

In addition, a 5,000t/d clinker production line of Anhui Zhongguangyuan Cement Company Limited（安徽中廣源水泥有限公司）, a subsidiary of South Cement, commenced production in March 2009. Accordingly, the operating results of Zhongguangyuan have been included in the operating results of South Cement for the six months ended 30 June 2009, but excluded in the operating results of South Cement for the six months ended 30 June 2008. The following table sets out the revenue, cost of sales, gross profit and operating profit of Zhongguangyuan for the six months ended 30 June 2009.

	Zhongguangyuan For the six months ended 30 June 2009 ***RMB in millions***
Revenue	120.3
Cost of sales	96.5
Gross profit	23.8
Operating profit	8.5

Save for the reasons stated below, changes in the operating results of South Cement for the six months ended 30 June 2009 as compared with the six months ended 30 June 2008 were also due to the inclusion of results of the abovementioned new subsidiaries and newly operational subsidiaries.

FINANCIAL REVIEW *(CONTINUED)*

South Cement *(Continued)*

Revenue

Revenue of South Cement increased by 66.9% to RMB5,707.4 million for the six months ended 30 June 2009 from RMB3,418.7 million for the six months ended 30 June 2008, mainly attributable to an increase in sales volume of products.

Cost of sales

Cost of sales of South Cement increased by 67.2% to RMB5,005.6 million for the six months ended 30 June 2009 from RMB2,993.1 million for the six months ended 30 June 2008, mainly attributable to the increased cost of sales arising from the increased sales volume of products, but partially offset by lower coal price.

Gross profit and gross profit margin

Gross profit of South Cement increased by 64.9% to RMB701.8 million for the six months ended 30 June 2009 from RMB425.6 million for the six months ended 30 June 2008. Gross profit margin of South Cement decreased from 12.4% for the six months ended 30 June 2008 to 12.3% for the six months ended 30 June 2009, mainly attributable to slightly decrease in selling prices, but partially offset by lower coal price.

Operating profit

Operating profit of South Cement increased by 44.3% to RMB546.7 million for the six months ended 30 June 2009 from RMB378.9 million for the six months ended 30 June 2008. Operating profit margin for the segment decreased to 9.6% for the six months ended 30 June 2009 from 11.1% for the six months ended 30 June 2008, primarily due to the declined gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Lightweight Building Materials Segment

Revenue

Revenue for our lightweight building materials segment increased by 32.5% to RMB1,353.9 million for the six months ended 30 June 2009 from RMB1,022.1 million for the six months ended 30 June 2008. It is mainly attributable to the increases in sales volumes and the average selling price of main product, gypsum boards.

The table below sets out the revenue for the three major products of the Group's dry wall and ceiling systems respectively for the six months ended 30 June 2008 and 2009:

	For the six months ended 30 June		
	2009	2008	Change in period
	(RMB in millions)		*(%)*
Gypsum boards	**1,056.4**	687.8	53.6
Acoustical ceiling panels	**60.8**	60.5	0.4
Lightweight metal frames	**90.9**	101.3	(10.3)
Total	**1,208.1**	849.6	42.2

Cost of sales

Cost of sales for our lightweight building materials segment increased by 15.1% to RMB966.2 million for the six months ended 30 June 2009 from RMB839.4 million for the six months ended 30 June 2008. It was mainly attributable to the increases in sales volumes of main products, gypsum boards.

The table below sets out the cost of sales for the three major products of the Group's dry wall and ceiling systems respectively for the six months ended 30 June 2008 and 2009:

	For the six months ended 30 June		
	2009	2008	Change in period
	(RMB in millions)		*(%)*
Gypsum boards	**710.3**	529.3	34.2
Acoustical ceiling panels	**53.5**	55.3	(3.4)
Lightweight metal frames	**72.0**	82.2	(12.4)
Total	**835.8**	666.8	25.3

FINANCIAL REVIEW *(CONTINUED)*

Lightweight Building Materials Segment *(Continued)*

Gross profit and gross profit margin

Gross profit for our lightweight building materials segment increased by 112.2% to RMB387.7 million for the six months ended 30 June 2009 from RMB182.7 million for the six months ended 30 June 2008.

The table below sets out the gross profit for the three major products of the Group's dry wall and ceiling systems respectively for the six months ended 30 June 2008 and 2009:

	For the six months ended 30 June		
	2009	2008	Change in period
	(RMB in millions)		*(%)*
Gypsum boards	**346.1**	158.5	118.3
Acoustical ceiling panels	**7.3**	5.2	41.2
Lightweight metal frames	**18.9**	19.1	(0.8)
Total	**372.3**	182.8	103.7

Gross profit margin for our lightweight building materials segment increased to 28.6% for the six months ended 30 June 2009 from 17.9% for the six months ended 30 June 2008, principally due to higher selling price of gypsum boards.

Operating profit

Operating profit for our lightweight building materials segment increased by 161.7% to RMB210.3 million for the six months ended 30 June 2009 from RMB80.4 million for the six months ended 30 June 2008. Operating profit margin for the segment increased to 15.5% for the six months ended 30 June 2009 from 7.9% for the six months ended 30 June 2008, primarily due to the higher gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Glass Fiber and Composite Materials Segment

Revenue

Revenue for our glass fiber and composite materials segment increased by 39.6% to RMB944.8 million for the six months ended 30 June 2009 from RMB676.7 million for the six months ended 30 June 2008. This was primarily due to an increase of RMB312.4 million in revenue from FRP pipes and tanks business and rotor blade, which was partially offset by a decrease of RMB34.4 million in revenue from shipping business and a decrease of RMB26.1 million in revenue from glass fiber mats business. The decreases in revenue from shipping and glass fiber mats business were mainly attributable to lower revenue from overseas market as affected by the financial crisis.

Cost of sales

The cost of sales for our glass fiber and composite materials segment increased by 34.2% to RMB628.0 million for the six months ended 30 June 2009 from RMB468.0 million for the six months ended 30 June 2008. This was primarily due to an increase of RMB193.3 million in cost of sales from FRP pipes and tanks business and rotor blade, which was partially offset by a decrease of RMB29.9 million in cost from shipping business and a decrease of RMB18.8 million in cost from glass fiber mats.

Gross profit and gross profit margin

Gross profit for our glass fiber and composite materials segment increased by 51.8% to RMB316.8 million for the six months ended 30 June 2009 from RMB208.7 million for the six months ended 30 June 2008. Gross profit margin for our glass fiber and composite materials segment increased to 33.5% for the six months ended 30 June 2009 from 30.8% for the six months ended 30 June 2008. This is mainly attributable to an increase in gross profit margin for rotor blades.

Operating profit

Operating profit for our glass fiber and composite materials segment increased by 71.9% to RMB231.2 million for the six months ended 30 June 2009 from RMB134.5 million for the six months ended 30 June 2008. The operating profit margin for the segment increased to 24.5% for the six months ended 30 June 2009 from 19.9% for the six months ended 30 June 2008, primarily due to an increase in gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Engineering Services Segment

Revenue

Revenue for our engineering services segment increased by 7.1% to RMB1,239.3 million for the six months ended 30 June 2009 from RMB1,156.9 million for the six months ended 30 June 2008, primarily due to the increase in completed construction services in the period.

Cost of sales

Cost of sales for our engineering services segment increased by 2.6% to RMB908.6 million for the six months ended 30 June 2009 from RMB885.2 million for the six months ended 30 June 2008, primarily due to the increase in completed construction services in the period.

