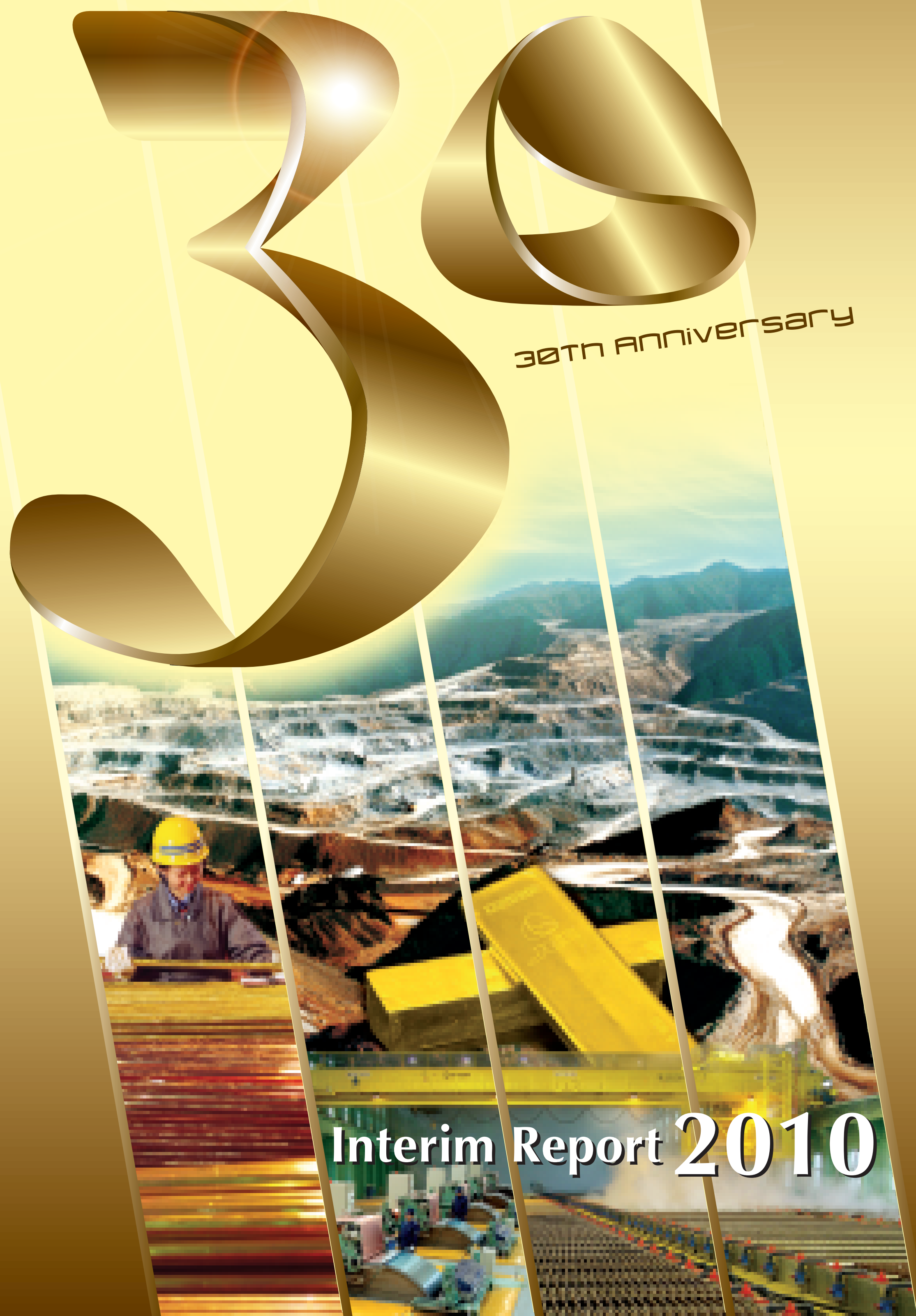
Jiangxi Copper Company Limited

(A Sino-foreign joint venture joint stock limited company
incorporated in the People's Republic of China)

(Stock Code H Share: 0358 A Share: 600362)



Interim Report 2010

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CORPORATE INFORMATION

I. IMPORTANT NOTICE

(1) The board of directors (the "Board") and the supervisory committee (the "Supervisory Committee") of Jiangxi Copper Company Limited (the "Company") and its directors (the "Directors"), supervisors (the "Supervisors") and senior management warrant that there are no false representations, misleading statements contained in or material omissions from this interim report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained.

(2) The Director, Mr. Wu Jianchang, was unable to attend the Board meeting held on 25 August 2010, but has appointed the Chairman, Mr. Li Yihuang, to attend the Board meeting and to vote on his behalf. Save as disclosed, all other Directors attended the Board meeting.

(3) The interim financial report of the Company and its subsidiaries (the "Group") has not been audited, but the interim financial information prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" and other relevant provisions (collectively referred to as "IFRS") has been reviewed by Ernst & Young Certified Public Accountants and considered and approved by the independent audit committee (the "Audit Committee") of the Company.

(4) No non-operational funding appropriation by controlling shareholder and its connected parties was found in the Group.

(5) The Group did not provide third-party guarantees in violation of stipulated procedures.

(6) The Company's Chairman, Mr. Li Yihuang, the principal accounting responsible person, Mr. Gan Chengjiu, and Head of Financial Department (accounting chief), Ms. Qiu Ling, warrant the truthfulness and completeness of the financial statements as set out in this interim report.

II. CORPORATE PROFILE

(I) CORPORATE INFORMATION

Legal name of the Company in Chinese	江西銅業股份有限公司
Chinese abbreviation	江西銅業
Legal name of the Company in English	Jiangxi Copper Company Limited
English abbreviation	JCCL
Legal representative	Li Yihuang

(II) CONTACT PERSONS AND CONTACT METHOD

	Company Secretary to the Board	Securities Affairs Representative
Name	Pan Qifang	Kang Shuigen
Address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Telephone	(86) 0701-3777736	(86) 0701-3777733
Facsimile	(86) 0701-3777013	(86) 0701-3777013
E-mail	jccl@jxcc.com	jccl@jxcc.com

(III) BASIC INFORMATION

Registered address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the registered address	335424
Office address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the office address	335424
Website	http://www.jxcc.com
E-mail	jccl@jxcc.com

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	Shanghai Securities News
Websites designated by China Securities Regulatory Commission ("CSRC") for publishing the interim report	http://www.hkex.com.hk; http://www.sse.com.cn
Place of inspection of interim report	Secretarial Office of the Board 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China

(V) INFORMATION ON THE COMPANY'S SECURITIES

Information on the Company's securities

Class of securities	Stock Exchange of listing securities	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited (the "Stock Exchange")	Jiangxi Copper	0358
Warrants	Shanghai Stock Exchange	JCC CWB1	580026
Corporate Bonds	Shanghai Stock Exchange	08 JCC Bonds	126018

MAJOR FINANCIAL DATA AND INDICATORS

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1. Consolidated Accounting Data and Financial Indicators Prepared in Accordance with IFRS

	For the six months ended 30 June		
	2010	2009	Increase/
	(Unaudited)	(Unaudited)	(decrease)
	RMB'000	*RMB'000*	*(%)*
Revenue	**37,433,645**	21,212,232	76.47
Profit before tax	**2,960,039**	1,654,403	78.92
Net profit for the period attributable to ordinary owners of the Company	**2,199,213**	1,270,668	73.08
Basic earnings per share *(RMB)*	**0.73**	0.42	73.81

	As at 30 June	As at 31 December	
	2010	2009	Increase/
	(Unaudited)	(Audited)	(decrease)
	RMB'000	*RMB'000*	*(%)*
Total assets	**42,817,096**	38,427,695	11.42
Total liabilities	**17,676,810**	15,252,590	15.89
Net assets attributable to ordinary owners of the Company	**24,761,170**	22,813,886	8.54
Net assets per share attributable to ordinary owners of the Company *(RMB)*	**8.19**	7.55	8.48

2. Consolidated Accounting Data and Financial Indicators Prepared in Accordance with PRC Accounting Standards and Regulations ("PRC GAAP")

	As at 30 June 2010 (Unaudited) *RMB'000*	As at 31 December 2009 (Audited) *RMB'000*	Increase/ (decrease) *(%)*
Total assets	**42,449,707**	38,034,215	11.61
Net assets attributable to owners of the Company	**24,761,170**	22,813,886	8.54
Net assets per share attributable to owners of the Company *(RMB)*	**8.19**	7.55	8.48

	For the six months ended 30 June		
	2010 (Unaudited) *RMB'000*	2009 (Unaudited) *RMB'000*	Increase/ (decrease) *(%)*
Operating profit	**2,818,999**	1,541,357	82.89
Total profit	**2,884,299**	1,585,637	81.90
Net profit attributable to owners of the Company	**2,124,210**	1,201,903	76.74
Net profit after non-recurring items attributable to owners of the Company	**1,974,619**	987,123	100.04
Basic earnings per share *(RMB)*	**0.70**	0.40	75.00
Basic earnings per share after non-recurring items *(RMB)*	**0.65**	0.33	96.97
Diluted earnings per share *(RMB)*	**0.65**	0.38	71.05
Weighted average return on net assets *(%)*	**8.87**	5.66	Increased by 3.21 percentage points
Net cash inflow from operating activities	**434,759**	2,340,928	-81.43
Net cash inflow from operating activities per share *(RMB)*	**0.14**	0.77	-81.82

Net profit after non-recurring items attributable to shareholders of the Company (prepared in accordance with the PRC GAAP) is set out as follows:

		For the six months ended 30 June 2010 (Unaudited) *RMB'000*
Net profit attributable to shareholders of the Company		**2,124,210**
Add:	Non-recurring items	
	Net loss on disposal of non-current assets	**5,699**
	Other non-recurring items included in non-operating income and expenses (excluding net loss from disposal of non-current assets and non-recurring government grants)	**5,133**
	Realized gain from commodity derivative contracts not qualified for hedge accounting	**(123,856)**
	Realized gain from ineffective portion of commodity derivative contracts qualified as cash flow hedges	**(1,899)**
	Realized gain from ineffective portion of commodity derivative contracts qualified as fair value hedges	**(4,756)**
	Non-recurring government grant	**(76,132)**
	Fair value gain from equity investment at fair value through profit or loss	**(369)**
	Realized gain of equity investment at fair value through profit or loss	**(430)**
	Realized gain of bank finance products	**(7,974)**
	Fair value gain from ineffective portion of commodity derivative contracts qualified as cash flow hedge	**(1,810)**
	Fair value gain from ineffective portion of commodity derivative contracts qualified as fair value hedge	**(2,462)**
	Fair value loss from commodity derivative contracts not qualified for hedge accounting	**8,416**
	Impact of income tax on non-recurring items	**46,939**
Net profit after non-recurring items		**1,970,709**
Less:	Impact of non-recurring items attributable to minority interest	**(3,910)**
Net profit after non-recurring items attributable to shareholders of the Company		**1,974,619**

Note: The Company's recognization of non-recurring items is in accordance with the regulations of No.1 Interpretation (CSRC [2008] No. 43) on Disclosure of Companies with Public Offering of Securities issued by the CSRC.

3. Reconciliation Between IFRS and PRC GAAP

	Consolidated net profit attributable to shareholders of the Company		Consolidated net assets attributable to shareholders of the Company	
	For the six months ended 30 June		**As at 30 June**	As at 31 December
	2010	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial statements prepared under PRC GAAP	**2,124,210**	1,201,903	**24,761,170**	22,813,886
Adjustment in accordance with IFRS:				
Provision of safety fund not qualified as expenses under IFRS	**75,003**	68,765	**—**	—
Financial statements prepared in accordance with IFRS	**2,199,213**	1,270,668	**24,761,170**	23,813,886

Note: Difference between PRC GAAP and IFRS refers to reversal of the safety fund accrued but not utilized made under PRC GAAP in the consolidated profit and loss statement under IFRS.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(I) STATEMENT OF CHANGES IN SHARE CAPITAL

During the reporting period, there were no changes in total shares and shareholding structure of the Company.

(II) PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

I. The number of shareholders and shareholdings

The number of shareholders at the end of the reporting period	141,909 shareholders in total, of which 140,748 were holders of A shares and 1,161 were holders of H shares

Unit: share

Shareholdings of the top ten shareholders

Name of shareholders	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Jiangxi Copper Corporation ("JCC")	State-owned legal person	44.41%	1,342,474,893	1,282,074,893	Nil
HKSCC Nominees Limited ("HKSCC")	Unknown	43.33%	1,309,888,521	—	Unknown
DA ROSA JOSE AUGUSTO MARIA	Unknown	0.20%	6,000,000	—	Unknown
Industrial and Commercial Bank of China-SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	Unknown	0.19%	5,634,027	—	Unknown
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund (中國工商銀行 — 景順長城精選藍籌股票型證券投資基金)	Unknown	0.17%	5,270,000	—	Unknown
Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務有限責任公司)	Unknown	0.14%	4,160,000	—	Unknown

Name of shareholders	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
PICC Life Insurance Company Limited-Dividends-Individual Insurance Dividends (中國人民人壽保險股份有限公司 — 分紅 — 個險分紅)	Unknown	0.10%	3,099,940	—	Unknown
Bank of China-Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	Unknown	0.10%	3,074,464	—	Unknown
BOC International-Bank of China – The Dai-Ichi Mutual Life Insurance Company (中銀國際 — 中行 — 第一生命保險相互會社)	Unknown	0.08%	2,499,947	—	Unknown
Industrial and Commercial Bank of China Limited- China CSI 300 Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300指數證券投資基金)	Unknown	0.07%	2,227,743	—	Unknown

Shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholders	Number of shares not subject to trading moratorium	Class of shares
HKSCC	1,309,888,521	Overseas listed foreign shares (H Shares)
JCC	60,400,000	Overseas listed foreign shares (H Shares)
DA ROSA JOSE AUGUSTO MARIA	6,000,000	Overseas listed foreign shares (H Shares)
Industrial and Commercial Bank of China-SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	5,634,027	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund (中國工商銀行 — 景順長城精選藍籌股票型證券投資基金)	5,270,000	Ordinary shares denominated in RMB (A Shares)
Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務有限責任公司)	4,160,000	Ordinary shares denominated in RMB (A Shares)
PICC Life Insurance Company Limited – Dividends-Individual Insurance Dividends (中國人民人壽保險股份有限公司 — 分紅 — 個險分紅)	3,099,940	Ordinary shares denominated in RMB (A Shares)
Bank of China-Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	3,074,464	Ordinary shares denominated in RMB (A Shares)
BOC International-Bank of China – The Dai-Ichi Mutual Life Insurance Company (中銀國際 — 中行 — 第一生命保險相互會社)	2,499,947	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China Limited — China CSI 300 Index Securities Investment Fund (中國工商銀行股份有限公司 — 華夏滬深300指數證券投資基金)	2,227,743	Ordinary shares denominated in RMB (A Shares)

The explanation of the connected relationship or parties acting in concert among the aforesaid shareholders	The Company is not aware of any connected relationship among the above holders of shares not subject to trading moratorium, nor aware of any parties acting in concert as defined in Administrative Measures on Acquisitions of Listed Companies.

(1) So far as the Directors are aware, JCC, the controlling shareholder of the Company, and the other top ten shareholders are neither connected persons nor parties acting in concert. The Company is not aware of the existence of such relationship amongst any other top ten shareholders.

(2) HKSCC held a total of 1,309,888,521 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 43.33% of the issued share capital of the Company. HKSCC is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.

(3) During the reporting period, JCC increased its shareholdings in the Company by 60,400,000 H shares, representing not more than 2% of the total share capital of the Company. The H Shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in this interim report. Taking into account the H shares held by JCC, HKSCC held 1,370,288,521 shares as nominee, representing approximately 45.33% of the issued share capital of the Company.