Gross profit and gross profit margin

Gross profit for our engineering services segment increased by 21.8% to RMB330.7 million for the six months ended 30 June 2009 from RMB271.6 million for the six months ended 30 June 2008, primarily due to the increase in completed construction services in the period. Gross profit margin for our engineering services segment increased to 26.7% for the six months ended 30 June 2009 from 23.5% for the six months ended 30 June 2008, mainly attributable to the increase in the gross profit margin from services including the design and the sales of equipment in the product mix of the Group as well as the increased proportion of these two services in revenue.

Operating profit

Operating profit for our engineering services segment increased by 24.1% to RMB235.4 million for the six months ended 30 June 2009 from RMB189.7 million for the six months ended 30 June 2008, and operating margin for the segment increased to 19.0% for the six months ended 30 June 2009 from 16.4% for the six months ended 30 June 2008, primarily due to its increased gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and Financial Resources

As at 30 June 2009, the Group had aggregate unused banking facilities of approximately RMB26,981.9 million.

The table below sets out our borrowings as at the dates indicated:

	30 June 2009	31 December 2008
		(RMB million)
Bank loans	**28,467.7**	21,767.0
Other unsecured borrowings from non-financial institutions	**3,400.0**	3,480.8
Total	**31,867.7**	25,247.8

The table below sets out the maturities of the Group's borrowings as at the dates indicated:

	30 June 2009	31 December 2008
		(RMB million)
Borrowings are repayable as follows:		
within one year or on demand	**21,489.9**	17,472.8
between one and two years	**3,449.9**	3,669.9
between two and three years	**3,583.0**	1,651.4
between three and five years (inclusive of both years)	**1,736.3**	1,229.7
over five years	**1,608.6**	1,224.0
Total	**31,867.7**	25,247.8

On 28 July 2008, the Company issued domestic corporate bonds with an aggregate principal amount of RMB2.4 billion with the maturity of 1 year and a coupon rate of 5.20% per annum.

As at 30 June 2009, bank loans in the amount of RMB2,933.7 million were secured by assets of the Group with a total carrying value of RMB6,927.4 million.

The interest rates of the borrowings are ranging from 3.86% to 6.36% per annum during the period (2008: 3.82% to 8.40%).

As at 31 December 2008 and 30 June 2009, we had a debt-to-asset ratio, calculated by dividing our consolidated borrowings by our total consolidated assets, of 42.9% and 48.7%, respectively. The increase in this ratio was mainly due to increasing bank credit of the Group during the period to meet the need for growing working capital and to finance the expansion of business (including capital investment and acquisition). The Group has taken measures to decrease its financial leverage and liability level while concentrating on availability of operating funds, adopting a prudent policy in its capital investment and implementing unified control on capital expenses.

Exchange Risks

Almost all of the Group's businesses were operated in RMB. The Group is not exposed to any significant exchange risks.

FINANCIAL REVIEW *(CONTINUED)*

Contingent Liabilities

Certain contingent liabilities were incurred resulting from the Group's provision of guarantee to banks in respect of bank credits used by an independent third party. The highest un-discounted values of the underlying payment resulting from such guarantee are set out as follows:

	30 June 2009	31 December 2008
		(RMB million)
Used by connected parties before acquisition for subsidiaries guarantee to banks, in respect of bank credits	**27.0**	69.0
Guarantee to banks, in respect of bank credits used by an independent third party	**229.5**	259.3
Total	**256.5**	328.3

Capital Commitments

The following table sets out our capital commitments as at the dates indicated:

	30 June 2009	31 December 2008
		(RMB million)
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted for but no provisions have been made)	**489.9**	212.9
Capital expenditure of the Company in respect of acquisition of land use right (contracted for but no provisions have been made)	**—**	6.5
Capital expenditure of the Company in respect of equity acquisition (contracted for but no provisions have been made)	**600.0**	1,074.6

FINANCIAL REVIEW *(CONTINUED)*

Capital Expenditures

The following table sets out our capital expenditures for the six months ended 30 June 2009 by segment:

	For the six months ended 30 June 2009 (RMB in millions)	% of total
Cement	**2,233.9**	82.3
Among which: China United	**1,024.9**	37.7
South Cement	**1,209.0**	44.6
Lightweight building materials	**258.8**	9.5
Glass fiber and composite materials	**169.4**	6.2
Engineering services	**6.7**	0.2
Other	**46.4**	1.8
Total	**2,715.2**	100

Bank Balances and Cash

Our bank balances and cash were RMB3,726.3 million as at 31 December 2008 and RMB4,761.4 million as at 30 June 2009.

Cash Flow from Operating Activities

For the six months ended 30 June 2009, our net cash inflow generated from operating activities was RMB1,277.4 million. Such net cash inflow was primarily due to RMB2,471.3 million of cash flow from operating activities before the change in working capital, but partially offset by a decrease of RMB391.8 million in payables to related parties, an increase of RMB236.8 million in amounts due from related parties, an increase of RMB183.6 million in trade receivables and other receivables and an increase of RMB178.3 million in inventories.

Cash Flow from Investing Activities

For the six months ended 30 June 2009, our net cash outflow from investing activities was RMB7,220.5 million, which was primarily due to expenditure of RMB2,763.5 million for acquisition of subsidiaries, RMB2,389.5 million in total for purchase of property, plant and equipment mainly used for the cement and lightweight building materials segments and an increase of RMB722.1 million in pledged bank deposits, RMB707.3 million in deposits paid, RMB513.3 million of amounts due to related parties, which was offset by RMB809.9 million of proceeds from repayment of loans receivables.

Cash Flow from Financing Activities

For the six months ended 30 June 2009, we had a net cash inflow from financing activities amounting to RMB6,978.0 million, primarily attributable to RMB16,434.2 million of new borrowings, RMB1,837.4 million from the issue of shares, partially offset by RMB10,034.3 million for repayment of borrowings.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2009.

MATERIAL TRANSACTIONS

1. Placing of New H Shares

On 5 February 2009, the Company entered into a placing agreement with Morgan Stanley & Co. International plc and China International Capital Corporation Hong Kong Securities Limited, in relation to the placing of an aggregate of 298,555,032 H shares of RMB1.00 per share in the share capital of the Company at a gross price of HK$7.85 per Placing Share and a net price of HK$7.69 per Placing Share. The Placing Shares represented approximately 33.1% of the existing issued H share capital of the Company and approximately 24.9% of the issued H share capital of the Company as enlarged by the issue of the New Shares. The net proceeds of the Placing of the New Shares were approximately HK$2,093,898,229 after deducting the commission and expenses of the Placing.

Details of the Placing of the New H Shares were disclosed in the announcements dated 30 January 2008, 27 March 2008 and 5 February 2009, the circular dated 11 February 2008 and the 2008 Interim Report published by the Company. As at the date of this report, the Placing of New H Shares has been completed.

2. Establishment of North Cement

On 6 March 2009, the Company, Liaoyuan Jingang Cement Company Limited and Hony Capital Management (Tianjin) (Limited Partnership) entered into the Capital Contribution Agreement with a view to establishing North Cement which will become the flagship company of the Group for developing the Group's cement business in the North Region. North Cement will have a registered capital of RMB1 billion and upon completion of the capital contribution, it will be held as to 45% by the Company, as to 45% by Liaoyuan Jingang Cement Company Limited and as to 10% by Hony Capital Management (Tianjin) (Limited Partnership).

Details of the establishment of North Cement were disclosed in the announcement of the Company dated 6 March 2009.

3. Acquisition of cement companies' equity interests held by Sanshi Group

On 26 June 2009, South Cement further acquired 45% equity interests in Sanshi Hede, 38% equity interests in Shaoxing Sanshi, 40% equity interests in Jiande Sanshi, 49% equity interests in Tonglu Sanshi and 46% equity interests in Sanshi Jiaxing held by Sanshi Group and to acquire 38% equity interests in Sanshi Changxing, 67.46% equity interests in Sanshi Cement, 6.75% equity interests in Sanshi Wutong, 51% equity interests in Sanshi Xiaopu and 44.8% equity interests in Fuyang Sanshi with a total consideration of RMB750,000,000 on the Shanghai United Assets and Equity Exchange.

Details of the acquisition were disclosed in the announcement of the Company dated 26 June 2009 and the circular of the Company dated 9 July 2009.

CONNECTED TRANSACTIONS

1. Continuing Connected Transactions

Particulars of related party transactions are set out in Note 23 to the interim financial statements. For details of connected transactions and relevant exemptions, please see the prospectus of the Company dated 13 March 2006 and the Company's 2005 Annual Report, 2006 Annual Report, 2007 Annual Report and 2008 Annual Report.

The Group's transactions with the Parent Group cover mineral supply, mutual provision of production supplies and support services, supply of equipment and provision of engineering services.

The Group also provides products and support services and engineering services to BNBM Homes, and materials, equipments and support services to Shuichan Group.

The Group also purchases property sales and design services from BNBM Homes Company Limited, provision services of raw materials, water and electricity for the production of glass fiber products from Changzhou Tianma Group Company Limited, and electricity, water, materials, equipments and support services from Shuichan Group.

For the six months ended 30 June 2009, the Group's income from its supply of products and services to Parent Group amounted to approximately RMB19.2 million, representing approximately 0.1% of the total revenue of the Group for the same period. The Group's expenses incurred from its receipt of products and services from Parent Group amounted to RMB77.1 million, representing approximately 0.7% of its total cost of sales for the same period.

For the six months ended 30 June 2009, the Group's income from its supply of products and services to other related parties amounted to approximately RMB0.1 million. The Group's expenses incurred from its receipt of products and services from other related parties amounted to approximately RMB8.5 million, representing approximately 0.1% of its total cost of sales for the same period.

2. Non-exempt Connected Transactions

Acquisition of cement companies' equity interests held by Sanshi Group

For details, please refer to the section under "Material Transactions - Acquisition of cement companies' equity interests held by Sanshi Group" on page 33 of this report.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2009, the Board was not aware of any information which would indicate that the Company did not comply with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

AUDIT COMMITTEE

The Company has established the audit committee ("Audit Committee"). The Audit Committee of the Company comprises 3 non-executive directors, including 2 independent non-executive directors, with appropriate professional qualification or accounting or related financial management experience. The terms of reference adopted by the Audit Committee complied with the requirements of the Code. The principal duties of the Audit Committee include reviewing the Company's financial reporting procedures, internal control and risk management. The Audit Committee has reviewed the 2009 interim report of the Company.

INTERNAL CONTROL

In order to comply with the relevant regulatory requirements of the Stock Exchange, strengthen its internal control management and ensure healthy and effective internal control, the Company has formulated a series of internal management systems covering financial management, investment management, audit management, etc..

In accordance with Code C.2.1, Directors also reviewed the effectiveness of the internal control system of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

MODEL CODE

The Company has adopted a set of code of practice on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry with all Directors, the Company confirms that each of the Directors has complied with the required standards regarding securities transactions set out in the Model Code and Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Appointment of new Director

In the 2009 first extraordinary general meeting convened by the Company on 24 August 2009, Mr. Cui Xingtai was elected as an executive director of the second session of the Board of the Company. For more information, please refer to the announcement of the Company dated 24 August 2009.

Change during a Director or Supervisor's term of office

As at the date of this report, Mr. Cao Jianglin, the executive Director of the Company, no longer served as the chairman of BNBM as of 17 August 2009.

Directors and Supervisors of the Company confirmed the accuracy, and accepted responsibility of, the above information.

SHARE CAPITAL STRUCTURE

	As at 30 June 2009	
	Number of shares	**Percentage of issued share capital**
Domestic shares	1,280,577,054	51.61%
H shares	1,200,638,219	48.39%
	2,481,215,273	100%

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Save for the placing as set out in the section under "Material Transactions - Placing of New H Shares" on page 33 of this report, for the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning ascribed under the Listing Rules).

MATERIAL LITIGATION AND ARBITRATION

The Group was not involved in any material litigation and arbitration during the six months ended 30 June 2009.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2009, the Group had approximately 47,583 employees.

The remuneration package of the Company's employees includes salary, allowances and related welfare. In accordance with relevant national and local labor and social welfare laws and regulations, each fellow companies of the Company is required to pay on behalf of employees a monthly social insurance premium covering pension insurance, industrial accident insurance, medical insurance, unemployment insurance and housing reserve fund. The Company's remuneration policy for its staff in principal is performance based depending on duties and responsibilities while bonus is linked to the overall economic efficiency of the Company.

SHARE APPRECIATION RIGHTS PLAN

In order to provide additional incentives to the Group's senior management and to enhance the alignment between the performance of the Group's senior management and shareholder value, on 28 February 2006, the Company adopted a long-term incentive plan of share appreciation rights (the "Plan") for the Group's senior management officers, senior experts and specialist who make important contributions to the Group.

Under the Plan, a share appreciation rights ("SA Rights") represents the right to receive a cash payment equal to the appreciation, if any, in the fair market value of an H Share from the date of the grant of the right to the date of exercise.

SA Rights will be granted in units with each unit representing one H Share. All SA Rights will have an exercise period of six years from the date of grant. An individual may not exercise his or her SA Rights during the first two years after the date of grant. After two and three years of the date of grant, the total number of SA Rights exercised by an individual may not in aggregate exceed one-third and two-thirds, respectively, of the total SA Rights granted to the individual. After four years of the date of granted, the SA Rights will be fully vested.

On 18 September 2006, the Company granted 5,880,000 units of SA Rights at exercise price of HK$3.5 each unit to the senior management of the Company as follows:

	Units of SA Rights granted
Directors and a supervisor of the Company	2,680,000
Other senior management	3,200,000
	5,880,000

As the SA Rights vest at different amounts until the grantee have completed a specified period of service and none of SA Rights were granted during the reporting period, the Company recognised the services received and a liability of RMB1,438,680 (2008: RMB3,940,000) during the reporting period, being the estimated compensation paid for service rendered by the grantee during the year.