Shareholdings of the top ten shareholders subject to trading moratorium and the condition of trading moratorium

Unit: share

No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium	Particulars of shares subject to trading moratorium to be listed: Date of commencement of trading	Particulars of shares subject to trading moratorium to be listed: Number of newly added shares to be listed	Conditions of trading moratorium
1.	JCC	1,282,074,893	27 September 2010	0	Shares subscribed by JCC through non-public issue of Shares of the Company and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares by the Company in September 2007.

Interests and short positions of shareholders

As at 30 June 2010, the interests and short positions of the shareholders, other than Directors, Supervisors and chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholders	Class of shares	Capacity	Number of shares *(note 1)*	Approximate percentage of total number of the relevant class of shares *(%)*	Approximate percentage of total issued share capital *(%)*
JCC	Domestic shares	Beneficial owner	1,282,074,893 (L)	78.40% (L)	42.41% (L)
	H shares	*(note 2)*	60,400,000 (L)	4.35% (L)	2.00% (L)
JPMorgan Chase & Co.	H shares	*(note 3)*	112,155,675 (L)	8.08% (L)	3.71% (L)
			11,577,715 (S)	0.83% (S)	0.38% (S)
			25,432,000 (P)	1.83% (P)	0.84% (P)

Note 1: "L" means long positions in the shares; "S" means short positions in the shares; "P" means lending pool in the shares.

Note 2: 60,400,000 H shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC as nominee when disclosed in this report.

Note 3: According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 25 June 2010, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	10,333,675 (L)
	11,577,715 (S)
Investment manager	76,390,000 (L)
Custodian corporation / approved lending agent	25,432,000 (L)

Pursuant to the said notice, such interests include 3,700,000 H shares in long positions and 7,554,315 H shares in short positions, both of which were held in physically settled unlisted derivatives.

Save as disclosed above, the register required to be kept under section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2010.

2. Changes in controlling shareholder and ultimate controller

There was no change in controlling shareholder and ultimate controller of the Company during the reporting period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There was no change in the shareholdings of Directors, Supervisors and senior management of the Company during the reporting period.

(II) APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There was no appointment or dismissal of Directors, Supervisors and senior management of the Company during the reporting period.

(III) SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at 30 June 2010, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in any shares, any underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as required to be recorded in the register of the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

REPORT OF THE BOARD

(I) DISCUSSION AND ANALYSIS OF THE OVERALL OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, following its development strategy, the Group continued to deepen its reformation, expanded in an orderly manner, and strengthened its internal management and strictly controlled the cost, thereby achieving sound operating results.

1. Industry Overview

During the reporting period, the overall copper price kept fluctuating at a high level against the effect of the slow recovery of the global economy, the weak performance of United States Dollars ("US$") and the expectation on rising inflation in the first half of 2010. During the reporting period, the average monthly closing price of three-month copper futures on London Metal Exchange ("LME") was US$7,160 per tonne, representing an increase of US$3,089 per tonne or 75.9% as compared with the corresponding period last year. Weighted average price of three-month copper futures on the Shanghai Futures Exchange (inclusive of tax) was RMB57,707 per tonne, representing an increase of RMB26,504 per tonne or 84.94% as compared with the corresponding period last year.

On the other hand, notwithstanding the continuous expansion of the production capacity of copper smelting in recent years, the supply of copper concentrate slumped further due to the downgrading of copper concentrate, the expiry of term of service of certain mines and the slow construction of new mines. The copper smelting processing fee continued to decline in the first half of 2010. Major refiners in China have reached consensus with the suppliers on the copper smelting processing fee (represented by treatment charge / refinery charge) for futures copper at US$46.5 per tonne and 4.65 US cents per pound (being US$75 per tonne and 7.5 US cents per pound last year respectively), but the processing fee for spot copper was often lower than futures copper.

Gold, as a joint-product, has maintained its price at record high level.

Prices of sulphuric acid, sulphuric concentrate and rare metals, as the joint-products, increased as compared with the corresponding period last year.

2. Business Review

During the reporting period, operating results of the Group had increased substantially. According to the unaudited consolidated financial statements prepared under PRC GAAP, the operating revenue of the Group amounted to RMB37,570.49 million, representing an increase of RMB16,217.90 million or 75.95% over the corresponding period last year. Operating profit amounted to RMB2,819.00 million, representing an increase of RMB1,277.64 million or 82.89% over the corresponding period last year. Net profit attributable to shareholders of the Company amounted to RMB2,124.21 million, representing an increase of RMB922.31 million or 76.74% over the corresponding period last year. Basic earnings per share was RMB0.7, representing an increase of RMB0.3 or 75% over the corresponding period last year.

During the reporting period, the Group fullfiled the production volume as planned. The Group produced 452,000 tonnes of copper cathode (including processed copper cathode), representing a growth of 22.16% over the corresponding period last year (2009 interim: 370,000 tonnes). Compared with the corresponding period last year, the production of gold increased by 4% to 10,414 kg (2009 interim: 10,013 kg); while the production of silver decreased by 0.84% to 237 tonnes (2009 interim: 239 tonnes). The production of copper rods and wires decreased by 7.4% to 199,000 tonnes as compared with the corresponding period last year (2009 interim: 215,000 tonnes). Sulphuric acid increased by 10.9% to 1,220,000 tonnes as compared with the corresponding period last year (2009 interim: 1,100,000 tonnes). The production of sulphuric concentrate reached 758,700 tonnes, representing a decrease of 12.1% over the corresponding period last year (2009 interim: 863,300 tonnes). Copper concentrates (containing copper) increased by 3.7% to 84,000 tonnes as compared with the corresponding period last year (2009 interim: 81,000 tonnes). Production of molybdenum concentrate (45%) was 2,259 tonnes, representing an increase of 19.7% as compared with the corresponding period last year (2009 interim: 1,887 tonnes). Production of copper processing products other than copper rods and wires decreased by 6.1% to 31,000 tonnes over the corresponding period last year (2009 interim: 33,000 tonnes).

(II) THE GROUP'S PRINCIPAL OPERATIONS AND PERFORMANCE

The following figures are extracted from the unaudited consolidated accounting statements prepared in accordance with PRC GAAP.

1. Principal operations by industry and product

Unit: '000 Currency: RMB

By industry or by product	Operating revenue	Operating cost	Operating profit margin (%)	Increase/ (decrease) in operating revenue over the corresponding period last year (%)	Increase/ (decrease) in operating cost over the corresponding period last year (%)	Increase/ (decrease) in operating profit margin over the corresponding period last year (%)
By industry						
Revenue from principal operation:						
Copper cathode	19,952,969	18,538,685	7.09%	91.48%	91.61%	Decreased by 0.07 percentage points
Copper rods and wires	10,672,558	9,851,665	7.69%	71.24%	72.91%	Decreased by 0.89 percentage points
Copper processing products	1,612,765	1,527,691	5.28%	46.99%	46.23%	Increased by 0.49 percentage points
Precious metals (gold/silver)	3,512,079	2,705,871	22.96%	40.50%	68.23%	Decreased by 12.70 percentage points
Chemical products	845,770	556,999	34.14%	196.56%	132.66%	Increased by 18.09 percentage points
Rare metals	305,758	148,282	51.50%	-8.97%	-36.44%	Increased by 20.97 percentage points
Other products	296,713	192,420	35.15%	18.30%	-13.63%	Increased by 23.97 percentage points
Sub-total	37,198,612	33,521,613	9.88%	76.11%	79.05%	Decreased by 1.48 percentage points
Revenue from other businesses	371,880	333,635	10.28%	61.33%	62.67%	Decreased by 0.74 percentage points
Total	37,570,492	33,855,248	9.89%	75.95%	78.88%	Decreased by 1.47 percentage points

1) *Copper cathode*

During the reporting period, operating revenue from copper cathode increased by RMB9,532.34 million or 91.48% over the corresponding period last year mainly due to the increase in selling price and quantity of copper cathode as compared with the corresponding period last year. Operating costs of copper cathode increased by RMB8,863.46 million or 91.61% as compared with the corresponding period last year due to the increase in purchase prices of outsourced raw materials, materials and appliances as well as the increased impurity in ores and sales quantities. The operating profit of copper cathode for the first half of the year increased by RMB668.88 million or 89.73% as compared with the corresponding period last year while operating profit margin decreased from 7.15% to 7.09%.

2) *Copper rods and wires*

During the reporting period, operating revenue from copper rods and wires increased by RMB4,439.88 million or 71.24% over the corresponding period last year mainly due to the increase in selling price of copper rods and wires as compared with the corresponding period last year. Operating costs of copper rods and wires increased by RMB4,154.07 million or 72.91% as compared with the corresponding period last year mainly due to the increase in purchase price of outsourced raw materials. Operating profit of copper rods and wires increased by RMB285.81 million or 53.42% as compared with the corresponding period last year and operating profit margin decreased from 8.59% in the corresponding period last year to 7.69%.

3) *Copper processing products other than copper rods and wires*

During the reporting period, due to the increase in selling price of copper processing products other than copper rods and wires as compared with the corresponding period last year, operating revenue increased by RMB515.57 million or 46.99% as compared with the corresponding period last year. Operating costs increased by RMB482.98 million or 46.23% as compared with the corresponding period last year due to the increased purchase price of outsourced raw materials. Operating profit increased by RMB32.59 million or 62.11% as compared with the corresponding period last year and operating profit margin increased from 4.78% in the corresponding period last year to 5.28%.

4) *Precious metals (gold and silver)*

During the reporting period, operating revenue from precious metals increased by RMB1,012.37 million or 40.50% as compared with the corresponding period last year due to the increase in its selling price. Operating costs of precious metals increased by RMB1,097.45 million or 68.23% as compared with the corresponding period last year due to the increase in price of outsourced raw materials. Operating profit of precious metals decreased by RMB85.07 million or 9.55% as compared with the corresponding period last year and operating profit margin decreased from 35.66% in the corresponding period last year to 22.96%.

5) *Chemical products*

During the reporting period, operating revenue from chemical products increased by RMB560.57 million or 196.56% mainly due to the increase in the selling price as compared with the corresponding period last year. Operating costs of chemical products increased by RMB317.60 million or 132.66% as compared with the corresponding period last year. Operating profit of chemical products increased by RMB242.97 million or 530.56% as compared with the corresponding period last year and operating profit margin increased from 16.06% in the corresponding period last year to 34.14%.

6) *Rare metals*

During the reporting period, the decrease in sales volume of rare metals resulted in the decrease of its operating revenue by RMB30.12 million or 8.97% compared with the corresponding period last year. Operating costs of rare metals decreased by RMB85.02 million or 36.44%. Operating profit of rare metals increased by RMB54.91 million or 53.53% as compared with the corresponding period last year and operating profit margin increased from 30.54% in the corresponding period last year to 51.50%.

2. Principal operation by geographical areas

Unit: '000 Currency: RMB

Geographical areas	**Operating revenue**	**Increase/(decrease) in operating revenue over the corresponding period last year** *(%)*
Mainland China	34,844,016	68.32
Hong Kong, China	2,111,184	538.38
Others	243,412	168.69
Total	37,198,612	76.11

(III) INVESTMENT OF THE COMPANY

1. Use of proceeds

Unit: 0'000 Currency: RMB

Year	Method	Total proceeds	Total utilised proceeds in the reporting period (Cash portion)	Accumulative utilised proceeds (Cash portion)	Total unutilised proceeds	Use of unutilised proceeds
2007	Non-public issuance	395,017	13,417	169,213	51,519	Allocate to projects undertaken by the Company during the fund raising
Total	/	395,017	13,417	169,213	51,519	/

2. Use of proceeds in projects undertaken

Unit: 0'000 Currency: RMB

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Expansion project of Phase II Chengmenshan Copper Mine	No	49,800	25,064	Yes	40%	Upon completion of the expansion, Chengmenshan Copper Mine could increase its mining and milling capacity to 7,000 tonnes of ores per day, and can produce copper concentrates containing 14,816.93 tonnes of copper, 25,814.42 tonnes of sulfur, 232 kg of gold and 15,142 kg of silver and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,541.55 tonnes) per annum	Under construction, no earnings realised yet	—

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine	No	37,852	34,487	Yes	100%	As Yongping Copper Mine has proven reserve of 65.80 million tonnes of ores, average copper grade of 0.59%, and copper metal of 390,000 tonnes, the implementation of the project could fully recycle and utilise such resources	Under construction, no earnings realised yet	—
Fujiawu Mine Development and Construction Project	No	30,056	21,985	Yes	83%	Extend the service life of Dexing Copper Mine	Under construction, no earnings realised yet	—
Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day	No	12,024	11,284	Yes	100%	Produce copper concentrates containing 12,800 tonnes of copper, 171,000 tonnes of sulfur, 218 kg of gold and 7,512 kg of silver per annum upon completion	Under construction, no earnings realised yet	—
Total	/	129,732	92,820	/	/	/	/	/

1) *Expansion project of Phase II of Chengmenshan Copper Mine*

The Company intended to invest RMB498.00 million in the project, all of which will be raised through proceeds from non-public issue of A Shares. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB63.95 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB250.64 million, representing 50.33% of the planned investment amount in the project.

2) *Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine*

The Company intended to invest a total of RMB387.54 million in the project, of which RMB378.52 million would be financed through proceeds from non-public issue of A shares, and RMB9.02 million would be financed by internal resources. During the reporting period, the amount invested by proceeds from non-public issue of A Shares in the project was RMB57.84 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB344.87 million, completed total investment of RMB377.80 million, representing 97.49% of the planned investment amount in the project.

3) *Fujiawu Mine development and construction project*

The Company intended to invest a total of RMB1,052.54 million in the project, of which RMB300.56 million would be financed through proceeds from non-public issue of A shares and RMB751.98 million would be financed by internal resources. During the reporting period, RMB11.83 million was financed by raised proceeds in the project. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB219.85 million, the accumulated investment amount was RMB880.62 million, representing 83.67% of the planned investment amount in the project.

4) *Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day*

The Company intended to invest a total of RMB257.32 million in the project, of which RMB120.24 million would be financed through raised proceeds from non-public issue of A shares and RMB137.08 million would be financed by internal resources. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB0.55 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB112.84 million, completed accumulated investment of RMB246.10 million, representing 95.64% of the planned investment amount in the project.

3. Progress of projects financed by raised proceeds from exercise of warrants attached to Bonds with Warrants

Unit: 0'000 Currency: RMB

Project	Project amount to be invested	Amount of proceeds to be invested	Aggregate investment amount	Progress of project	Earnings from projects
Technical renovation Engineering of Enlarging Production Scale of Dexing Copper Mine	253,787	Approximately 258,000	115,289	45.43%	Under construction, no earnings realised yet
Tender and development of the exploration rights of copper mine in Afghanistan	—	Approximately 120,000	5,814	—	Under construction, no earnings realised yet
Acquisition of equity interests in Northern Peru Copper Corp.	—	Approximately 130,000	90,000	—	Under construction, no earnings realised yet
Supplemental working capital	—	Approximately 172,000	—	—	—
Total	—	680,000	211,103	—	—

The Company undertook to apply the proceeds of RMB6.8 billion raised from the issuance of Bonds with Warrants by the Company in 2008 to the three projects including the Technical Renovation Engineering of Enlarging Production Scale of Dexing Copper Mine, the tender and development of the exploration rights of copper mine in Afghanistan, as well as the acquisition of equity interests in Northern Peru Copper Corp.. The fund invested in such three projects was financed by the Company's internal resources. The development plan for Aynak Copper Mine in Afghanistan and the mines of Northern Peru Copper Corp. is under discussion.

As stated in the Offering Memorandum for the Bonds with Warrants and Feasibility Report of the Use of Proceeds Raised from Issuance of Bonds with Warrants, the proceeds raised from the exercise of the Warrants attached to the Bonds will be applied to the above projects. In the event that the availability of the proceeds is not consistent with the progress of the projects, the Company may use funds from other available sources according to the actual condition, and the funding of which will be replaced by the proceeds from the issuance once available. When the proceeds are available, the Company will prioritise their use according to the needs of the projects. In the event that the proceeds raised are less than the capital requirement of the projects or the warrants cannot be exercised, the shortage will be financed by other ways by reference to the then circumstances. Any surplus from the proceeds raised will be applied to repay the loan from financial institutions and supplement the working capital.

The proposed investment in the above projects is subject to approval from the relevant governmental authorities in the PRC and market conditions.

1) *Technical renovation engineering of enlarging production scale of Dexing Copper Mine*

The Company intended to invest a total of approximately RMB2,537.87 million in the project. During the reporting period, the actual amount invested in the project was RMB297.39 million. As at the end of the reporting period, the accumulated amount invested in the project was RMB1,152.89 million, representing 45.43% of the planned investment amount. Upon completion of the construction of the project, the current production scale will be expanded from a level of 100,000 tonnes as daily mining of ores to 130,000 tonnes in Dexing Copper Mine. Additional copper concentrates containing 41,000 tonnes of copper, 61 kg of gold, 25.3 tonnes of silver, 1,614 tonnes of molybdenum and 87,597 tonnes of sulphur will be delivered per annum. The completion of the project will enhance the self-supply rate of the Group which raises investment efficiencies.

2) *Tender and development of the exploration rights of copper mine in Afghanistan*

The Company had joined with China Metallurgical Group Corporation and successfully bid the exploration rights of Aynak Copper Mine in Afghanistan, and invested RMB58.14 million to establish MCC-JCC Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司) in Afghanistan in which the Company holds 25% equity interest. At present, the development plan for the copper mine is under demonstration.

3) *Acquisition of equity interests in Northern Peru Copper Corp.*

The Company was allied with China Minmetals Non-Ferrous Metals Company Limited to establish the Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司). They jointly acquired 100% equity interest in Northern Peru Copper Corp.. At present, the development plan for the mines of this company is under demonstration. The accumulated amount invested by the Company in Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司) was RMB900.00 million.

4. Progress of projects financed by non-raised proceeds

Unit: 0'000 Currency: RMB

Project	Proposed total investment	Progress of project	Earnings from projects
Expansion Project for Electrolyze	29,479	87%	Under construction, no earnings realised yet
No.5 Mine Exploitation Project	13,000	47%	Under construction, no earnings realised yet
Electromotor Update	35,520	102%	Under construction, the total amount of the investment is being updated
4,000 Tonnes Copper Foil Technical Renovation Project	26,800	85%	Under construction, no earnings realised yet
5,000 Tonnes per Day Milling Technical Renovation at Yinshan Jiuqu Copper-gold Mine	49,960	24%	Under construction, no earnings realised yet
Yunchikou Tailing Storage Project at Wushan Copper Mine	32,778	24%	Under construction, no earnings realised yet
Chengmen Liujiagou Tailing Storage Project at Chengmenshan	31,831	11%	Under construction, no earnings realised yet
Chengmen Southern Wall Waste Dump Project at Chengmenshan Copper Mine	19,707	45%	Under construction, no earnings realised yet
300,000 Tonnes Copper Smelting Project	309,953	85%	Annual production capacity of copper increased by 300,000 tonnes
Total	549,028	/	/

1) *Expansion Project for Electrolyze*

The Company intended to invest a total of RMB294.79 million in the project. During the reporting period, the actual amount invested in the project was RMB1.63 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB257.13 million, representing 87% of the planned investment amount in the project. Upon the completion of the project, the average production volume of refined copper cathode can hit 160,000 tonnes per annum.

2) *No.5 Mine Exploitation Project*

The Company intended to invest a total of RMB130.00 million in the project. During the reporting period, the actual amount invested in the project was RMB11.98 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB61.31 million, representing 47% of the planned investment amount in the project.

3) *Electromotor Update*

The Company intended to invest a total of RMB355.20 million in the project. During the reporting period, the actual amount invested in the project was RMB1.48 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB364.00 million, representing 102% of the planned investment amount in the project. The total amount of the investment for the project is being updated.

4) *4,000 Tonnes Copper Foil Technical Renovation Project*

The Company intended to invest a total of RMB268.00 million in the project. During the reporting period, the actual amount invested in the project was RMB11.42 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB227.86 million, representing 85% of the planned investment amount in the project.

5) *5,000 Tonnes per Day Milling Technical Renovation at Yinshan Jiuqu Copper-gold Mine*

The Company intended to invest a total of RMB499.60 million in the project. During the reporting period, the actual amount invested in the project was RMB39.39 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB121.06 million, representing 24% of the planned investment amount in the project.

6) *Yunchikou Tailing Storage Project at Wushan Copper Mine*

The Company intended to invest a total of RMB327.78 million in the project. During the reporting period, the actual amount invested in the project was RMB28.18 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB79.79 million, representing 24% of the planned investment amount in the project.

7) *Chengmen Liujiagou Tailing Storage Project at Chengmenshan*

The Company intended to invest a total of RMB318.31 million in the project. During the reporting period, the actual amount invested in the project was RMB3.97 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB36.39 million, representing 11% of the planned investment amount in the project.

8) *Chengmen Southern Wall Waste Dump Project at Chengmenshan Copper Mine*

The Company intended to invest a total of RMB197.07 million in the project. During the reporting period, the actual amount invested in the project was RMB26.64 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB88.32 million, representing 45% of the planned investment amount in the project.

9) *300,000 Tonnes Copper Smelting Project*

The Company intended to invest a total of RMB3,099.53 million in the project. During the reporting period, the actual amount invested in the project was RMB21.55 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB2,635.39 million, representing 85% of the planned investment amount in the project.

(IV) ANALYSIS ON FINANCIAL POSITION DURING THE REPORTING PERIOD

1. Financial Position

As at the end of the reporting period, the total assets of the Group amounted to RMB42,449.71 million, representing an increase of RMB4,415.49 million or 11.61% as compared with the beginning of the reporting period, in which: (1) the balance of cash and bank amounted to RMB4,695.93 million, representing an increase of RMB1,095.92 million or 30.44% as compared with the beginning of the reporting period, primarily due to net cash inflow of RMB434.76 million from operating activities, net cash outflow of RMB886.75 million from investing activities, net cash inflow of RMB780.13 million from financing activities, outflow of RMB0.28 million caused by the effect of changes in exchange rate on cash and cash equivalents and the changes in restricted cash and bank of the Group, which is not defined as cash and cash equivalents: an increase of RMB106.71 million in mandatory reserve deposits maintained with the People's Bank of China by a subsidiary of the Group, an increase of RMB585.81 million in mortgaged bank deposits for bank borrowings, and an increase of RMB75.54 million in deposit for issuing bank acceptance notes; (2) the balance of notes receivable amounted to RMB1,891.50 million, representing an increase of RMB1,155.60 million or 157.03% as compared with the beginning of the reporting period. The main reason is that more notes receivable were used by the Group for settlement of selling copper processing products. Also as with the increase in discount rate, the Group reduced the transaction of discounting notes so as to reduce cost, resulting in the increase of the balance of notes receivable as compared with the end of last year; (3) the balance of trade receivables amounted to RMB2,611.39 million, representing an increase of RMB882.17 million or 51.02% as compared with the beginning of the reporting period. The increase in the trade receivables for this period is mainly due to the increase in sales volume and price of copper processing products; (4) the balance of prepayment amounted to RMB1,931.13 million, representing an increase of RMB575.08 million or 42.41% as compared with the beginning of the reporting period, mainly due to the sharp increase in purchase volumes to meet the expansion of production volume, increase in purchase price and the extension of prepayment settlement period; (5) the balance of other receivables amounted to RMB951.52 million, representing an increase of RMB124.77 million or 15.09% as compared with the beginning of the reporting period, mainly due to the drop in price of copper at the end of the period, which led to the gap of prepayment amount for purchasing copper concentrate over the final settlement amount; (6) the balance of available-for-sale financial assets amounted to zero, representing a decrease of RMB300 million or 100% as compared with the beginning of the reporting period, mainly due to the expiration and receipt of bank financial products invested by a subsidiary of the Company at the end of last year during the reporting period; (7) the balance of other current assets amounted to RMB1,344.69 million, representing an increase of RMB798.56 million or 146.22% as compared with the beginning of the reporting period, mainly due to the increase of RMB392.20 million in balance of short-term loans from the finance company of the Group to related parties and the increase of RMB406.36 million in the balance of derivative financial instrument-provisional price arrangement; (8) the balance of long-term equity investments amounted to RMB852.97 million, representing an increase of RMB446.78 million or 109.99% as compared with the beginning of the reporting period, mainly due to the additional investment cost of RMB440 million in Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司) during the period.

As at the end of the reporting period, the total liabilities of the Group amounted to RMB17,309.42 million, representing an increase of RMB2,450.31 million or 16.49% as compared with the beginning of the period, in which: (1) the balance of short-term borrowings amounted to RMB4,010.67 million, increased by RMB1,479.73 million or 58.47% as compared with the beginning of the reporting period, mainly attributable to an increase of RMB723.12 million of the additional pledged RMB deposits to obtain USD bank borrowings; and an increase of RMB668.75 million in credit borrowings by the Group as compared with the beginning of the reporting period; (2) the balance of advances from customers amounted to RMB569.98 million, representing an increase of RMB275.09 million or 93.29% as compared with the beginning of the reporting period. The main reasons giving rise to the significant increase in advances are the substantial increase in sales in this reporting period and that the Group adopted settlement by way of advances towards the new customers; (3) the balance of taxes payable amounted to RMB421.29 million, representing an increase of RMB182.74 million or 76.60% as compared with the beginning of the reporting period, mainly attributable to the sharp increase in the balance of income tax payable at the end of the period; (4) the balance of dividends payables amounted to RMB305.73 million, mainly due to unpaid dividends to shareholders for year 2009; (5) the balance of other payables amounted to RMB1,070.14 million, increased by RMB290.13 million or 37.20% as compared with the beginning of the reporting period, mainly due to the settlement of the payable balance of construction, equipment and material costs upon the completion of projects at the end of the year.

During the reporting period, the total revenue of the Group amounted to RMB37,570.49 million, representing an increase of RMB16,217.90 million or 75.95% as compared with the same period last year. Please refer to the sub-section headed "The Group's principal operations and performance" under the section headed "Report of the Board" in the report for details. Investment income/(loss) represented an increase of RMB252.40 million or 220.82% as compared with the corresponding period last year. Such increase is mainly due to the realization of gains from futures comparing to the loss in the same period last year.

2. Capital Structure

As at the end of the reporting period, the total assets of the Group increased to RMB42,449.71 million from RMB38,034.22 million as at the beginning of the period; the total liabilities increased to RMB17,309.42 million from RMB14,859.11 million as at the beginning of the period. Gearing ratio was 40.78%, representing an increase of 1.71 percentage points as compared with the beginning of the reporting period. Capital-liabilities ratio (liabilities/shareholders' equity) was 68.85%, representing an increase of 4.73 percentage points as compared with the beginning of the reporting period.

3. Cash Flow

During the reporting period, the net cash inflow of the Group from operating activities amounted to RMB434.76 million, representing a decrease of net cash inflow of RMB1,906.17 million as compared with the corresponding period last year. Although, the net profit increased as compared with the corresponding period last year, the substantial increase in operating receivables and the decrease in operating payables, resulted in the decrease in net operating cash inflow.

During the reporting period, net cash outflow of the Group from investing activities amounted to RMB886.75 million, representing a decrease of net cash outflow of RMB865.80 million as compared with the corresponding period last year. The main reasons for decrease in net cash outflow were as follows: an increase of RMB332.10 million in cash received from investment; a decrease of RMB934.15 million in cash paid for acquisition of fixed assets, intangible assets and other long-term assets; an increase of RMB392.21 million in cash paid for investments; and a decrease of RMB8.24 million in net cash inflow from other investing activities.

During the reporting period, net cash inflow of the Group from financing activities amounted to RMB780.13 million, representing an increase of net cash inflow of RMB895.14 million as compared with the corresponding period last year. The main reasons for increase in net cash inflow were as follows: an increase of RMB2,559.52 million in cash received from borrowings; an increase of RMB1,088.00 million in cash for repayment of borrowings; an increase of RMB585.81 million of pledged RMB deposits to obtain USD bank borrowings; and a decrease of RMB9.43 million in net cash outflow from other financing activities.

As at the end of the reporting period, the balance of cash and cash equivalents of the Group was RMB2,030.48 million, representing an increase of RMB327.86 million as compared with the beginning of the reporting period.

(V) PROSPECT FOR THE SECOND HALF OF THE YEAR

The overall global economy is on the track of recovery. The actual demand for copper will increase gradually while the US Dollars will remain weak. The gradual increase in prices of consumer products and production materials indicated that the pressure on preventing inflation becomes stronger. Under such circumstances, prices of the Company's products including copper, gold, silver and rare metals are unlikely to experience any substantial fall while price rise could still be expected. The smelting processing fee for copper cathode has been at the historical low and even lower than the production cost of the industry. Basically, there is no room to decline further. The smelting processing fees may possibly be increased as a result of the extremely low smelting processing fee and decrease in production by the smelting processing companies.

From the perspective of industry development, the core competitiveness of the resources-based industry depends on the resource control and the supply rate of own raw materials. The Group will enhance its resources reserve as its basic strategy. In the long run, the Group will be committed to securing its resource through exploration and acquisition. Therefore, through its development strategy "to develop mines, consolidate smelting, improve refining and diversify into related sectors", the Group will focus on the following tasks in the second half of the year:

1. Further implement the resources development strategy

The Group will accelerate the expansion of its existing mines: extension of open-pitting mining project at Yongping Copper Mine and expansion project of phase II of Chengmenshan Copper Mine are to be completed and to commence operation in the year; construction of main structure of 130,000 tonnes technical renovation project of Dexing Mine is to be completed basically by the end of the year; constructions of 5,000 tonnes/day technical improvement of Yinshan Mine and No.5 mine exploitation project of Dongtong Mine are under smooth progress. Following the gradual production of these mines, the Group's own production of mining products will be increased substantially.

The Group endeavours to press ahead the establishment of overseas mining projects and the implementation of Aynak Copper Mine project in Afghanistan and Northern Peru Copper Corp. are under smooth progress.

2. Adhere to the promotion of corporate reform

In view of its continuous and rapid development, the Group has restructured and adjusted its internal business and organization in recent years to strengthen internal management and improve operation efficiency. Upon streamlining of its headquarters, the Group is also implementing organizational adjustments, staff deployment and position arrangement on its units, and supplement staff assessment mechanism to promote performance assessment and basic salary system reform and implement a position-value based remuneration distribution system.

Besides, the Group's internal quota management, information construction and establishment of an internal control system and risk control system are progressing smoothly.

3. Seek opportunities to expand corporate scale

In the recent years, the Group has been seeking and negotiating appropriate projects in the PRC and overseas to increase its resources reserve on one hand and to expand its market shares on the basis of ensured raw materials on the other hand.

4. **Strive for exercise of warrants and utilization of raised proceeds**

The Company issued warrants ("Jiangxi Copper CWB1") in year 2008. The latest exercise price for Jiangxi Copper CWB1 is RMB15.33 per A share, and the proportion of exercise rights for the warrants is 4:1. The last trading date of those warrants will be 21 September 2010. The exercise period of the warrants shall be five trading days commencing from 27 September 2010, namely, 27 September 2010, 28 September 2010, 29 September 2010, 30 September 2010 and 8 October 2010. The rights attaching to Jiangxi Copper CWB1 which are not exercised by 3 p.m., on 8 October 2010 will be cancelled.

The Company will endeavor to facilitate the exercise of its warrants to raise proceeds for its 130,000 tonnes technical renovation project of Dexing Mine and Aynak Copper Mine project in Afghanistan and Northern Peru Copper Corp. project, as well as to secure funds for scheduled progress of such projects. This move will not only increase the equity of existing shareholders of the Company, but also allow more investors to participate in the Company's development and enjoy gains in future. If the rights attached to the warrants are fully exercised, proceeds raised by the Company will amount to approximately RMB6.75 billion.