According to Guo Zi Fa Fen Pei [2006] No.8, "Trial Method for Share Incentive Scheme of State-controlled Listing Company", the compensation should not exceed 40% of personal total salary and bonus.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS AND SUPERVISORS)

(1) Substantial Shareholders and persons who have an interest or short position discloseable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO")

So far as was known to any director or supervisor of the Company, as at 30 June 2009, the shareholders (other than the directors and supervisors of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Name	Class of shares	Number of shares held	Percentage in the relevant class of share capital *(%)* [2,6]	Percentage in total share capital *(%)* [2,6]
Parent[1]	Domestic Shares	1,211,360,900[3]	94.59	48.82
BNBMG[1]	Domestic Shares	755,665,178[3]	59.01	30.46
CNBM Trading[1]	Domestic Shares	115,834,375[3]	9.05	4.67
Cinda	Domestic Shares	69,216,154[3]	5.41	2.79
JPMorgan Chase & Co.	H Shares	301,973,939[3]	25.15	12.17
	H Shares	700,000[5]	0.06	0.03
	H Shares	131,510,731[4]	10.95	5.30
Government of Singapore Investment Corporation Pte Ltd	H Shares	55,470,152[3]	6.15	2.24
Plowden Charles	H Shares	64,274,000[3]	5.35	2.59
Warden Alison	H Shares	64,274,000[3]	5.35	2.59
Atlantis Investment Management Ltd	H Shares	60,251,000[3]	5.02	2.43

Notes:

1. *Of these 1,211,360,900 shares, 339,264,650 shares are directly held by Parent, the remaining 872,096,250 shares are deemed corporate interest indirectly held through BNBMG, CNBM Trading and China Building Materials Academy. CNBM Trading and China Building Materials Academy are wholly owned subsidiaries of Parent. BNBMG is a subsidiary of Parent which directly and indirectly holds 100% equity interests in BNBMG, of which 65% is directly held and 35% is indirectly held through CNBM Trading. Under the SFO, Parent is deemed to own the shares directly held by BNBMG (755,665,178 shares), CNBM Trading (115,834,375 shares) and China Building Materials Academy (596,697 shares).*

2. *As at 30 June 2009, the Company's total issued share capital comprises 2,481,215,273 shares, including 1,280,577,054 Domestic Shares and 1,200,638,219 H Shares.*

3. *Long position.*

4. *Lending pool.*

5. *Short position.*

6. *All the above percentages are calculated by rounding to two decimal places*

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS AND SUPERVISORS) *(CONTINUED)*

(1) Substantial Shareholders and persons who have an interest or short position discloseable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") *(Continued)*

Save as disclosed above, as at 30 June 2009, the Company has not been notified by any persons who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(2) Interests and Short Positions of Directors and Supervisors

During the reporting period, as far as the Company is aware, none of the directors and supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the directors or supervisors to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules nor have they been granted the right to acquire any interests in the shares or debentures of the Company or any of its associated corporations.

During the reporting period, none of the directors and supervisors of the Company had any material interests in any contracts entered into by the Company or its subsidiaries.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
(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 40 to 72, which comprises the condensed consolidated statement of financial position of China National Building Material Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of 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 Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, 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 International 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 International Accounting Standard 34 "Interim Financial Reporting".

UHY VOCATION HK CPA LIMITED
Certified Public Accountants

DAVID TZE KIN NG, AUDITOR
Practising Certificate Number P553

25 August 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Six months ended 30 June **2009** ***RMB'000*** **(unaudited)**	 2008 *RMB'000* (unaudited)
Revenue	3	**14,081,116**	9,823,909
Cost of sales		**(11,400,016)**	(8,028,569)
Gross profit		**2,681,100**	1,795,340
Selling and distribution costs		**(549,126)**	(411,305)
Administrative expenses		**(822,906)**	(542,945)
Investment and other income	4	**733,109**	425,726
Finance costs — net	5	**(730,732)**	(570,210)
Share of profit of associates		**13,852**	174,698
Profit before income tax	6	**1,325,297**	871,304
Income tax expense	7	**(225,949)**	(163,947)
Profit for the period		**1,099,348**	707,357
Attributable to:			
Equity holders of the Company		**850,780**	545,554
Minority interests		**248,568**	161,803
		1,099,348	707,357
Dividends	8	**111,655**	72,880
Earnings per share — basic *(RMB)*	9	**0.352**	0.247

The notes are an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	2009 ***RMB'000*** **(unaudited)**	2008 *RMB'000* (unaudited)
Profit for the period	**1,099,348**	707,357
Other comprehensive income:		
— Currency translation differences	**290**	(787)
Total comprehensive income for the period	**1,099,638**	706,570
Total comprehensive income attributable to:		
Equity holders of the Company	**851,070**	544,562
Minority interests	**248,568**	162,008
	1,099,638	706,570

The notes are an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

	Note	**30.6.2009**	31.12.2008
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	10	**29,015,647**	26,900,840
Prepaid lease payments		**3,561,772**	3,404,818
Investment properties		**327,302**	331,892
Goodwill	11	**5,014,165**	4,986,745
Intangible assets		**838,616**	740,072
Investments in associates	12	**3,042,342**	2,815,968
Available-for-sale financial assets	15	**139,332**	102,419
Deposits	13	**1,676,989**	969,668
Deferred income tax assets		**296,757**	185,234
		43,912,922	40,437,656
Current assets			
Inventories		**3,555,428**	3,331,223
Trade and other receivables	14	**8,539,283**	8,643,830
Held-for-trading investments	15	**399,750**	263,263
Amounts due from related parties	23	**1,660,642**	745,303
Pledged bank deposits	16	**2,572,566**	1,756,663
Cash and cash equivalents		**4,761,418**	3,726,253
		21,489,087	18,466,535
Current liabilities			
Trade and other payables	17	**15,635,622**	18,023,388
Amounts due to related parties	23	**1,424,123**	2,364,178
Borrowings	18	**21,489,894**	17,472,843
Obligations under finance leases		**26,518**	45,126
Current income tax liabilities		**277,979**	298,607
Financial guarantee contracts due within one year		**1,000**	6,690
Dividend payable to minority shareholders		**3,781**	7,089
		38,858,917	38,217,921
Net current liabilities		**(17,369,830)**	(19,751,386)
Total assets less current liabilities		**26,543,092**	20,686,270

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AT 30 JUNE 2009

	Note	**30.6.2009** **RMB'000** **(unaudited)**	31.12.2008 RMB'000 (audited)
Non-current liabilities			
Borrowings	18	**10,377,850**	7,774,960
Deferred income		**115,912**	94,263
Obligations under finance leases		**15,471**	32,783
Financial guarantee contracts due after one year		**1,240**	15,030
Deferred income tax liabilities		**743,160**	636,010
		11,253,633	8,553,046
Net assets		**15,289,459**	12,133,224
Capital and reserves			
Share capital	19	**2,481,215**	2,208,488
Reserves		**9,026,065**	6,621,862
Capital and reserves attributable to equity holders of the Company		**11,507,280**	8,830,350
Minority interests		**3,782,179**	3,302,874
Total equity		**15,289,459**	12,133,224

The notes are an integral part of this condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to equity holders of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2009 (audited)	2,208,488	3,265,944	518,222	279,522	(1,862)	2,560,036	8,830,350	3,302,874	12,133,224
Profit for the period	—	—	—	—	—	850,780	850,780	248,568	1,099,348
Other comprehensive income:									
Currency translation difference arising on translation of foreign operations	—	—	—	—	290	—	290	—	290
Total comprehensive income as at 30 June 2009	—	—	—	—	290	850,780	851,070	248,568	1,099,638
Issue of shares	272,727	1,551,099	—	—	—	—	1,823,826	—	1,823,826
Dividends paid to the minority shareholders of subsidiaries	—	—	—	—	—	—	—	(69,159)	(69,159)
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	323,654	323,654
Forfeiture interests from minority shareholders of subsidiaries	—	—	1,403	—	—	—	1,403	—	1,403
Decrease in minority interests due to increase in interests in subsidiaries	—	—	—	—	—	—	—	(24,627)	(24,627)
Share of reserves of associates	—	—	631	—	—	—	631	869	1,500
Movement in statutory reserve	—	—	—	1,177	—	(1,177)	—	—	—
At 30 June 2009 (unaudited)	2,481,215	4,817,043	520,256	280,699	(1,572)	3,409,639	11,507,280	3,782,179	15,289,459