(VI) BASED ON THE COMPANY'S PRELIMINARY ASSESSMENT, IF THERE IS NO SIGNIFICANT DECREASE IN THE SELLING PRICE OF PRODUCTS DURING THE THIRD QUARTER OF 2010 AS COMPARED WITH THE FIRST HALF OF 2010, THE INCREASE IN ACCUMULATED PROFIT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 (PREPARED IN ACCORDANCE WITH PRC GAAP) WILL EXCEED 50% AS COMPARED WITH THE SAME PERIOD LAST YEAR.

(I) CORPORATE GOVERNANCE

During the reporting period, in strict compliance with the requirements of laws and regulations such as the Company Law of the People's Republic of China, Securities Law and Rules Governing the Listing of Securities, the Company standardized its operation and put efforts in investor relation to complete corporate governance structure. The general meeting, Board, Supervisory Committee, and special committees under the Board duly performed their respective duties and operated in accordance with the law; The Company implemented relevant procedures and timely disclosed information in respect of connected transactions, use of proceeds and significant investments according to relevant requirements.

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

The Company's profit distribution plan for 2009 was to distribute a cash dividend of RMB1 (inclusive of tax) for every ten shares to all shareholders. The profit distribution plan was approved at the annual general meeting of the Company held on 17 June 2010. On 8 July 2010, the Company distributed a cash dividend of RMB0.1 (inclusive of tax) per share to the holders of H shares whose names appeared on the register of H shares of the Company on 17 June 2010 and to holders of A shares whose names appeared on the register of A shares of the Company on 1 July 2010, respectively.

(III) EXECUTION OF CASH DIVIDEND POLICIES DURING THE REPORTING PERIOD

The articles of association of the Company specifies that the Company may distribute dividends in cash or stocks. The profit distribution policy of the Company shall be maintained with certain continuity and stability and in accordance with the relevant governing regulations as amended from time to time.

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2010. No interim dividends were distributed by the Company in the corresponding period of last year.

(IV) MATERIAL LITIGATIONS AND ARBITRATIONS

The Company was not involved in any material litigations and arbitrations during the reporting period.

(V) MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

The Company had no matters related to bankruptcy and restructuring during the reporting period.

(VI) EQUITY INTERESTS IN OTHER LISTED COMPANIES AND FINANCIAL ENTERPRISES HELD BY THE COMPANY

1. Investment in securities

No.	Securities type	Securities code	Securities abbreviation	Initial investment cost *(RMB)*	Number of securities held *(share)*	Carrying amount as at the end of the period *(RMB)*	As a percentage of the total investment in securities as at the end of the period *(%)*	Profit and loss occurred in the reporting period *(RMB)*
1	Stock	002405	NAVINFO	1,705,651	66,627	2,210,684	67.51	505,033
2	Stock	002393	LISHENGPHARMA	1,050,075	23,335	936,200	28.59	-113,875
3	Stock	300082	OXIRANCHEM	42,500	500	33,775	1.03	-8,725
4	Stock	002419	RAINBOW DEPT. STORE	60,000	1,500	51,285	1.57	-8,715
5	Stock	002418	KASUN	9,990	500	8,435	0.26	-1,555
6	Stock	601000	TSPGC	8,200	1,000	8,200	0.25	0
7	Stock	002410	GLODON	29,000	500	26,075	0.79	-2,925
Profit and loss on securities disposed during the reporting period				/	/	/	/	429,556
Total				2,905,416	/	3,274,654	100	798,794

2. Equity interests in non-listing financial enterprises held by the Company

Name of companies	Accumulated investment cost *(RMB'000)*	Number of shares held *(0'000 shares)*	As a percentage of the company's equity *(%)*	Book value at the end of the reporting period *(RMB'000)*	Profit and loss occurred in the reporting period *(RMB)*	Changes in the owner's equity during the reporting period *(RMB)*	Accounting items	Ways of acquisition
Nanchang City Commercial Bank	398,080	14,000	5.88	398,080	Not Applicable	Not Applicable	Financial assets available-for-sale	Acquired from third party

(VII) ACQUISITION AND DISPOSAL OF ASSETS, AND MERGER BY ABSORPTION DURING THE REPORTING PERIOD

During the reporting period, the Company had no material acquisition and disposal of assets or merger by absorption.

(VIII) IMPLEMENTATION OF EQUITY INCENTIVES AND ITS IMPACT

"The Share Appreciation Rights Scheme for the Senior Management of Jiangxi Copper" was considered and approved at the extraordinary general meeting convened on 19 February 2008, pursuant to which Mr. Li Yihuang, the Chairman of the Company, and Mr. Li Baomin, an executive Director, were granted 92,700 H shares Appreciation Rights respectively, while the then executive Directors, Mr. Wang Chiwei, Mr. Long Ziping, and Mr. Wu Jinxing, and senior managers Mr. Liu Yuewei and Liu Jianghao were granted 64,900 H shares Appreciation Rights respectively. At the 19th meeting of the 4th Board held on 22 February 2008, the date of granting H-share Appreciation Rights was determined as 22 February 2008 with exercise price of HK$18.90.

As at the end of the reporting period, no Share Appreciation Rights granted were exercised or expired. The Company did not recognise share compensation cost and the liability related to such rights and has not determined the value of rights granted.

(IX) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

1. Connected transactions relating to day-to-day operation

Unit:'000 Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected transactions
JCC	Controlling shareholder	Purchase of goods	Copper concentrate	Market price	23,740	3,082	0.13	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Blister and scrap copper (tonne)	Market price	49,145	313,126	3.43	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Contained copper in anode plates	Market price	45,376	86,377	7.3	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Copper cathode (tonne)	Market price		450	7.17	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Ancillary industrial products and other products	Market price or cost plus tax		91,568	41.01	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Staff welfare and medical costs	Based on 18% of staff salaries		33,671	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Pension contributions	Based on 20% of staff salaries		78,127	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Rentals for public facilities	Shared on the cost basis according to the proportion of staff member		10,465	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Construction service	Construction fixed rates of Jiangxi Province		7,234	0.85	Monthly settlement
JCC	Controlling shareholder	Acceptance of use rights of patent and trademark	Land use rental	Valuation price		21,999	100	Payable at year-end
JCC	Controlling shareholder	Other outflows	Remuneration for key management personnel	Shared on the cost basis according to the proportion of staff member		4,780	100	Payable at year-end

Unit:'000 Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions (RMB)	Amount of connected transactions (RMB'000)	As a percentage of similar types of transactions (%)	Settlement method of connected transactions
JCC	Controlling shareholder	Acceptance of services	Futures agency fee	Market price		16,946	84	Payment upon conclusion of trading
JCC	Controlling shareholder	Loans	Interest charges for deposits from customers	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,154	100	Monthly or quarterly settlement
JCC	Controlling shareholder	Acceptance of services	Other management fee	Shared according to the proportion of assets		2,357	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Representative offices	Shared according to the proportion of staff number		1,876	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Repair and maintenance services	Industry standards		12,926	27.21	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Transportation services	Passenger and cargo rates of Jiangxi Province		147	1.28	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Environmental sanitation and greenery services	Shared according to the proportion of staff number		2,334	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Labor services	Market price or cost plus tax		2,224	3.05	Monthly settlement
JCC	Controlling shareholder	Sales of goods	Copper rods and wires (銅杆線) (tonne)	Market price	49,357	278,488	3.97	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Copper rods and wires (銅杆絲) (tonne)	Market price	50,234	2,639	0.11	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Copper cathode (tonne)	Market price	48,723	597	0.008	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	By-products	Market price		11,986	100	Monthly settlement
JCC	Controlling shareholder	Sales of goods	Sulphuric acid	Market price	327	611	0.2	Monthly settlement

Unit:'000 Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected transactions
JCC	Controlling shareholder	Sales of goods	Ancillary industrial products	Market price		6,382	2.71	Monthly settlement
JCC	Controlling shareholder	Loans	Provision of loans	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,104,000	100	Monthly or quarterly settlement
JCC	Controlling shareholder	Loans	Interest for financing services	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		11,113	90	Monthly or quarterly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity supply	Cost plus tax		3,152	2.8	Monthly settlement
JCC	Controlling shareholder	Provision of services	Repair and maintenance services	Industry standards		2,593	100	Monthly settlement
JCC	Controlling shareholder	Provision of services	Transportation services	Passenger and cargo rates of Jiangxi Province		704	0.84	Monthly settlement
JCC	Controlling shareholder	Provision of services	Construction services	Market price		12,021	17.42	Monthly settlement

Unit:'000 Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected transactions
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Water supply	Cost plus tax		78	0.85	Monthly settlement
JCC	Controlling shareholder	Provision of services	Processing services	Market price		291	0.15	Payment upon acceptance
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Rentals for public facilities	Shared on the cost basis according to the proportion of staff member		630	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Gas supply	Contract price		20	2	Monthly settlement
Total				/	/	2,126,148	/	/

In addition, (1) the Company purchased blister copper (the raw materials for smelting) in the amount of RMB132.21 million and accepted anode copper processing services in the amount of RMB20.39 million from Jiangxi Copper EPI (Qingyuan) Limited, an associate company jointly established by the Company and an independent third party; (2) JCC Finance Company Limited, a controlling subsidiary of the Company, received interest income for loans of RMB1.274 million from Minmetals-JCC Mining Company Limited (五礦江銅礦業股份有限公司), an associated company jointly established by the Company and an independent third party.

(X) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracts and Leases

(1) Custody

The Company did not have custody during the reporting period.

(2) Contracts

The Company did not have contracts during the reporting period.

(3) Leases

The Company did not have leases during the reporting period.

2. Guarantees

The Company did not have guarantees during the reporting period.

3. Asset Management on Trust

The Company was not involved in asset management on trust during the reporting period.

4. Other Material Contracts

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

(XI) PERFORMANCE OF UNDERTAKINGS

1. Undertakings given by the Company or shareholders with 5% or more interests and its ultimate controller in the Company during or subsisted to the reporting period and performance thereof

Undertakings	Content of Undertaking	Performance
Undertakings made in issuance	1) On 22 May 1997, JCC, the controlling shareholder, undertook to the Company as follows: So far as JCC holds 30% or more of the voting rights of the Company, JCC and its subsidiaries and associated companies (except for those controlled through the Company) shall not engage in any business or activities which may directly or indirectly compete with the Company's business. Furthermore, JCC will devote utmost efforts to ensure the independency of the Board and will not impose any control thereto in accordance with the requirements of the Stock Exchange and the London Stock Exchange.	1) To the best of the belief of the Board, JCC has complied with the above undertakings.
	2) On 17 September 2007, JCC undertook that shares subscribed by JCC through the non-public issue of A shares and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares by the Company.	2) As at the end of the reporting period, JCC did not transfer its shares in the Company.

(1) Are there any unfulfilled performance undertakings as of the disclosure date of interim report: No

(2) Are there any unfulfilled assets injection or integration commitments as of the disclosure date of interim report: No

(XII) APPOINTMENT AND REMOVAL OF THE AUDITORS

Unit: 0'000 Currency: RMB

Whether changed the auditors:	No
	Current auditors
Name of the domestic auditors	Ernst & Young Hua Ming
Remuneration for domestic auditors	247
Years of audit services provided by the domestic auditors	4
Name of overseas auditors	Ernst & Young Certified Public Accountants
Remuneration for overseas auditors	563
Years of audit services provided by the overseas auditors	4

(XIII) CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining and establishing high level of corporate governance. The Company has complied with the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 to the Listing Rules during the reporting period.

(XIV) PURCHASE, DISPOSAL AND REPURCHASE OF THE COMPANY'S LISTED SECURITIES

At any time during the six months ended 30 June 2010, the Company did not purchase any of its shares. Neither the Company nor any of its subsidiaries purchased or disposed of any shares of the Company during the six months ended 30 June 2010.

(XV) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the reporting period, the Company adopted the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the requirements of the Model Code during the reporting period.

(XVI) PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND ULTIMATE CONTROLLER AND RECTIFICATION

Neither the Company nor its Directors, Supervisors, senior management, shareholders and ultimate controller was a subject of any investigation, administrative punishment or criticism by CSRC or any condemnation by any stock exchange during the reporting period.

(XVII) EXPLANATION FOR ANALYSIS OF OTHER SIGNIFICANT EVENTS AND THEIR IMPACTS AND SOLUTIONS

The Company had no other significant events during the reporting period.

(XVIII) AUDIT COMMITTEE

The Company has convened Audit Committee meeting at which the unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2010 were considered and approved.

(XIX) ASSETS PLEDGED OF THE GROUP

As at 30 June 2010, assets of the Group amounting to the net book value of RMB2,478.53 million were pledged for securing certain bank loans, including the restricted deposits for securing borrowings of RMB2,034.22 million (as of 31 December 2009: RMB1,448.4 million), the discounted but undue commercial accepted notes of RMB100 million (as of 31 December 2009: RMB12.14 million), inventories with net value of RMB226.41 million (as of 31 December 2009: RMB225.49 million), machineries and equipments with carrying value of RMB71.29 million (as of 31 December 2009: RMB53.58 million) and buildings with carrying value of RMB46.61 million (as of 31 December 2009: RMB61.18 million).

As at 30 June 2010, restricted deposits of the Group amounting to the net book value of RMB291.11 million were pledged for issuing bank accepted notes (as of 31 December 2009: RMB233.42 million).

(XX) FOREIGN EXCHANGE RISK

The reporting currency of the Group is Renminbi. Where any transactions in foreign currencies of the Company are incurred, amounts in foreign currencies are translated into RMB at the middle market exchange rates at the beginning of the transaction month. Year-end balances in foreign currency account are retranslated at the market exchange rates at the year end.

Although currently RMB is an inconvertible currency in the PRC, China government is taking initiatives for exchange reform and adjustments to exchange rate. Exchange rate fluctuations will have an impact on the Group's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Group believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange spending.

The Group's operations are mainly in the PRC. Except for export sales, which are mainly transacted in US dollars, the Group currently receives its sales revenue mainly in Renminbi. The Group's exposure to exchange rate fluctuations results primarily from the sales of products and purchase of raw materials in foreign currencies.

(XXI) DETAILS OF EMPLOYEES

As at 30 June 2010, the Group had 22,508 employees in total, of whom 3,149 were management personnel, 1,339 were technicians, 17,799 were production personnel and 221 were supporting staff.

(XXII) CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any material contingent liabilities.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ERNST & YOUNG

To the Board of Directors of
Jiangxi Copper Company Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 44 and 76 which comprises the condensed consolidated statement of financial position of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants

Hong Kong
25 August 2010

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**37,433,645**	21,212,232
Cost of sales		**(33,808,858)**	(19,141,224)
Gross profit		**3,624,787**	2,071,008
Other income and gains	4	**246,651**	300,881
Selling and distribution costs		**(156,039)**	(125,075)
Administrative expenses		**(512,656)**	(376,896)
Other expenses		**(16,294)**	(4,750)
Finance costs		**(222,064)**	(200,029)
Share of profits and losses of:			
A jointly-controlled entity		**4,561**	1,770
Associates		**(8,907)**	(12,506)
PROFIT BEFORE TAX		**2,960,039**	1,654,403
Income tax expense	5	**(737,873)**	(394,944)
PROFIT FOR THE PERIOD		**2,222,166**	1,259,459
Attributable to:			
Owners of the Company		**2,199,213**	1,270,668
Non-controlling interests		**22,953**	(11,209)
		2,222,166	1,259,459
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY			
— Basic	7	**RMB0.73**	RMB0.42
— Diluted	7	**RMB0.67**	RMB0.40

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**2,222,166**	1,259,459
OTHER COMPREHENSIVE INCOME		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**5,795**	—
Reclassification adjustments for losses included in revenue in the consolidated profit and loss statement	**41,928**	—
Income tax effect	**(7,907)**	—
	39,816	—
Exchange differences on translation of foreign operations	**10,254**	(54)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD, NET OF TAX	**50,070**	(54)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,272,236**	1,259,405
Attributable to:		
Equity holders of the Company	**2,249,567**	1,270,626
Non-controlling interests	**22,669**	(11,221)
	2,272,236	1,259,405

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	Notes	**30 June 2010 (Unaudited)** *RMB'000*	31 December 2009 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	8	**15,411,539**	15,167,577
Prepaid land lease payments		**184,230**	185,591
Intangible assets		**892,355**	910,418
Exploration and evaluation assets		**198,018**	187,188
Interest in a jointly-controlled entity		**23,498**	18,937
Interests in associates		**829,470**	387,250
Available-for-sale investments		**410,080**	410,080
Deferred tax assets	9	**165,633**	172,831
Total non-current assets		**18,114,823**	17,439,872
CURRENT ASSETS			
Inventories		**10,897,460**	11,489,973
Trade and bills receivables	10	**4,502,891**	2,465,126
Prepayments, deposits and other receivables		**3,258,019**	2,585,449
Loans to related parties		**938,335**	547,136
Available-for-sale investments		**—**	300,000
Equity investments at fair value through profit or loss		**3,275**	120
Derivative financial instruments	11	**406,359**	—
Pledged deposits		**2,665,451**	1,897,393
Cash and cash equivalents	12	**2,030,483**	1,702,626
Total current assets		**24,702,273**	20,987,823
Total assets		**42,817,096**	38,427,695

	Notes	**30 June 2010 (Unaudited)** *RMB'000*	31 December 2009 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	13	**3,424,416**	4,086,694
Other payables and accruals		**2,360,708**	1,624,540
Derivative financial instruments	11	**87,735**	433,858
Interest-bearing bank borrowings	14	**4,010,675**	2,530,943
Deposits from customers		**1,278,170**	697,424
Repurchase agreement		**155,562**	51,677
Dividend payable		**305,733**	—
Income tax payable		**577,742**	473,417
Total current liabilities		**12,200,741**	9,898,553
NET CURRENT ASSETS		**12,501,532**	11,089,270
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,616,355**	28,529,142
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	**115,570**	111,922
Bonds payable		**5,063,089**	4,947,993
Deferred revenue - government grants		**162,449**	165,181
Deferred tax liabilities	9	**3,538**	409
Provision for rehabilitation		**116,196**	113,045
Other long term payables		**15,227**	15,487
Total non-current liabilities		**5,476,069**	5,354,037
Net assets		**25,140,286**	23,175,105

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	Notes	**30 June 2010 (Unaudited)** *RMB'000*	31 December 2009 (Audited) *RMB'000*
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	15	**3,022,834**	3,022,834
Equity component of bonds with warrants		**2,008,917**	2,008,917
Reserves		**19,729,419**	17,479,852
Proposed final dividend	6	**—**	302,283
		24,761,170	22,813,886
Non-controlling interests		**379,116**	361,219
Total equity		**25,140,286**	23,175,105

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to owners of the company														
	Share capital	**Equity component of bond with warrants**	**Share premium**	**Capital reserve**	**Other reserves**	**Statutory surplus reserve**	**Discretionary surplus reserve**	**Safety fund surplus reserve**	**Retained earnings**	**Exchange fluctuation reserve**	**Hedging reserve**	**Proposed final dividends**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 15)											*(note 6)*			
At 1 January 2010 (audited)	3,022,834	2,008,917	4,340,514 **	(934,681) *	(92,506) *	2,216,165 *	4,737,279 *	158,720 *	7,179,406 *	(88,377) *	(36,668) **	302,283	22,813,886	361,219	23,175,105
Total comprehensive income	–	–	–	–	–	–	–	–	2,199,213	10,538	39,816	–	2,249,567	22,669	2,272,236
Capital injection by a non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	–	1,000	1,000
Distribution to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,772)	(5,772)
2009 final dividends declared	–	–	–	–	–	–	–	–	–	–	–	(302,283)	(302,283)	–	(302,283)
Transfer	–	–	–	–	–	–	–	75,003	(75,003)	–	–	–	–	–	–
At 30 June 2010 (unaudited)	3,022,834	2,008,917	4,340,514 *	(934,681) *	(92,506) *	2,216,165 *	4,737,279 *	233,723 *	9,303,616 *	(77,839) *	3,148 *	–	24,761,170	379,116	25,140,286

* *These reserve accounts comprise the consolidated reserves of RMB19,729,419,000 (2009: RMB17,479,852,000) in the condensed consolidated statement of financial position.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to owners of the Company													
	Share capital	Equity component of bond with warrants	Share premium	Capital reserve	Other reserves	Statutory surplus reserve	Discretionary surplus reserve	Safety fund surplus reserve	Retained earnings	Exchange fluctuation reserve	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 15)										*(note 6)*			
At 1 January 2009 (audited)	3,022,834	2,008,917	4,340,514	(934,681)	(92,506)	1,990,901	4,061,488	124,747	6,034,060	(45,757)	241,827	20,752,344	366,632	21,118,976
Total comprehensive income	—	—	—	—	—	—	—	—	1,270,668	(42)	—	1,270,626	(11,221)	1,259,405
Capital injection by a non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	1,500	1,500
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(737)	(737)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(1,984)	(1,984)
2008 final dividends declared	—	—	—	—	—	—	—	—	—	—	(241,827)	(241,827)	—	(241,827)
Transfers	—	—	—	—	—	—	—	68,765	(68,765)	—	—	—	—	—
At 30 June 2009 (unaudited)	3,022,834	2,008,917	4,340,514	(934,681)	(92,506)	1,990,901	4,061,488	193,512	7,235,963	(45,799)	—	21,781,143	354,190	22,135,333

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**2,960,039**	1,654,403
Adjustments for:		
Finance costs	**185,502**	200,029
Foreign exchange (gains)/losses arising from borrowings, net	**(3,504)**	1,739
Share of (profits) and losses of		
— A jointly-controlled entity	**(4,561)**	(1,770)
— Associates	**8,907**	12,506
Losses/(gains) on disposal of items of property, plant and equipment	**5,699**	(671)
Fair value (gains)/losses, net:		
Derivative instruments - transactions not qualifying as hedges and ineffective portion of cash flow and fair value hedge		
— Commodity derivative contracts	**4,144**	(340,510)
— Provisional price arrangement	**(31,019)**	592,089
Equity investment at fair value through profit or loss	**(799)**	—
Dividend income from available-for-sale investments	**(3,531)**	(5,880)
Provision for write-down of inventories to net realizable value	**60,371**	3,721
Provision/(reversal) for impairment of trade and other receivables	**22,875**	(16,075)
Depreciation of items of property, plant and equipment	**454,960**	434,212
Amortization of prepaid land lease payments	**3,205**	9,551
Amortization of intangible assets	**18,363**	18,145
Gains on partial disposal of subsidiaries	**—**	(10,738)
Gains on disposal of available-for-sale investment	**(7,974)**	—
Rehabilitation cost	**3,151**	1,456
Deferred revenue released to the income statement	**(7,969)**	(3,317)
	3,667,859	2,548,890

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Decrease in inventories	**532,142**	83,385
(Increase)/decrease in trade and other receivables	**(2,573,949)**	66,848
Increase in loans to related parties	**(391,199)**	(230,975)
Increase in pledged deposits	**(182,245)**	(659,181)
Increase in trade and other payables	**6,533**	491,879
Increase in deposits from customers	**580,746**	343,256
Increase in repurchase agreement	**103,885**	—
Decrease in effective portion of fair value hedge		
— Commodity derivative contracts	**(70,113)**	—
— Provisional price arrangement	**(607,771)**	—
Cash generated from operations	**1,065,888**	2,644,102
Income tax paid	**(631,128)**	(303,178)
Net cash inflow from operating activities	**434,760**	2,340,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of items of property, plant and equipment	**(758,081)**	(1,182,845)
Addition to exploration and evaluation assets	**(10,830)**	—
Addition to prepaid land lease payments	**(1,844)**	(1,049)
Addition to intangible assets	**(300)**	(521,309)
Proceeds from disposal of items of property, plant and equipment	**9,921**	22,024
Receipt of government grants	**5,237**	5,538
Dividend income received from available-for-sale investments	**3,531**	5,880
Dividend income received from a jointly-controlled entity	**—**	1,000
Additional investment in an associate	**(440,000)**	—
Proceeds from disposal of an associate	**—**	894
Proceeds from disposal of equity investment at fair value through profit or loss	**2,530**	—
Addition of equity investment at fair value through profit or loss	**(4,886)**	—
Proceeds from disposal of available-for-sale investments	**337,974**	—
Addition of available-for-sale investments	**(30,000)**	(82,680)
Net cash outflow from investing activities	**(886,748)**	(1,752,547)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital to non-controlling shareholders	**—**	(737)
Proceeds from capital injection of non-controlling shareholders	**1,000**	1,500
Increase of pledged RMB time deposits to secure USD bank borrowings	**(585,813)**	—
New bank loans	**4,028,773**	1,469,258
Repayment of bank loans	**(2,634,715)**	(1,546,714)
Interest paid	**(26,794)**	(36,330)
Dividends paid to non-controlling shareholders	**(2,322)**	(1,984)
Net cash inflow/(outflow) from financing activities	**780,129**	(115,007)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**328,141**	473,370
Cash and cash equivalents at beginning of period	**1,702,626**	3,944,766
Effect of foreign exchange rate changes, net	**(284)**	(51)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,030,483**	4,418,085

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010
(PREPARED IN ACCORDANCE WITH IFRS)

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited (the "Company") was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Kan Zhong Zi 003556. The Company was established on 24 January 1997 by Jiangxi Copper Corporation ("JCC"), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province's Administrative Bureau for Industry and Commerce. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange on 12 June 1997 and the Company's A shares were listed on Shanghai Stock Exchange on 11 January 2002. As approved by the board of directors on 29 October 2009, the Company's H share was delisted from the LSE from 27 November 2009. The head office of the Company is located in 15 Yejin Avenue, Guixi, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Group is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid, and electrolytic gold and silver, and rare metals such as molybdenum, etc.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

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

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial information is consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations effective for the period beginning on or after 1 January 2010, as set out below:

IFRS 1(Revised)	*First-time Adoption of IFRS*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRS — Additional Exemptions for First-time Adopter*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Group Cash-settled share based payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendments	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Amendments to IFRS 5 included in *Improvements to IFRSs* issued in October 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and* Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary
Improvements to IFRSs 2009 (Issued in May 2009)*	

* *Improvements to IFRSs 2009 set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording, including IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16.*

The principal effects of adopting these new and revised IFRSs, which give rise to changes in accounting policies, are as follows:

The IFRS 2 Amendments provide guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods and services when the entity has no obligation to settle the share-based payment transactions. The amendments also incorporate guidance that was previously included in IFRIC 8 *Scope of IFRS 2 and IFRIC 11 IFRS 2 - Group and Treasury Share Transactions.*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

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

2.2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by IFRS 3 (Revised) and IAS 27 (Revised) were applied prospectively and will affect future acquisitions, loss of control and transactions with non-controlling interests.

Except as stated above, the adoption of the above new and revised IFRSs has had no significant financial effect on the Group's interim financial information.

3. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment: production and sale of copper and other related products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; less sales tax, for the six months ended 30 June 2010 and 2009. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue, by category of goods, is as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**19,863,812**	10,350,558
— copper rods	**10,624,869**	6,162,389
— copper processing products	**1,612,765**	1,097,192
— gold	**2,604,629**	1,960,959
— silver	**907,450**	538,747
— chemical product	**845,770**	285,198
— rare metals	**305,758**	335,874
— other joint products and by-products	**668,592**	481,315
	37,433,645	21,212,232

3. REVENUE AND SEGMENT INFORMATION *(CONTINUED)*

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
— Mainland China	**35,079,048**	20,790,928
— Hong Kong, China	**2,111,184**	330,710
— Thailand	**—**	75,861
— Others	**243,413**	14,733
	37,433,645	21,212,232

The revenue information above is based on the location of the customers.

(b) Non-current assets

All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan, Peru and Japan of which the carrying amount is minimal. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No revenue amounting to 10 per cent or more of the Group's revenue was derived from sales to a single customer or a group of customers under common control for the six months ended 30 June 2010 and 2009. State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value gains, net:		
Derivative financial instruments - commodity derivative contracts		
Transactions not qualifying as hedges*	**115,440**	220,326
— Unrealized (losses)/gains of the outstanding contracts	**(8,416)**	340,510
— Realized gains/(losses) from the settled contracts	**123,856**	(120,184)
Transactions qualifying as fair value hedges**	**7,218**	—
— Inventory hedged by commodity derivative contracts	**(47,868)**	—
— Fair value gains of commodity derivative contracts as hedging instrument	**55,086**	—
Ineffective portion of cash flow hedges**	**3,709**	—
Equity investment at fair value through profit or loss	**799**	—
Dividend income from available-for-sale investments	**3,531**	5,880
Income from VAT refund	**7,094**	10,465
Interest income	**26,034**	18,100
Gains on disposal of subsidiaries	**—**	10,738
Subsidy income of imported copper concentrate	**61,069**	27,974
Gains on disposal of available-for-sale investments	**7,974**	—
Deferred revenue released to the income statement	**7,969**	3,317
Foreign exchange gain/(loss), net	**3,504**	(1,739)
Others	**2,310**	5,820
	246,651	300,881

* *This item related to fair value changes of commodity derivative contracts which are not designated as hedging instruments and/or not qualified for hedge accounting (note 11).*

4. OTHER INCOME AND GAINS *(CONTINUED)*

** *This item related to fair value changes of commodity derivative contracts which are designated as hedging instruments (note 11). The net fair value changes of the commodity derivative contracts qualifying as hedges are as follows:*

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Transactions qualifying as fair value hedges:		
— Unrealized gains of the outstanding contracts	**2,462**	—
— Realized gains from the settled contracts	**4,756**	—
	7,218	—

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Ineffective portion of cash flow hedges:		
— Unrealized gains of the outstanding contracts	**1,810**	—
— Realized gains from the settled contracts	**1,899**	—
	3,709	—

5. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2010 and 2009 are:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax payable:		
PRC income tax	**720,965**	346,169
HK income tax	**14,489**	6,880
	735,454	353,049
Deferred income tax movement	**2,419**	41,895
Income tax charge for the period	**737,873**	394,944

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2010.

The provision for PRC income tax is based on a statutory rate of 25% (2009: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, except for certain subsidiaries in Mainland China, which enjoy preferential tax rates during a transition period from 2008 to 2012.

6. DIVIDENDS

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividends on ordinary shares declared during the six-month period: Final dividend for 2009: RMB0.1 per share (2008: RMB0.08 per share)	**302,283**	241,827

On 17 June 2010, a dividend of RMB0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB302,283,000 was declared to the shareholders as the final dividend for year 2009.

On 26 June 2009, a dividend of RMB0.08 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB241,827,000 was declared to the shareholders as the final dividend for year 2008.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010. No interim dividend was declared for the same period last year.

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

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

The calculation of diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share amounts are based on:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Company *(RMB'000)*	**2,199,213**	1,270,668
Weighted average number of ordinary shares in issue	**3,022,833,727**	3,022,833,727
Effect of dilution-weighted average number of ordinary shares:		
Warrants attached to bonds	**237,603,333**	132,409,058
Diluted average number of ordinary shares in issue	**3,260,437,060**	3,155,242,785
— Basis	**RMB0.73**	RMB0.42
— Diluted	**RMB0.67**	RMB0.40

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment with a cost of RMB714,542,000 (six months ended 30 June 2009: RMB844,663,000). Depreciation for items of property, plant and equipment is RMB454,960,000 (six months ended 30 June 2009: RMB434,212,000) during the period.

Property, plant and equipment with a net book value of RMB15,620,000 (six months ended 30 June 2009: RMB114,383,000) was disposed of by the Group during the six months ended 30 June 2010, resulting in a net loss on disposal of RMB5,699,000 (a net loss in six months ended 30 June 2009: RMB671,000).

9. DEFERRED TAX

The components of deferred tax assets and liabilities are as follows:

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
Deferred tax assets:		
Impairment of assets	**42,195**	48,283
Accrued expenses	**77,939**	66,633
Unrealized profits	**4,418**	9,083
Fair value loss from commodity derivative contracts	**21,157**	28,585
Deductible taxable loss	**7,902**	7,902
Others	**12,022**	12,345
	165,633	172,831

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
Deferred tax liabilities:		
Fair value gain from provisional price arrangement	**3,538**	—
Others	**—**	409
	3,538	409

At 30 June 2010, there was no significant unrecognised deferred tax liability (31 December 2009: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity as the Group has no liability to additional tax should such amounts be remitted.