The notes are an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to equity holders of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2008 (audited)	2,208,488	3,267,410	507,518	159,423	1,263	1,241,473	7,385,575	2,367,403	9,752,978
Profit for the period	—	—	—	—	—	545,554	545,554	161,803	707,357
Other comprehensive income:									
Currency translation difference arising on translation of foreign operations	—	—	—	—	(992)	—	(992)	205	(787)
Total comprehensive income as at 30 June 2008	—	—	—	—	(992)	545,554	544,562	162,008	706,570
Dividends	—	—	—	—	—	(72,880)	(72,880)	—	(72,880)
Dividends paid to the minority shareholders of subsidiaries	—	—	—	—	—	—	—	(18,396)	(18,396)
Decrease in minority interests due to increase in interests in subsidiaries	—	—	—	—	—	—	—	(151,747)	(151,747)
Decrease in minority interests as a result of disposal of subsidiaries	—	—	—	—	—	—	—	(8,217)	(8,217)
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	202,453	202,453
Increase in minority interests as a result of acquisition of subsidiaries	—	—	—	—	—	—	—	149,434	149,434
At 30 June 2008 (unaudited)	2,208,488	3,267,410	507,518	159,423	271	1,714,147	7,857,257	2,702,938	10,560,195

The notes are an integral part of this condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**1,277,411**	715,778
Investing activities		
Purchases of property, plant and equipment	**(2,389,516)**	(1,595,918)
Purchases of intangible assets	**(58,420)**	(9,661)
Payments for prepaid lease payments	**(94,742)**	(74,722)
Proceeds on disposal of property, plant and equipment and investment properties	**70,137**	29,831
Acquisition of investments in associates	**(355,727)**	(495,519)
Dividends received from associates	**1,265**	—
Purchase of available-for-sale financial assets	**—**	(36,000)
Proceed on disposal of available-for-sale financial assets	**11,485**	—
Dividends from available-for-sale financial assets	**261**	2,937
Deposits paid	**(707,321)**	(1,638,748)
Payments for acquisition of subsidiaries, net of cash and cash equivalents acquired	**(2,763,483)**	(1,550,116)
Proceeds on disposal of subsidiaries, net of cash and cash equivalents disposed	**—**	1,916
Payments for acquisition of additional interests in subsidiaries	**(12,374)**	(82,747)
Advances to related parties	**(513,340)**	(568,009)
Proceeds from repayment of loans receivables	**809,913**	7,841
New loans receivables	**(496,535)**	(541,535)
Increase in pledged bank deposits	**(722,103)**	(734,404)
Net cash used in investing activities	**(7,220,500)**	(7,284,854)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Financing activities		
Interest paid	**(932,868)**	(730,347)
Issuance of shares	**1,837,418**	—
Issuance of shares expenses	**(13,592)**	—
Dividends paid to minority shareholders of subsidiaries	**(50,306)**	(45,371)
Repayment of borrowings	**(10,034,269)**	(10,470,479)
New bank borrowings raised	**16,434,210**	17,336,340
Contributions from minority shareholders	**285,643**	202,453
Advances from related parties	**101,728**	147,709
Repayment to immediate holding company	**(650,000)**	—
Repayment of obligations under finance leases	**—**	(17,769)
Net cash generated from financing activities	**6,977,964**	6,422,536
Net increase/(decrease) in cash and cash equivalents	**1,034,875**	(146,540)
Cash and cash equivalents at 1 January	**3,726,253**	3,150,613
Effect of foreign exchange rate changes	**290**	(787)
Cash and cash equivalents at 30 June	**4,761,418**	3,003,286

The notes are an integral part of this condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. GENERAL INFORMATION

China National Building Material Company Limited (the "Company") was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 28 March 2005. On 23 March 2006, the Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate and ultimate holding company is China National Building Material Group Corporation ("Parent"), which is a state-owned enterprise established on 3 January 1984 under the laws of the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in manufacturing and trading of building materials.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial statements has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRSs.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IFRS 7 (amendment)	Financial Instruments: Disclosures[3]
IFRS 8 (amendment)	Operating Segments[3]
IAS 23 (amendment)	Borrowing Costs[3]
IFRS 2 (amendment)	Share-based Payments[3]
IAS 32 (amendment) and IAS 1 (amendment)	Financial Instruments: Presentation and Preparation of Financial Statements[3]
IFRIC 13	Customer Loyalty Programmes[1]
IFRIC 15	Agreement for the Construction of Real Estate[3]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[2]

[1] *Effective for annual periods beginning on or after 1 July 2008*

[2] *Effective for annual periods beginning on or after 1 October 2008*

[3] *Effective for annual periods beginning on or after 1 January 2009*

The adoption of these new Interpretations had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

IFRIC 9 (amendment) and IAS 39 (amendment)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement[1]
IFRS 1 and IAS 27 (amendment)	First-time Adoption of IFRSs and Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
IFRS 3 (revised)	Business Combinations[2]
IFRIC 17	Distributions of Non-cash Assets to Owners[2]
IFRIC 18	Transfer of Assets from Customers[2]
IFRS 2 (amendment)	Share-based Payments[2]
IFRS 5 (amendment)	Non-current Assets Held for Sale and Discontinued Operations[3]
IFRS 8 (amendment)	Operating Segments[3]
IAS 1 (amendment)	Presentation of Financial Statements — Current/non-current Classification of the Liability Component of Convertible Instruments[3]
IAS 7 (amendment)	Statement of Cash Flows[3]
IAS 17 (amendment)	Leases[3]
IAS 36 (amendment)	Impairment of Assets[3]
IAS 38 (amendment)	Intangible Assets[2]
IAS 39 (amendment)	Financial Instruments: Recognition and Measurement[3]
IFRIC 9 (amendment)	Reassessment of Embedded Derivatives[2]
IFRIC 16 (amendment)	Hedges of a Net Investment in a Foreign Operation[2]

[1] *Effective for annual periods beginning on or after 30 June 2009*

[2] *Effective for annual periods beginning on or after 1 July 2009*

[3] *Effective for annual periods beginning on or after 1 January 2010*

The Group has not early applied the new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four main operating divisions - lightweight building materials, cement, engineering services, and glass fiber and composite materials. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Lightweight building materials	—	Production and sale of lightweight building materials
Cement	—	Production and sale of cement
Engineering services	—	Provision of engineering services to glass and cement, manufacturers and equipment procurement
Glass fiber and composite materials	—	Production and sale of Glass fiber and composite materials
Others	—	Merchandise trading business and others

Segment information about these businesses is presented below.

For the six months ended 30 June 2009

	Lightweight building materials *RMB'000*	**Cement** *RMB'000*	**Engineering** *RMB'000*	**Glass fiber and FRP products** *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
Income Statement							
Revenue							
External sales	1,353,922	9,971,584	1,239,347	944,825	571,438	—	14,081,116
Inter-segment sales *(Note)*	—	2,691	36,979	—	8,854	(48,524)	—
	1,353,922	9,974,275	1,276,326	944,825	580,292	(48,524)	14,081,116
Segment results (unaudited)	279,164	1,897,887	239,286	262,384	163,096	—	2,841,817
Depreciation and amortisation	(69,243)	(674,119)	(31,163)	(3,863)	(22,774)	288	(800,874)
Unallocated other income							34,048
Unallocated other expenses							(1,000)
Unallocated administrative expenses							(31,814)
Share of profit of associates	5,775	9,773	(1,803)	(13,183)	13,290	—	13,852
Finance costs - net							(730,732)
Profit before income tax							1,325,297
Income tax expense							(225,949)
Profit for the period (unaudited)							1,099,348

3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2009

	Lightweight building materials RMB'000	Cement RMB'000	Engineering RMB'000	Glass fiber and FRP products RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Assets							
Segment assets	4,112,342	39,657,824	717,124	1,285,689	410,407	—	46,183,386
Investments in associates	232,623	1,324,821	8,739	1,421,324	54,835	—	3,042,342
Unallocated assets							16,176,281
Total consolidated assets (unaudited)							65,402,009
Liabilities							
Segment liabilities	516,226	11,947,011	1,739,827	829,821	416,019	—	15,448,904
Unallocated liabilities							34,663,646
Total consolidated liabilities (unaudited)							50,112,550

3. SEGMENT INFORMATION *(Continued)*

Segment information about these businesses is presented below.