10. TRADE AND BILLS RECEIVABLES

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Trade receivables	**2,775,838**	1,890,713
Bills receivable	**1,891,500**	735,904
Less: Provision for impairment of trade receivables	**(164,447)**	(161,491)
	4,502,891	2,465,126

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months, extending up to one year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates and related parties, as detailed in note 17, which are repayable on similar credit terms to those offered to the major customers of the Group.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Within 1 year	**2,597,290**	1,708,225
1 to 2 years	**44,315**	48,055
2 to 3 years	**1,818**	2,093
Over 3 years	**132,415**	132,340
	2,775,838	1,890,713

The terms of bills receivable are all within six months. As at 30 June 2010, the bills receivable are neither past due nor impaired.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Assets/(liabilities)		
Commodity derivative contracts	**(87,735)**	(201,427)
Provisional price arrangement	**406,359**	(232,431)
	318,624	(433,858)
Including:		
Under hedge accounting		
Cash flow hedge		
— Commodity derivative contracts	**4,506**	(45,027)
Fair value hedge		
— Commodity derivative contracts	**5,132**	(67,443)
— Provisional price arrangement	**398,648**	(219,827)
Not under hedge accounting		
— Commodity derivative contracts	**(97,373)**	(88,957)
— Provisional price arrangement	**7,711**	(12,604)
	318,624	(433,858)

The Group uses commodity derivative contracts and provisional price arrangement to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are standardised copper cathode future contracts in SHFE and LME.

The fair value of the commodity derivative contracts represents the difference between the quoted market price of copper forward contract at period end and the quoted price at inception of the contract. The fair value of the provisional price arrangements are estimated by reference to the quoted market price at period end of copper forward contract with similar maturity as the provisional price contract compared to the quoted market price of copper forward contracts on the date of delivery of the purchased material.

11. DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

Under hedge accounting

For the purpose of hedge accounting, hedges of the Group are classified as:

— Cash flow hedge

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 30 June 2010, the expected delivery period of the forecasted sales for copper related products is from July to October 2010.

— Fair value hedge

The Group utilizes commodity derivative contracts and provisional price arrangements to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories.

Since 1 July 2009, at the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective.

Accordingly, a net gain of RMB5,795,000 for effectiveness portion under cash flow hedge was included in the hedging reserve, and a net gain of RMB3,709,000 for ineffectiveness portion was included in income statement. Further details are given in other comprehensive income and note 4, respectively.

For the six months ended 30 June 2010, the fair value gains of commodity forward contracts designated as fair value hedges of the Group are RMB55,086,000. The net fair value losses of the hedged item, inventories, attributable to the risk hedged is RMB47,868,000 in aggregate. Further details are given in note 4.

Not under hedge accounting

In the six months ended 30 June 2010 and twelve months ended 31 December 2009, the Group utilizes commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper concentrate, and forecast sales of copper wires and rods. These arrangements are designed to address significant fluctuations in the price of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathodes. However, these arrangements are not considered as an effective hedge and hence do not qualify for hedge accounting. Further details are given in note 4.

12. CASH, CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Cash and bank balances	**2,661,719**	2,151,617
Time deposits	**2,034,215**	1,448,402
	4,695,934	3,600,019
Less: Pledged deposits[(a)]	**(2,665,451)**	(1,897,393)
Cash and cash equivalents	**2,030,483**	1,702,626

(a) As at 30 June 2010, the pledged deposits include:

— Time deposits amounting to RMB2,034,215,000 (31 December 2009: RMB1,448,402,000) were pledged to secure current bank borrowings amounting to USD319,766,000, which was equivalent to RMB2,182,322,000 (31 December 2009: RMB1,458,579,000);

— Deposit amounting to RMB291,106,000 which was pledged as security for issuing bank accepted notes (31 December 2009: RMB215,566,000); and

— Required mandatory reserve deposits and other restricted deposits amounting to RMB340,130,000 (31 December 2009: RMB233,425,000) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBC"). Mandatory reserve deposits with the central bank and other restricted deposits are not available for use in the Group's daily operations.

13. TRADE AND BILLS PAYABLES

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Trade payables	**1,658,920**	2,140,047
Bills payable	**1,765,496**	1,946,647
	3,424,416	4,086,694

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Within 1 year	**1,605,291**	2,053,044
1 to 2 years	**24,516**	45,289
2 to 3 years	**9,915**	30,570
Over 3 years	**19,198**	11,144
	1,658,920	2,140,047

The trade payables are non-interest-bearing and are normally settled on terms of 60 days.

The directors consider that the carrying amounts of trade and bills payables approximate to their fair values.

Trade payables due to related parties included in the trade and bills payables are disclosed in note 17 to the interim financial information.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Current:		
Bank loans — secured	**2,413,822**	1,647,838
Bank loans — unsecured	**1,596,853**	883,105
	4,010,675	2,530,943
Non-current:		
Bank loans — unsecured	**115,570**	111,922
	4,126,245	2,642,865

For the six months ended 30 June 2010, the bank borrowings carry interest at rates ranging from 0.36% to 6.48% (2009: 0.36% to 7.56%) per annum.

Certain of the Group's bank loans are secured by:

(i) pledges over the commercial accepted notes held by the Group, which had an aggregate carrying value at the balance sheet date of approximately RMB100,000,000 (31 December 2009: RMB10,740,000), respectively;

(ii) mortgages over the Group's machinery, which had an aggregate carrying value at the balance sheet date of approximately RMB71,290,000 (31 December 2009: RMB53,577,000);

(iii) mortgages over the Group's inventories, which had an aggregate carrying value at the balance sheet date of approximately RMB226,412,000 (31 December 2009: RMB225,494,000);

(iv) mortgages over the Group's buildings and mining infrastructure which had an aggregate carrying value at the balance sheet date of approximately RMB46,611,000 (31 December 2009: RMB61,176,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying value at the end of 31 December 2009 of approximately RMB2,729,000(30 June 2010: RMB nil); and

(vi) time deposits amounting to RMB2,034,215,000 which were pledged to secure current bank borrowings amounting to USD319,766,000 (31 December 2009: USD213,611,000).

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

15. SHARE CAPITAL

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	Number of shares	**Share capital** *RMB'000*	Number of shares	Share capital *RMB'000*
Listed shares subject to trading restrictions	**1,282,074,893**	**1,282,075**	1,282,074,893	1,282,075
— H shares	**1,387,482,000**	**1,387,482**	1,387,482,000	1,387,482
— A shares	**353,276,834**	**353,277**	353,276,834	353,277
	3,022,833,727	**3,022,834**	3,022,833,727	3,022,834

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors or foreign investors, listed shares subject to trading restrictions, H shares and A shares rank pari passu in all respects with each other.

16. H SHARE SHARE APPRECIATION RIGHTS SCHEME

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's Special General Meeting held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme as an appropriate incentive policy for its directors and senior management. Under this scheme, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. On 22 February 2008, 509,000 units of the Rights were granted to seven directors and senior management members at the offer price of HKD18.9 each. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantees will receive a cash payment in RMB, subject to any applicable withholding tax, translated from the Hong Kong dollar ("HKD") amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Share above the offer price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise. Not less than 20% of the cash payments so deposited shall remain in the account until the end of the term of service of the relevant grantee. In addition, the cash payments shall only be payable if the grantee has passed a final performance assessment.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 40%, 70% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their exercisable Rights as at the end of their respective terms of service subject to their final performance assessment results at the end of their terms of service. The remaining Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised by then shall lapse.

During the period ended 30 June 2010, no Rights granted were exercised or expired.

For the period ended 30 June 2010 and as at 30 June 2010, the Group did not recognise share compensation cost and the liability related to the Rights as the directors believe that the related compensation cost is not material to the interim financial information for the period ended 30 June 2010.

17. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in these financial statements, the Group had transactions with (i) JCC and its affiliates, (ii) Jiangxi Copper Everprofit Qing Yuan Copper Company Limited ("Qing Yuan") and Minmetals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minmetals") which are the Company's associates, (iii) Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq") which is the Company's jointly controlled entity and (iv) other state-controlled entities in China, and paid compensation to management personnel as summarized below:

(a) Related party transactions with JCC and its affiliates:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Sales of goods:		
Sales of copper cathode	**597**	—
Sales of brass wires	**2,639**	150,761
Sales of copper rods and wire and semi-finished products	**278,488**	108,463
Sales of other products	**18,979**	4,844
Purchases of goods:		
Purchases of copper waste	**402,586**	404,621
Purchases of auxiliary industrial and other products	**92,018**	113,355
Services provided by the Group:		
Loans provided	**1,104,000**	290,500
Interest charge for financing services	**11,113**	8,690
Processing services	**291**	731
Repair and maintenance services	**2,593**	3,263
Supply of electricity	**3,152**	2,748
Construction service	**12,021**	—
Leasing services	**630**	—
Supply of water	**78**	—
Supply of gas	**20**	—
Vehicle transportation services	**704**	154

17. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(a) Related party transactions with JCC and its affiliates *(continued)*:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Services provided to the Group:		
Pension contributions	**78,127**	64,601
Construction services	**7,234**	3,797
Repair and maintenance services	**12,926**	9,298
Brokerage agency services for commodity derivative contracts	**16,946**	7,726
Rentals for land use rights	**21,999**	7,873
Rentals for public facilities	**10,465**	7,503
Interest charges for deposits from customers	**1,154**	6,900
Labor services	**2,224**	—
Vehicle transportation services	**147**	354
Other supporting services	**2,334**	990
Other management fees	**2,357**	1,000
Social welfare and support services provided to the Group:		
— welfare and medical services	**33,671**	29,749
— use of representative offices	**—**	1,800
— technical education services	**1,876**	1,440

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

The daily credit balance offered by the Finance Company, a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

17. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(b) Transactions with Qing Yuan and Jiangxi Copper Minmetals, which are the Company's associates:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Qing Yuan:		
Purchases of goods:		
Purchases of copper waste	**132,210**	95,438
Provide services to the Group:		
Processing of copper waste	**20,393**	—
Jiangxi Copper Minmetals:		
Service provided by the Group:		
Loans provided	**—**	240,000
Interest charge for financing services	**1,274**	3,115

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

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organizations (collectively "State-owned Entities"). During the period, the Group had transactions with State-owned Entities including, but not limited to, the sales of goods, purchases of goods, purchases of items of property, plant and equipment; obtaining loans and making deposits with financial institutions.

The directors consider that the transactions with other State-owned Entities are conducted in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-owned Entities are ultimately controlled or owned by the PRC government. The Group has established pricing policies for products and services, and these pricing policies do not depend on whether or not the customers are State-owned Entities. The directors have confirmed that these transactions are carried out on terms similar to those that would be entered into with non-State-owned Entities and have been reflected in the financial statements. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material related party transactions that require separate disclosures.

17. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

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

The remuneration of key management during the period was as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Total compensation paid to key management personnel	**4,780**	3,500

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

(e) Outstanding balances with related parties:

The Group had the following significant balances with related parties at the balance sheet date:

	30 June	31 December
	2010	2009
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Amounts due from related parties:		
Trade and bills receivables:		
JCC	**761**	4,207
JCC's affiliates	**130,678**	118,602
Jiang Tong Bioteq	**86**	886
Qing Yuan	**—**	103
	131,525	123,798

17. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(e) Outstanding balances with related parties *(continued)*:

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
Prepayments and other receivables:		
JCC	**166**	236
JCC's affiliates	**541,856**	519,051
Jiangxi Copper Minmetals	**—**	389
Qing Yuan	**153,940**	96,185
	695,962	615,861
Loans to - short term loans:		
JCC	**700,000**	—
JCC's affiliates	**238,335**	307,136
Jiangxi Copper Minmetals	**—**	240,000
	938,335	547,136
Trade and bills payables:		
JCC	**4,713**	2,758
JCC's affiliates	**89,073**	27,389
	93,786	30,147
Other payables and accruals:		
JCC	**279,791**	299,699
JCC's affiliates	**22,339**	66,172
Jiang Tong Bioteq	**5,918**	1,138
	308,048	367,009

17. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

(e) Outstanding balances with related parties *(continued)*:

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Deposits from customers:		
JCC	**316,835**	349,564
JCC's affiliates	**961,335**	347,488
Jiangxi Copper Minmetals	**—**	372
	1,278,170	697,424
Dividend payable:		
JCC	**128,207**	—
Other long term payable:		
JCC	**15,227**	15,487

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances were unsecured, interest-free and had no fixed repayment terms except for loans, deposits from customers, and other long term payable, the terms of which have not changed from that disclosed in last year's annual financial statements.

18. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	30 June 2010 (Unaudited) ***RMB'000***	31 December 2009 (Audited) *RMB'000*
Within one year	**47,223**	47,223
In the second to fifth years, inclusive	**62,912**	62,912
After five years	**177,062**	200,673
	287,197	310,808

19. CAPITAL COMMITMENTS

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

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
Commitments for the acquisition of items of property, plant and equipment:		
— contracted for, but not provided in the financial statements	**359,436**	404,453
Investment in an associate		
— contracted for, but not provided in the financial statements[(i)]	**2,192,677**	2,192,677
	2,552,113	2,597,130

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL Aynak Minerals Company Limited ("MCC-JCL"), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in MCC-JCL shall be 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

As agreed between the partners, the total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis consistent with their shareholdings. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the board of directors on 25 August 2010.

CONSOLIDATED BALANCE SHEET

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 5*	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Current assets:			
Cash and bank	1	**4,695,934,117**	3,600,018,776
Equity investments at fair value through profit or loss		**3,274,654**	120,170
Notes receivable	2	**1,891,500,029**	735,904,382
Accounts receivable	3	**2,611,391,097**	1,729,221,939
Advances to suppliers	4	**1,931,125,905**	1,356,047,228
Interest receivables		**225,000**	1,412,755
Other receivables	5	**951,520,215**	826,751,179
Inventories	6	**10,897,459,658**	11,489,972,610
Non-current assets due within one year	15	**—**	1,000,000
Available-for-sale financial assets	8	**—**	300,000,000
Other current assets	7	**1,344,694,333**	546,136,140
Total current assets		**24,327,135,008**	20,586,585,179
Non-current assets:			
Available-for-sale financial assets	8	**410,080,000**	410,080,000
Long-term equity investments	9	**852,967,876**	406,187,028
Fixed assets	10	**12,580,459,963**	12,405,467,573
Construction in progress	11	**2,831,079,024**	2,762,109,750
Intangible assets	12	**1,084,343,949**	1,103,767,374
Exploration cost	13	**198,017,500**	187,187,500
Deferred tax assets	14	**165,633,252**	172,831,062
Other non-current assets	15	**—**	—
Total non-current assets		**18,122,581,564**	17,447,630,287
TOTAL ASSETS		**42,449,706,572**	38,034,215,466

CONSOLIDATED BALANCE SHEET

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Current liabilities:			
Short-term borrowings	17	**4,010,674,791**	2,530,942,549
Notes payable	18	**1,765,495,600**	1,946,646,670
Accounts payable	19	**1,658,920,136**	2,140,047,001
Advances from customers	20	**569,975,101**	294,885,501
Employee benefits payable	21	**436,745,159**	362,735,806
Taxes payable	22	**421,293,113**	238,554,259
Interest payable		**68,893,102**	25,281,022
Dividend payable	23	**305,732,973**	—
Other payables		**1,070,141,117**	780,013,226
Non-current liabilities due within one year	24	**4,014,534**	3,009,689
Other current liabilities	25	**1,521,466,445**	1,182,959,474
Total current liabilities		**11,833,352,071**	9,505,075,197
Non-current liabilities:			
Long-term borrowings	26	**115,569,763**	111,922,258
Bonds payable	27	**5,063,088,933**	4,947,992,653
Long-term payables	28	**15,227,256**	15,487,131
Provisions	29	**116,195,725**	113,044,508
Deferred tax liabilities	14	**3,537,788**	408,895
Other non-current liabilities	30	**162,449,032**	165,180,616
Total non-current liabilities		**5,476,068,497**	5,354,036,061
Total liabilities		**17,309,420,568**	14,859,111,258

CONSOLIDATED BALANCE SHEET

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Owners' equity:			
Share capital	31	**3,022,833,727**	3,022,833,727
Capital reserve	32	**5,358,403,644**	5,318,587,641
Special reserve	33	**233,724,093**	158,720,937
Surplus reserve	34	**6,953,442,907**	6,953,442,907
Retained earnings	35	**9,270,602,578**	7,448,675,621
Exchange fluctuation reserve		**(77,837,330)**	(88,375,266)
Equity attributable to owners of the Company		**24,761,169,619**	22,813,885,567
Minority interests	36	**379,116,385**	361,218,641
Total owners' equity		**25,140,286,004**	23,175,104,208
TOTAL LIABILITIES AND OWNERS' EQUITY		**42,449,706,572**	38,034,215,466

The financial statements have been signed by:

Legal representative:	Financial controller:	Head of accounting department:
Li Yihuang	Gan Chengjiu	Qiu Lin

CONSOLIDATED INCOME STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**For the six months ended 30 June 2010 (Unaudited)**	For the six months ended 30 June 2009 (Unaudited)
Revenue	37	**37,570,491,706**	21,352,592,850
Less: Cost of sales	37	**33,855,248,097**	18,926,534,841
Taxes and surcharges	38	**136,846,770**	140,360,432
Distribution and selling costs		**156,038,765**	125,074,697
General and administrative expenses		**468,190,767**	387,249,230
Financial expenses	39	**217,266,533**	190,846,050
Provision for impairment of assets	40	**83,246,064**	(12,354,279)
Add: Gain from changes in fair value	41	**27,243,351**	60,777,126
Investment income/ (loss)	42	**138,101,159**	(114,301,587)
Include: Share of profit/ (loss) of the associates and a jointly controlled entity		**4,345,440**	(10,736,321)
Operating profit		**2,818,999,220**	1,541,357,418
Add: Non-operating income	43	**78,442,284**	47,574,701
Less: Non-operating expenses	44	**13,142,508**	3,294,683
Include: Loss on disposal of non-current assets		**6,226,192**	55,868
Total profit		**2,884,298,996**	1,585,637,436
Less: Income tax	45	**737,872,990**	394,943,845
Net profit		**2,146,426,006**	1,190,693,591
Attributable to owners of the Company		**2,124,210,330**	1,201,903,064
Minority interests		**22,215,676**	(11,209,473)
Earnings per share attributable to owners of the Company			
— Basic	46	**0.70**	0.40
— Diluted	46	**0.65**	0.38
Other comprehensive income/ (loss)	47	**50,070,355**	(53,420)
Total comprehensive income		**2,196,496,361**	1,190,640,171
— Attributable to owners of the Company		**2,174,564,269**	1,201,860,907
— Attributable to minority interest		**21,932,092**	(11,220,736)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Subtotal	Minority interests	Total equity
Balance at 1 January 2010 (Audited)	3,022,833,727	5,318,587,641	158,720,937	6,953,442,907	7,448,675,621	(88,375,266)	22,813,885,567	361,218,641	23,175,104,208
Changes during the period									
1. Net profit	—	—	—	—	2,124,210,330	—	2,124,210,330	22,215,676	2,146,426,006
2. Other comprehensive income	—	39,816,003	—	—	—	10,537,936	50,353,939	(283,584)	50,070,355
Total comprehensive income	—	39,816,003	—	—	2,124,210,330	10,537,936	2,174,564,269	21,932,092	2,196,496,361
3. Owners capital contribution and reduction									
(1) Capital contribution	—	—	—	—	—	—	—	1,000,000	1,000,000
4. Profit appropriation									
(1) Distribution to owners	—	—	—	—	(302,283,373)	—	(302,283,373)	(5,771,972)	(308,055,345)
5. Special reserve									
(1) Accrued during the period	—	—	85,723,913	—	—	—	85,723,913	754,922	86,478,835
(2) Used during the period	—	—	(10,720,757)	—	—	—	(10,720,757)	(17,298)	(10,738,055)
Changes during the period	—	39,816,003	75,003,156	—	1,821,926,957	10,537,936	1,947,284,052	17,897,744	1,965,181,796
Balance at 30 June 2010 (Unaudited)	3,022,833,727	5,358,403,644	233,724,093	6,953,442,907	9,270,602,578	(77,837,330)	24,761,169,619	379,116,385	25,140,286,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Subtotal	Minority interests	Total equity
Balance at 1 January 2009 (Audited)	3,022,833,727	5,355,255,474	124,748,940	6,052,388,095	6,242,872,933	(45,755,263)	20,752,343,906	366,631,651	21,118,975,557
Changes during the period									
1. Net profit	—	—	—	—	1,201,903,064	—	1,201,903,064	(11,209,473)	1,190,693,591
2. Other comprehensive loss	—	—	—	—	—	(42,157)	(42,157)	(11,263)	(53,420)
Total comprehensive income	—	—	—	—	1,201,903,064	(42,157)	1,201,860,907	(11,220,736)	1,190,640,171
3. Owners capital contribution and reduction									
(1) Capital contribution	—	—	—	—	—	—	—	1,500,000	1,500,000
(2) Repayment of capital to minority shareholders	—	—	—	—	—	—	—	(736,825)	(736,825)
4. Profit appropriation									
(1) Distribution to owners	—	—	—	—	(241,826,698)	—	(241,826,698)	(1,983,848)	(243,810,546)
5. Special reserves									
(1) Accrued during the period	—	—	79,849,689	—	—	—	79,849,689	—	79,849,689
(2) Used during the period	—	—	(11,084,863)	—	—	—	(11,084,863)	—	(11,084,863)
Changes during the period	—	—	68,764,826	—	960,076,366	(42,157)	1,028,799,035	(12,441,409)	1,016,357,626
Balance at 30 June 2009 (Unaudited)	3,022,833,727	5,355,255,474	193,513,766	6,052,388,095	7,202,949,299	(45,797,420)	21,781,142,941	354,190,242	22,135,333,183

CONSOLIDATED CASH FLOW STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**For the six months ended 30 June 2010 (Unaudited)**	For the six months ended 30 June 2009 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods and rendering of services		**46,349,158,122**	26,582,942,533
Cash received from refunds of taxes		**68,162,697**	10,464,892
Cash received from other operating activities	48	**195,718,640**	42,862,671
Sub-total of cash inflows		**46,613,039,459**	26,636,270,096
Cash paid for goods and rendering of services		**43,350,075,922**	22,014,774,230
Cash paid to and on behalf of employees		**729,338,094**	539,754,955
Cash paid for all types of taxes		**1,687,138,399**	1,209,628,537
Cash paid for other operating activities	48	**411,728,047**	531,184,563
Sub-total of cash outflows		**46,178,280,462**	24,295,342,285
Net cash flows from operating activities	49(1)	**434,758,997**	2,340,927,811
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from retrieve of investments		**332,100,880**	—
Cash received from investment income		**11,935,096**	6,880,000
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**9,920,992**	22,918,041
Cash received from other investing activities		**5,237,258**	5,538,137
Sub-total of cash inflows		**359,194,226**	35,336,178
Cash paid for acquisition of fixed assets intangible assets and other long-term assets		**771,054,601**	1,705,204,916
Cash paid for acquisition of investments		**474,886,126**	82,680,000
Sub-total of cash outflows		**1,245,940,727**	1,787,884,916
Net cash flows used in investing activities		**(886,746,501)**	(1,752,548,738)

CONSOLIDATED CASH FLOW STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**For the six months ended 30 June 2010 (Unaudited)**	For the six months ended 30 June 2009 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**1,000,000**	1,500,000
Cash received from borrowings		**4,028,773,727**	1,469,257,349
Sub-total of cash inflows		**4,029,773,727**	1,470,757,349
Cash repayment of borrowings		**2,634,715,663**	1,546,715,602
Cash paid for distribution of dividends or profits and for payment of interest expenses		**29,116,349**	39,050,468
Including: Cash paid for distribution of dividends or profits to minority interests by subsidiaries		**5,771,972**	1,983,848
Cash paid for other financing activities	48	**585,813,192**	—
Sub-total of cash outflows		**3,249,645,204**	1,585,766,070
Net cash flows from/ (used in) financing activities		**780,128,523**	(115,008,721)
EFFECT OF EXCHANGES RATE CHANGES		**(283,751)**	(50,998)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**327,857,268**	473,319,354
Add: Cash and cash equivalents balance at beginning of period		**1,702,626,227**	3,944,765,378
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	49(2)	**2,030,483,495**	4,418,084,732

THE COMPANY BALANCE SHEET

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 6*	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Current assets:			
Cash and bank		**2,131,658,322**	1,487,675,350
Notes receivable		**1,297,242,777**	420,047,537
Accounts receivable	1	**1,300,841,805**	1,150,654,792
Advances to suppliers		**1,501,709,233**	1,024,832,730
Dividends receivable		**10,233,006**	16,000,000
Other receivables	2	**473,616,587**	517,594,781
Inventories		**8,566,275,936**	9,320,449,586
Other current assets		**406,358,953**	—
Total current assets		**15,687,936,619**	13,937,254,776
Non-current assets:			
Available-for-sale financial assets		**398,080,000**	398,080,000
Long-term equity investments	3	**4,159,051,187**	3,681,820,514
Fixed assets		**10,315,014,331**	10,293,780,017
Construction in progress		**2,577,040,628**	2,375,199,977
Intangible assets		**1,054,450,386**	1,073,471,273
Exploration costs		**198,017,500**	187,187,500
Deferred tax assets		**115,504,290**	123,081,795
Total non-current assets		**18,817,158,322**	18,132,621,076
TOTAL ASSETS		**34,505,094,941**	32,069,875,852

THE COMPANY BALANCE SHEET

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 6*	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Current liabilities:			
Short-term borrowings		**686,874,011**	—
Notes payable		**113,110,271**	136,878,122
Accounts payable		**1,611,101,212**	2,286,478,984
Advances from customers		**226,543,338**	99,750,441
Employee benefits payable		**328,713,062**	285,347,173
Taxes payable		**388,059,002**	322,946,852
Interest payable		**52,447,968**	17,000,000
Dividend payable		**302,283,373**	—
Other payables		**923,953,254**	694,381,800
Non-current liabilities due within one year		**4,014,534**	3,009,689
Other current liabilities		**83,274,839**	363,130,441
Total current liabilities		**4,720,374,864**	4,208,923,502
Non-current liabilities:			
Bonds payable		**5,063,088,933**	4,947,992,653
Long-term payables		**15,227,256**	15,487,131
Provision		**102,728,644**	99,919,707
Deferred tax liabilities		**3,537,788**	—
Other non-current liabilities		**116,413,015**	118,884,292
Total non-current liabilities		**5,300,995,636**	5,182,283,783
Total liabilities		**10,021,370,500**	9,391,207,285
Owners' equity:			
Share capital		**3,022,833,727**	3,022,833,727
Capital reserve		**6,289,574,093**	6,278,394,352
Special reserve		**217,850,194**	147,793,254
Surplus reserve		**6,830,577,490**	6,830,577,490
Retained earnings		**8,122,888,937**	6,399,069,744
Total owners' equity		**24,483,724,441**	22,678,668,567
TOTAL LIABILITIES AND OWNERS' EQUITY		**34,505,094,941**	32,069,875,852

THE COMPANY INCOME STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

			Note 6	**For the six months ended 30 June 2010 (Unaudited)**	For the six months ended 30 June 2009 (Unaudited)
1.	**Revenue**		4	**28,664,402,854**	15,749,048,531
	Less:	Cost of sales	4	**25,399,684,327**	13,777,513,254
		Taxes and surcharges		**122,844,276**	120,451,855
		Distribution and selling costs		**85,887,403**	67,687,225
		General and administrative expenses		**377,281,652**	286,564,347
		Financial expenses		**171,880,911**	142,956,004
		Provision for impairment of assets		**42,798,587**	(13,922,538)
	Add:	Gain/(loss) from changes in fair value		**8,329,496**	(67,478,399)
		Investment income	5	**170,831,169**	200,433,706
	Include:	Share of loss of the associates and a jointly controlled entity		**(3,449,068)**	(11,736,321)
2.	**Operating profit**			**2,643,186,363**	1,500,753,691
	Add:	Non-operating income		**65,787,881**	29,615,756
	Less:	Non-operating expenses		**9,108,455**	463,349
	Include:	Loss on disposal of non-current assets		**5,799,348**	47,273
3.	**Total profit**			**2,699,865,789**	1,529,906,098
	Less:	Income tax		**673,763,223**	301,540,630
4.	**Net profit**			**2,026,102,566**	1,228,365,468
5.	**Other comprehensive income/(loss)**			**11,179,741**	(41)
6.	**Total comprehensive income**			**2,037,282,307**	1,228,365,427

THE COMPANY STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total equity
Balance at 1 January 2010 (Audited)	3,022,833,727	6,278,394,352	147,793,254	6,830,577,490	6,399,069,744	22,678,668,567
Changes during the period						
1. Net profit	—	—	—	—	2,026,102,566	2,026,102,566
2. Other comprehensive income	—	11,179,741	—	—	—	11,179,741
Total comprehensive income	—	11,179,741	—	—	2,026,102,566	2,037,282,307
3. Owners capital contribution and reduction	—	—	—	—	—	—
4. Profit appropriation						
(1) Distribution to owners	—	—	—	—	(302,283,373)	(302,283,373)
5. Special reserve						
(1) Accrued during the period	—	—	77,955,491	—	—	77,955,491
(2) Used during the period	—	—	(7,898,551)	—	—	(7,898,551)
Changes during the period	—	11,179,741	70,056,940	—	1,723,819,193	1,805,055,874
Balance at 30 June 2010 (Unaudited)	3,022,833,727	6,289,574,093	217,850,194	6,830,577,490	8,122,888,937	24,483,724,441

THE COMPANY STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total equity
Balance at 1 January 2009 (Audited)	3,022,833,727	6,320,912,627	114,362,119	5,929,522,678	5,289,314,225	20,676,945,376
Changes during the period						
1. Net profit	—	—	—	—	1,228,365,468	1,228,365,468
2. Other comprehensive loss	—	(41)	—	—	—	(41)
Total comprehensive (loss)/income	—	(41)	—	—	1,228,365,468	1,228,365,427
3. Owners capital contribution and reduction						
(1) Effect of business combination under common control	—	(28,002,295)	—	—	—	(28,002,295)
4. Profit appropriation						
(1) Distribution to owners	—	—	—	—	(241,826,698)	(241,826,698)
5. Special reserve						
(1) Accrued during the period	—	—	69,075,897	—	—	69,075,897
(2) Used during the period	—	—	(9,847,315)	—	—	(9,847,315)
Changes during the period	—	(28,002,336)	59,228,582	—	986,538,770	1,017,765,016
Balance at 30 June 2009 (Unaudited)	3,022,833,727	6,292,910,291	173,590,701	5,929,522,678	6,275,852,995	21,694,710,392

THE COMPANY CASH FLOW STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	For the six months ended 30 June 2010 (Unaudited)	For the six months ended 30 June 2009 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	**35,045,656,735**	19,175,503,869
Cash received from refunds of taxes	**61,068,500**	—
Cash received from other operating activities	**86,603,429**	42,128,570
Sub-total of cash inflows	**35,193,328,664**	19,217,632,439
Cash paid for goods and rendering of services	**31,848,855,739**	14,941,441,503
Cash paid to and on behalf of employees	**537,207,795**	337,078,751
Cash paid for all types of taxes	**1,543,500,602**	1,002,716,727
Cash paid for other operating activities	**181,204,775**	260,335,881
Sub-total of cash outflows	**34,110,768,911**	16,541,572,862
Net cash flows from operating activities	**1,082,559,753**	2,676,059,577
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from investment income	**175,639,621**	9,301,100
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net	**8,663,219**	1,191,224
Cash received from other investing activities	**1,250,000**	5,000,000
Sub-total of cash inflows	**185,552,840**	15,492,324
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets	**740,547,756**	1,533,670,316
Cash paid for acquisition of investments	**469,500,000**	263,680,000
Sub-total of cash outflows	**1,210,047,756**	1,797,350,316
Net cash flows used in investing activities	**(1,024,494,916)**	(1,781,857,992)

THE COMPANY CASH FLOW STATEMENT

For the Six Months Ended 30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	For the six months ended 30 June 2010 (Unaudited)	For the six months ended 30 June 2009 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from borrowings	**585,918,135**	133,806,464
Sub-total of cash inflows	**585,918,135**	133,806,464
Cash repayment of borrowings	—	635,836,399
Cash paid for distribution of dividends or profits and payment of interest expenses	**286,000,000**	14,399,675
Sub-total of cash outflows	**286,000,000**	650,236,074
Net cash flows from/(used in) financing activities	**299,918,135**	(516,429,610)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**357,982,972**	377,771,975
Add: Cash and cash equivalents balance at beginning of period	**1,487,675,350**	2,518,273,220
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,845,658,322**	2,896,045,195

NOTES TO THE FINANCIAL STATEMENTS

30 June 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. COMPANY INFORMATION

Jiangxi Copper Company Limited (the "Company") was registered in Jiangxi Province, the People's Republic of China (the"PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Kan Zong Zi 003556. On 24 January 1997, the company was established by Jiangxi Copper Corporation ("JCC"), HongKong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Company has allotted 230,000,000 ordinary A shares of par value of RMB1.00 each on 21 December 2001 and was listed on Shanghai Stock Exchange ("SSE") on 11 January 2002. The Company's share capital increased to RMB2,664,038,200 after the issue of A shares.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi [2004] No.16 issued by the China Security and Regulatory Commission ("CSRC"), the Company places an aggregate of 231,000,000 H shares of par value of RMB1.00 each on 25 July 2005. After the placing, the share capital of the Company increases to RMB2,895,038,200.