For the six months ended 30 June 2008

	Lightweight building materials RMB'000	Cement RMB'000	Engineering RMB'000	Glass fiber and FRP products RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Income Statement							
Revenue							
External sales	1,022,120	6,696,008	1,122,609	677,962	305,210	—	9,823,909
Inter-segment sales *(Note)*	—	—	193,256	—	—	(193,256)	—
	1,022,120	6,696,008	1,315,865	677,962	305,210	(193,256)	9,823,909
Segment results (unaudited)	145,235	1,257,102	191,598	154,260	35,210	(2,395)	1,781,010
Depreciation and amortisation	(60,431)	(369,149)	(2,531)	(20,220)	(1,198)	286	(453,243)
Unallocated other income							16,823
Unallocated administrative expenses							(77,774)
Share of profit of associates	31,073	19,065	3,784	120,776	—	—	174,698
Finance costs - net							(570,210)
Profit before income tax							871,304
Income tax expense							(163,947)
Profit for the period (unaudited)							707,357

3. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2008

	Lightweight building materials	Cement	Engineering	Glass fiber and FRP products	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets							
Segment assets	3,808,392	36,145,625	697,604	1,023,039	307,830	—	41,982,490
Investments in associates	227,225	1,102,009	10,542	1,434,647	41,545	—	2,815,968
Unallocated assets							14,105,733
Total consolidated assets (audited)							58,904,191
Liabilities							
Segment liabilities	505,235	14,365,119	1,796,571	871,539	329,128	—	17,867,592
Unallocated liabilities							28,903,375
Total consolidated liabilities (audited)							46,770,967

Note: The inter-segment sales were carried out with reference to market price.

A reconciliation of total adjusted profit before depreciation and amortisation, finance costs and income tax expense, is provided as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**2,843,051**	1,720,059
Depreciation of property, plant and equipment and investment properties	**(734,934)**	(421,876)
Amortisation of intangible assets	**(35,534)**	(12,253)
Prepaid lease payments released to consolidated income statement	**(30,406)**	(19,114)
Operating profit	**2,042,177**	1,266,816
Finance costs - net	**(730,732)**	(570,210)
Share of profit of associates	**13,852**	174,698
Profit before income tax	**1,325,297**	871,304

3. SEGMENT INFORMATION *(Continued)*

Reportable segments' assets are reconciled to total assets as follows:

	2009 30 June *RMB'000* **(unaudited)**	2008 31 December *RMB'000* (audited)
Total segment assets	**46,183,386**	41,982,490
Deferred income tax assets	**296,757**	185,234
Available-for-sale financial assets	**139,332**	102,419
Other non segment assets	**18,782,534**	16,634,048
Total assets	**65,402,009**	58,904,191

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends from available-for-sale financial assets	**—**	2,937
Other investments income	**4,587**	—
Changes in fair value of investments	**150,967**	16,529
Financial guarantee income	**4,410**	23,365
Government subsidies		
— VAT refunds *(Note a)*	**209,435**	165,943
— Government grants *(Note b)*	**124,181**	98,340
— Interest subsidy	**51**	—
Net rental income	**14,430**	17,211
Technical and other service income	**6,858**	17,424
Discount on acquisition of interests in subsidiaries	**157,708**	36,763
Compensation/claims received	**10,155**	29,470
Gain on disposal of property, plant and equipment	**2,350**	685
Gain on disposal of subsidiaries	**—**	4,611
Waiver of payables	**44,690**	—
Others	**3,287**	12,448
	733,109	425,726

4. INVESTMENT AND OTHER INCOME *(Continued)*

Notes:

(a) The State Council of the PRC issued a "Notice Encouraging Comprehensive Utilisation of Natural Resources" (the "Notice") in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise nature resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that utilise industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.

(b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

5. FINANCE COSTS - NET

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings and other borrowings		
— wholly repayable within five years	**895,679**	730,347
— not wholly repayable within five years	**21,600**	—
	917,279	730,347
Less: Interest capitalised to construction in progress	**89,533**	40,438
	827,746	689,909
Interest income	**(97,014)**	(119,699)
Finance costs - net	**730,732**	570,210

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before income tax has been arrived at after (crediting)/charging the following items:		
Depreciation of property, plant and equipment and investment properties	**734,934**	421,876
Amortisation of intangible assets (including administrative expenses)	**35,534**	12,253
Prepaid lease payments released to consolidated income statement	**30,406**	19,114
Allowance for bad and doubtful debts	**1,914**	20,832
Net exchange (gains)/losses	**(5,331)**	12,772

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**272,663**	192,026
Deferred income tax	**(46,714)**	(28,079)
	225,949	163,947

PRC income tax is calculated at 25% (2008: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

8. DIVIDENDS

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends *(Note a)*	**111,655**	72,880

Notes:

(a) During the period, a dividend of RMB0.045 (Six months ended 30 June 2008: RMB0.033) per share, amounting to RMB111.7 million (Six months ended 30 June 2008: RMB72.9 million) was announced as the final dividend for the immediate preceding financial year end. The dividends announced during the period have not been paid to shareholders.

(b) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company	**850,780**	545,554

	Six months ended 30 June	
	2009	2008
Weighted average number of ordinary shares in issue	**2,416,423,711**	2,208,488,000

No diluted earnings per share have been presented as the Group did not have any dilutive potential ordinary shares outstanding during both periods.

10. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2008

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2008 (audited)	1,447,804	4,771,808	6,584,693	200,792	13,005,097
Additions	3,194,946	406,084	595,342	51,381	4,247,753
Acquired on acquisition of subsidiaries	729,738	4,792,282	5,595,522	81,569	11,199,111
Transfer from construction in progress	(2,066,002)	504,272	1,555,089	6,641	—
Transfer to construction in progress or reconstruction	96,132	(69,824)	(26,308)	—	—
Disposals	—	(116,303)	(193,221)	(2,547)	(312,071)
Disposal of subsidiaries	—	(10,697)	(6,332)	(8,277)	(25,306)
Transfer to investment properties	—	(5,875)	—	—	(5,875)
Transfer from investment properties	—	7,258	—	—	7,258
Depreciation and impairment	—	(297,010)	(873,727)	(44,390)	(1,215,127)
Net book value as at 31 December 2008 (audited)	3,402,618	9,981,995	13,231,058	285,169	26,900,840

For the six months ended 30 June 2009

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2009 (audited)	**3,402,618**	**9,981,995**	**13,231,058**	**285,169**	**26,900,840**
Additions	**2,198,319**	**73,378**	**156,346**	**51,006**	**2,479,049**
Acquired on acquisition of subsidiaries *(Note 20)*	**51,566**	**193,761**	**253,252**	**573**	**499,152**
Transfer from construction in progress	**(1,518,076)**	**568,458**	**945,888**	**3,730**	**—**
Transfer to construction in progress or reconstruction	**1,537**	**(170)**	**(1,367)**	**—**	**—**
Disposals	**(81,126)**	**(10,092)**	**(37,941)**	**(3,605)**	**(132,764)**
Depreciation and impairment	**—**	**(202,177)**	**(502,264)**	**(26,189)**	**(730,630)**
Net book value as at 30 June 2009 (unaudited)	**4,054,838**	**10,605,153**	**14,044,972**	**310,684**	**29,015,647**

11. GOODWILL

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At the beginning of the period/year	**4,986,745**	1,130,556
Arising from acquisition of		
— subsidiaries *(Note 20)*	**3,110**	3,810,730
— additional interests in subsidiaries	**24,310**	45,459
At the end of the period/year	**5,014,165**	4,986,745

Goodwill is allocated to the cash generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Lightweight building materials	**99,380**	99,380
Cement	**4,898,732**	4,871,312
Engineering services	**62**	62
Glass fiber and FRP products	**15,991**	15,991
	5,014,165	4,986,745

12. INVESTMENTS IN ASSOCIATES

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of investments in associates		
— listed in the PRC	**156,728**	156,728
— unlisted	**1,875,485**	1,777,216
Share of post-acquisition profit, net of dividend received	**1,010,129**	882,024
	3,042,342	2,815,968
Fair value of listed investments	**3,279,125**	2,667,691

As at 30 June 2009, the cost of investments in associates included goodwill of associates of approximately RMB91,921,000 (31 December 2008: approximately RMB89,969,000).

13. DEPOSITS

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Investment deposits for acquisition of subsidiaries	**434,154**	402,914
Investment deposits for acquisition of jointly controlled entities	**—**	100,000
Deposits paid to acquire property, plant and equipment	**1,049,580**	396,196
Deposits paid in respect of prepaid lease payments	**193,255**	70,558
	1,676,989	969,668

14. TRADE AND OTHER RECEIVABLES

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**2,771,101**	2,441,217
Bills receivables	**978,800**	1,268,890
Amounts due from customers for contract work	**429,953**	316,543
Loans receivables	**496,535**	809,913
Other receivables, deposits and prepayments	**3,862,894**	3,807,267
	8,539,283	8,643,830

The Group normally allowed an average of credit period of 60 to 180 days to its trade customers. Ageing analysis of trade receivables and bills receivables is as follows:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables		
Within two months	**1,575,171**	1,896,371
More than two months but within one year	**959,169**	415,589
Between one and two years	**172,012**	66,335
Between two and three years	**24,490**	30,399
Over three years	**40,259**	32,523
	2,771,101	2,441,217

Bills receivables are aged within six months.

15. INVESTMENTS

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Available-for-sale financial assets		
Unlisted equity shares	**139,332**	102,419
Held-for-trading investments at market value:		
Quoted investment funds	**—**	800
Quoted listed equity shares	**399,750**	262,463
	399,750	263,263

16. PLEDGED BANK DEPOSITS

At 30 June 2009, the Group pledged approximately RMB2,572,566,000 (31 December 2008: approximately RMB1,756,663,000) to bankers of the Group to secure the banking borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The pledged bank deposits carry interest at market rates which range from 0.36% to 3.60% (31 December 2008: 1.77% to 4.14%) per annum.

17. TRADE AND OTHER PAYABLES

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**5,465,311**	5,605,398
Bills payables	**3,830,962**	2,718,783
Amounts due to customers for contract work	**83,901**	91,723
Other payables	**6,255,448**	9,607,484
	15,635,622	18,023,388

The aged analyses of trade payables and bills payables are as follows:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables		
Within two months	**3,353,354**	3,160,561
More than two months but within one year	**1,494,770**	1,812,458
Between one and two years	**496,012**	465,274
Between two and three years	**78,598**	123,134
Over three years	**42,577**	43,971
	5,465,311	5,605,398

Bills payables are aged within six months.

18. BORROWINGS

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Bank borrowings:		
— Secured *(Note b)*	**2,933,734**	4,410,726
— Unsecured	**25,534,010**	17,356,269
	28,467,744	21,766,995
Bonds *(Note a)*	**3,400,000**	3,400,000
Other borrowings from non-financial institutions	**—**	80,808
	31,867,744	25,247,803

18. BORROWINGS *(Continued)*

Notes:

(a) *On 28 July 2008, the Company issued short term debentures with an aggregate principal amount of RMB2.4 billion with the maturity of 1 year and a coupon rate of 5.20% per annum.*

(b) *The bank borrowings of approximately RMB2,934 million (31 December 2008: approximately RMB4,411 million) are secured by the following assets of the Group:*

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Property, plant and equipment	**3,513,582**	2,671,691
Prepaid lease payments	**575,513**	239,132
Investment properties	**201,166**	32,525
Mining rights	**5,832**	—
Bills receivables	**—**	429,335
Cash and cash equivalents	**2,572,566**	1,756,663
Trade receivables	**58,700**	—
	6,927,359	5,129,346

Analysed for reporting purposes:

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Non-current	**10,377,850**	7,774,960
Current	**21,489,894**	17,472,843
	31,867,744	25,247,803

The interest rates of the borrowings are ranging from 3.86% to 6.36% per annum during the period (2008: 3.82% to 8.40%).

19. SHARE CAPITAL

	Domestic shares (Note a) Number of shares	Amount	H Shares (Note b) Number of shares	Amount	Total capital
		RMB'000		*RMB'000*	*RMB'000*
Registered shares of RMB1.0 each					
As at 1 January 2009	1,306,404,813	1,306,405	902,083,187	902,083	2,208,488
Issuance of new H shares *(Note c)*	—	—	272,727,273	272,727	272,727
Conversion of Domestic Shares into H Shares *(Note c)*	25,827,759	(25,828)	25,827,759	25,828	—
As at 30 June 2009	1,280,577,054	1,280,577	1,200,638,219	1,200,638	2,481,215

Notes:

(a) *Domestic Shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.*

(b) *H Shares are ordinary shares subscribed for and credited as fully paid up in RMB by persons other than PRC government and/or PRC incorporated entities only.*

(c) *On 12 February 2009, the Company issued and placed 272,727,273 H Shares of RMB1.00 each at HK$7.85 per share. The gross consideration received by the Company from the issue of these H shares amounted to HK$ 2,140,909,000 (equivalent to approximately RMB1,890,059,000). The net proceeds were mainly used for the business development and acquisition of subsidiaries. On the same date, 25,827,759 Domestic Shares were converted into same number of H Shares.*

Other than the specific requirements on the holders of the shares as set out in Notes (a) and (b), the shares mentioned above rank pari passu in all respects with each other.

20. ACQUISITION OF SUBSIDIARIES

During the period, the Group acquired subsidiaries from independent third parties. The acquired subsidiaries are principally engaged in the production and sale of cement.

These acquisitions have been accounted for using the purchase method.

Net assets acquired in the transactions, and the goodwill arising, are as follows:

	Acquirees' carrying amounts before combination *RMB'000*	**Fair value adjustments** *RMB'000*	**Fair value** *RMB'000*
Net assets acquired:			
Property, plant and equipment *(Note 10)*	392,075	107,077	499,152
Prepaid lease payments	52,834	81,033	133,867
Intangible assets	956	48,622	49,578
Deferred income tax assets	16,559	—	16,559
Inventories	45,884	—	45,884
Trade and other receivables	27,593	—	27,593
Amounts due from the related parties	165,200	—	165,200
Pledged bank deposits	93,800	—	93,800
Cash and cash equivalents	32,582	—	32,582
Trade and other payables	(349,976)	—	(349,976)
Income tax payable	(18,531)	—	(18,531)
Borrowings	(220,000)	—	(220,000)
Deferred income tax liabilities	—	(59,183)	(59,183)
Net assets	238,976	177,549	416,525
Minority interests			(10,000)
Discount on acquisition of interests in subsidiaries			(127,524)
Goodwill *(Note 11)*			3,110
Total consideration			282,111

20. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Net assets acquired in the transactions, and the goodwill arising, are as follows: *(Continued)*

	Acquirees' carrying amounts before combination *RMB'000*	Fair value adjustments *RMB'000*	Fair value *RMB'000*
Total consideration satisfied by:			
Cash paid			281,111
Other payables			1,000
Total consideration			282,111
Net cash outflow arising on acquisition:			
Cash consideration paid during the period			281,111
Less: Cash and cash equivalents acquired			32,582
			248,529

The fair values of the property, plant and equipment, intangible assets and prepaid lease payments acquired have been determined on a provisional basis, awaiting the receipt of professional valuations.

The goodwill arising on the acquisition of these cement companies is attributable to the benefit of expected revenue growth and future market development in Jiang Xi province of the PRC, and the synergies in consolidating the Group's cement operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

RMB5 million is included in the profit for the period which is attributable by these newly acquired cement companies. Had these business combinations been effected at 1 January 2009, the revenue of the Group would be approximately RMB14,290 million, and profit for the period of the Group would be approximately RMB862 million. The directors of the Group consider these "pro-forma" an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

21. CAPITAL COMMITMENTS

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure of the Group contracted for but not provided in the financial statements in respect of:		
— Acquisition of property, plant and equipment	**489,867**	212,877
— Acquisition of prepaid lease payments	**—**	6,500
— Acquisition of subsidiaries	**600,000**	1,074,600

22. CONTINGENT LIABILITIES

At the end of reporting period, the Group had the following undiscounted maximum amounts of potential future payments under guarantees:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Guarantees given to banks in respect of banking		
— facilities utilised by former related parties	**27,000**	69,000
— facilities utilised by independent third parties	**229,500**	259,300
	256,500	328,300

23. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 June 2009, the Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries collectively (the "Parent Group"), the associates of the Group and the minority shareholders of the Company's subsidiaries:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Provision of production supplies to		
— the Parent Group	**17,071**	67,270
— Associates	**1,339**	100,985
— Minority shareholders of subsidiaries	**134**	11,838
	18,544	180,093
Provision of support services to the Parent Group	**300**	4,146
Rental income in respect of supply of equipment to the Parent Group:	**1,855**	4,216
Rental income received from an associate	**9,676**	6,448

23. RELATED PARTY TRANSACTIONS (Continued)

(a) During the six months ended 30 June 2009, the Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries collectively (the "Parent Group"), the associates of the Group and the minority shareholders of the Company's subsidiaries: *(Continued)*

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income received from		
— Associates	**—**	2,177
— Minority shareholders of subsidiaries	**—**	2,077
	—	4,254
Supply of raw materials by		
— the Parent Group	**53,029**	36,501
— Associates	**42,576**	85,047
— Minority shareholders of subsidiaries	**8,208**	17,325
	103,813	138,873
Provision of production supplies by		
— the Parent Group	**3,704**	18,544
— Associates	**—**	89,665
— Minority shareholders of subsidiaries	**—**	30,401
	3,704	138,610
Provision of support services by the Parent Group	**3,339**	6,859
Rendering of engineering services by the Parent Group	**528**	3,710
Rental expenses paid to the Parent Group	**327**	—
Supplying of equipment by the Parent Group	**16,617**	9,549

23. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Material transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment currently, predominated by enterprises directly or indirectly owned or controlled by the PRC government (these enterprises other than the Parent Group, the associates of the Group and the minority shareholders of the subsidiaries are hereinafter collectively referred to as "State-Owned Enterprises"). During the six months ended 30 June 2009, the Group had material transactions with some of these State-Owned Enterprises in its ordinary and usual course of business. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a State-Owned Enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

While the directors of the Company consider State-Owned Enterprises are independent third parties so far as the Group's business transactions with them are concerned, for the purpose of the interim financial report, the Group has identified the nature and quantified the amounts of its material transactions with State-Owned Enterprises during the six months ended 30 June 2009 as follows:

(i) Material transactions

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales	**305,156**	312,744
Purchases	**956,772**	1,248,499
Finance costs	**827,746**	299,544

(ii) Material balances

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade and other receivables	**736,747**	794,312
Trade and other payables	**85,396**	75,466

In addition, the Group has entered into various transactions, including borrowings and other general banking facilities, with certain banks and financial institutions which are State-Owned Enterprises in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other State-Owned Enterprises are not significant to the Group's operations.

23. RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at 30 June 2009, the Group has the following amounts due from and to related parties:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Amounts due from related parties		
Trading in nature:		
Fellow subsidiaries	**376,694**	337,901
Associates	**175,661**	4,890
Minority shareholders of subsidiaries	**149,347**	81,666
	701,702	424,457
Non-trading in nature:		
Fellow subsidiaries	**979**	200
Associates	**318,649**	95,860
Minority shareholders of subsidiaries	**639,312**	224,786
	958,940	320,846
	1,660,642	745,303
Amounts due to related parties		
Trading in nature:		
Fellow subsidiaries	**106,035**	80,687
Associates	**599**	6,305
Minority shareholders of subsidiaries	**139,455**	550,880
	246,089	637,872
Non-trading in nature:		
Fellow subsidiaries	**141**	2,710
Immediate holding company	**1,000,000**	1,650,000
Minority shareholders of subsidiaries	**177,893**	73,596
	1,178,034	1,726,306
	1,424,123	2,364,178

23. RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at 30 June 2009, the Group has the following amounts due from and to related parties: *(Continued)*

As at 30 June 2009, amounts due from related parties of approximately RMB49,500,000 (31 December 2008: Nil) carry fixed interest at rate of 5.84% per annum and approximately RMB249,945,400 (2008: approximately RMB11,265,000) carry the variable interests stipulated by the bank for the corresponding period at rate of 5.31% (31 December 2008: ranged from 4.86% to 7.47%) per annum. The remaining balances of amounts due to related parties are interest-free.

As at 30 June 2009, all the amounts due to related parties are interest free. As at 31 December 2008, amounts due to related parties of approximately RMB489,318,000 carried variable interests stipulated by the bank for the corresponding period, which ranged from 5.31% to 7.47% per annum and approximately RMB34,996,000 carried fixed interest rate of 6.03% per annum.

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2009 are as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short term benefits	**6,438**	7,523
Post - employment benefits	**57**	40
	6,495	7,563

24. EVENTS OCCURING AFTER THE END OF REPORTING PERIOD

(a) The short-term debentures of RMB2.4 billion with a coupon rate of 5.2% per annum have been matured on 28 July 2009. The Company repaid the principal together with interest on the maturity date.

(b) Subsequent to 30 June 2009, the Group has completed the acquisition of 10 subsidiaries engaged in the production and sale of cement for an aggregate consideration of approximately RMB750 million.

25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements set out on pages 40 to 72 have been approved and authorised for issue by the Board of Directors on 25 August 2009.