The Company has been recognized as one of the twenty-second batch share reform companies by China Securities Regulatory Commission and its share reform plan was implemented on 17 April, 2006 upon approval of the Gan State-owned Assets Ownership Letter [2006] No.76 issued by the SASAC of People's Government of Jiangxi Province and the Ministry of Commerce of the PRC, as well as approved by the Company's shareholder's meeting.

According to the approval of the Company's annual general meeting of 2007 and pursuant to the sanction document of ZhengJianGuoHeZi (2007)278 issued by the CSRC, the Company non-publicly issues an aggregate of 127,795,527 A shares of par value of RMB1.00 each on 27 September 2007. After the placing, the share capital of the Company increases to RMB3,022,833,727.

According to the approval of the Company's annual general meeting of 2008 and pursuant to the sanction document of ZhengJianGuoHeZi (2008)1102 issued by the CSRC, the Company issues 6,800,000,000 detachable convertible bonds of per value of RMB100 each on 22 September 2008. The bonds and warrants were listed on Shanghai Stock Exchange. More details are given in Note 5 (27).

As approved by the board of directors on 29 October 2009, the Company's H share was delisted from the LSE from 27 November 2009.

The Company mainly engages in smelting, protracting and refining of non-ferrous metal mine, precious metal mine, non-metal mine, non ferrous metal and by-products; after-sale service for self-produced products and relevant consulting service; offshore futures hedging operations; production and processing of arsenic trioxide, sulphuric acid, oxygen, liquid oxygen, liquid nitrogen and liquid argon related to above services.

The financial statement was approved by the board of directors on 25 August 2010.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

(1) Basis of preparation

The financial statements have been prepared in accordance with the"Accounting Standards for Business Enterprises - Basic Standard" and 38 specific accounting standards issued by the Ministry of Finance of the PRC in February 2006, as well as the Application Guide, interpretation and other related regulations issued after that.(Collectively, the "Accounting Standard for Business Enterprises").

The financial statements are stated on the basis of continuing operation.

Except for certain financial instruments, the Group's accounts have been prepared on an accrual basis using the historical cost as the basis of measurement. If the assets are impaired, impairment provisions are made in accordance with the relevant regulations.

(2) Statement of compliance with the "Accounting Standards for Business Enterprises"

The financial statements for the six months end 30 June 2010 present truthfully and completely the financial position of the Group and the Company as at 30 June 2010, and of its financial performance and its cash flows for the six months ended 30 June 2010 in accordance with the Accounting Standards for Business Enterprises.

(3) Accounting period

The accounting period of the financial statements is from 1 January 2010 to 31 December 2010.

(4) Reporting currency

The Company's reporting and presentation currency is the Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is Yuan.

The reporting and presentation currencies of the Group's subsidiaries, associates and joint ventures are adopted according to their own business environments and have been translated to RMB for consolidation.

(5) Business combinations

The term"business combination" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(5) Business combinations *(continued)*

Business combinations under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party. The "combination date" refers to the date on which the merging party actually obtains control of the merged parties.

The assets and liabilities that the merging party obtains in a business combination shall be measured on the basis of their carrying amounts in the merged parties on the date of combination. The difference between the carrying amount of the net assets which the merging party obtains and the carrying amount of the consideration which it pays (or the total par value of the shares issued) shall be recognised in the capital stock premium in capital reserves. If the capital stock premium is not sufficient to be offset, the retained earnings shall be adjusted.

The merging party's direct costs for the business combination shall be recorded in the profit and loss in the current period.

Business combinations not under common control

A business combination not under common control is a business combination in which the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. In a business combination not under common control, the party which obtains control of other combining enterprise(s) on the purchase date is the acquirer, other combining enterprise(s) is (are) the acquirees. The "acquisition date" refers to the date on which the acquirer actually obtains control of the acquirees.

For a business combination not under common control, the combination costs shall be the fair values, on the acquisition date, of the assets given, the liabilities incurred or assumed, and the equity securities issued by the acquirer, in exchange for the control of the acquiree and the direct costs for the business combination.

The acquirer shall measure the assets given and liabilities incurred or assumed as consideration of the business combination at their fair values on the acquisition date.

Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in profit or loss for the current period.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(6) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the six months ended 30 June 2010. A subsidiary is an entity whose financial and operating policies the Group controls, directly or indirectly.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Group's subsidiaries and are presented separately in the consolidated financial statements.

Where the parent has acquired a subsidiary or business during the reporting period through a business combination involving enterprises under common control, the acquiree's operating results and cash flows shall be incorporated in the consolidated income statement and consolidated financial statements as if the acquiree is under the control at the beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

Where the Group has acquired a subsidiary through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date until the date that such control cease. In preparation for the consolidated financial statements, the financial statements of the acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

(7) Cash and cash equivalents

Cash represents the Group's cash on hand and the deposits which are not restricted as to use. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

Transactions dominated in foreign currencies are translated into the reporting currency when the transactions take place.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(8) Foreign currency translation *(continued)*

Foreign currency transactions are initially recorded using the functional currency rates ruling at the market exchange rates prevailing on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies are retranslated into the reporting currency using the rates of exchange ruling at the balance sheet date. All differences are taken to the income statement, except for the differences arising from foreign currency borrowings related to the acquisition or construction of fixed assets which are qualified for capitalisation and the differences arising from foreign currency borrowings related to the outside operating net investment hedging which are dealt with in other comprehensive income or loss until the hedging is disposed. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All differences are taken to income statement or other comprehensive income or loss for the current year.

The functional currencies of certain overseas entities within the Group are currencies other than RMB. These financial statements in foreign currency are translated into RMB for consolidation as follows: As at the balance sheet date, the assets and liabilities of these entities are translated into RMB at the exchange rates ruling at the balance sheet date and, the owner's equities (except for retained earnings) and the items of income statements are all translated into RMB at the exchange rates ruling on the transaction dates. Income statement items in the year are translated at the average exchange rates for year. The resulting exchange differences are recognized as other comprehensive income or loss and included in a separate component of equity. On disposal of a foreign entity, the Group may calculate the differences arising from the translation of foreign currency statements of the part of disposal based on the disposal rate and shall shift them into the profits and losses of the current period.

For the purpose of the consolidated cash flow statement, the cash flows of the subsidiary incorporated overseas are translated into RMB at the exchange rates ruling at the dates of the cash flows. The cash difference caused by the exchange rates was recognized as an adjusted item and represent in a separate component of the cash flow.

(9) Inventories

Inventories include raw materials, work in progress, and finished goods.

Inventories are initially stated at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs. The cost of inventory also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items.

The cost of inventories issued is determined on the weighted average basis.

When more than one finished product is abstracted from the mineral resource ("joint-product and major product"), their production costs are apportioned among resulting finished products by reference to their net realizable value at the point where those products become physically separated.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(9) Inventories *(continued)*

The Group adopts the perpetual inventory method.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference is recognized in the current period as a provision for decline in value. When the circumstances that previously caused the inventories to be written down to below the cost no longer exist, the write-down shall be reversed. The reversal shall be limited to the originally amount provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. Provision for decline in value is made by category. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combination basis.

(10) Long-term investments

Long-term investments include investments in subsidiaries, joint ventures and associates. A Long-term investment also include the investment of the investing enterprise that does not do joint control or does not have significant influences on the invested enterprise, and the investment has no offer in the active market and its fair value cannot be reliably measured.

A long-term investment is initially recorded at its cost on acquisition. For business combinations under common control, long-term investments are initially recognized at the share of carrying amount of the acquiree's equity; and for business combinations not under common control, the investments are recorded at the combination costs. The costs of the investments acquired through ways other than business combinations are recognized as follows: i) if acquired through payment of cash, the cost is the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; ii) if acquired through issuing of equity securities, the cost is the fair value of issuing equity instruments; and iii) if acquired through investment by investors, the cost is the consideration pertaining to the investment contract or agreement unless the value is unfair.

When the Group does not have jointly control, or exercises no significant influence on the invested enterprise, and the investment is not quoted in an active market and its fair value cannot be reliably measured, the cost method is applied. When the Group controls the invested enterprise, the cost method is applied in individual financial statements.

When the cost method is adopted, long-term investments are initially recognized at cost, and investment income is recognized in the income statement of the period to the extent that the Group's share of the profit or cash dividend declared to be distributed by the investee. In addition the investments are subject to impairment assessment in line with accounting policies set out under "impairments of assets".

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(10) Long-term investments *(continued)*

The equity method is adopted when the Group has joint control, or exercises significant influence over the invested company. The term "joint control" refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one assent on sharing the control power over the relevant important financial and operating decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

When the equity method is adopted, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is accounted for as an initial cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

When the equity method is adopted, the Group recognizes its share of post-acquisition result in the invested enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. When the Group recognizes its share of net profit of the invested enterprise, it shall adjust the financial statements of the invested entity to conform to its own accounting period and accounting policies, and make appropriate adjustments based on the fair values of the invested entity's individual separately identifiable assets etc, determine at the time of acquisition. Moreover, profit and loss arising from intra-group transactions between the enterprise (including its consolidated subsidiaries) and its associates or joint ventures shall be eliminated to the extent of the enterprise's interest in the investees, and on that basis the investment income or losses is recognized. However, the share of the net loss is only recognized to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group shall adjust the carrying amount of the long-term equity investment for other changes in owner's equity of the invested enterprise (other than net profit or loss), and include the corresponding adjustment in equity, which shall be transferred to the current profits and losses according to a certain proportion at disposal.

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the current period. When disposing of a long-term equity investment measured by employing the equity method, the portion previously included in the owner's equity shall be transferred to the current profits and losses according to a certain proportion.

When prepared the consolidated financial statement, the difference between the addition cost of long term equity investment for acquisition of share of minority interest and the share of the subsidiary's identifiable net assets continuously calculated by new share percentage since acquisition date or combination date shall adjust the additional capital reserves. If the additional capital reserves are not sufficient to be adjusted, the retained earnings shall be adjusted.

(Expressed in Renminbi Yuan)

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(10) Long-term investments *(continued)*

Further details of the methods of impairment tests and provision are given in Note 2 (20). And the methods for other long-term investments which are not quoted in an active market and fair value of which cannot be reliably measured are given in Note 2 (15).

(11) Fixed assets

Fixed assets are tangible assets held by the Group for use in the production of goods, and the supply of services, for rental or for administrative purposes, and are expected to be used for more than one year.

Where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of a fixed asset, and where the cost of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset or as a replacement. Otherwise, such expenditure shall be recognized in income statement when they are incurred.

Fixed assets are initially measured at cost and the expected discard expenses should be taken into account. The cost of a fixed asset comprises the purchase price; related taxes and any directly attributable expenditure for bring the asset to its working condition for its intended use.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual values and annual depreciation rates of fixed assets are as follows:

	Estimated useful life	Estimated residual rate	Annual depreciation rate
Buildings	12 - 45 years	3% - 10%	2.00 - 8.08%
Equipment and machinery	8 - 27 years	3% - 10%	3.33 - 12.13%
Vehicles	9 - 13 years	3% - 10%	6.92 - 10.78%
Office equipment	5 - 10 years	3% - 10%	9.00 - 19.40%

The useful lives, residual values and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

The methods of impairment test and impairment provision of fixed assets are given in Note 2 (20).

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(12) Construction in progress

Construction in progress is recorded at the actual cost incurred for the construction. Cost includes all expenditures incurred for construction projects, capitalized borrowing costs incurred on borrowings for the construction in progress and incurred before it has been completed and ready for its intended use, and other related expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

The methods of impairment test and provision of construction in progress are given in Note 2 (20).

(13) Intangible assets

Intangible assets are recorded at actual cost on acquisition.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful life is as follow:

	Useful life
Trademarks	20 years
Mining right	10 - 50 years
Land use rights	25 - 50 years
Others	5 - 20 years

The land use rights obtained by the Group are treated as intangible assets. When the Company built plants, factories and other buildings, the related land use rights shall be accounted for intangible assets and fixed assets respectively. When the buildings are purchased from the third party, the payment shall be amortized between the land use rights and fixed assets, if it can not be measured reliably, it should be recognized as fixed assets.

The amortisation of a finite useful life intangible asset is calculated on the straight-line basis over the estimated useful life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

No matter whether there is any sign of possible assets impairment, the intangible assets with uncertain service lives shall be subject to impairment test every year. Intangible assets with uncertain service life may not be amortized. The Group checks the service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be treated according to these Standards.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(13) Intangible assets *(continued)*

The Group classifies the expenditures of internal research and development projects into expenditures in research phase and those in development phase. All expenditures in research phase are charged to the income statement as incurred. The expenditures incurred in development phase are capitalised if and only if the following criteria are satisfied: (i) the completion of the intangible asset so as to be used or sold is technically feasible; (ii) the completion of the intangible asset to be used or sold is intended; (iii) the intangible asset will generate probable future economic benefits, illustrated by the facts that there are markets for the output of the intangible asset or the asset itself or the usability of the intangible asset if it is used internally; (iv) adequate technical, financial and other resources are available for completing the development, and the use and sales of the intangible asset is capable; and (v) expenditures attributable to the development phase of the intangible assets can be reliably measured. Development expenditures not meeting the above criteria are charged to the current income statement when incurred.

The methods of impairment test and impairment provision of intangible assets are given in Note 2 (20).

(14) Exploration costs

Exploration costs include the cost of acquiring exploration rights and other costs and expenses happened in the course of exploration. And exploration costs also include the cost of topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off to the income statement. Exploration costs are stated at cost less any impairment losses.

(15) Financial instruments

Financial instruments refer to the contracts whereby the financial assets of an enterprise are formed, and whereby the financial liabilities or equity instruments of any other entity are formed.

Recognition and derecognition

The Group recognizes a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contract of the financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Recognition and derecognition (continued)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the income statement.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification and measurement of financial assets

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, borrowings and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets may be classified as held for trading if one of the following conditions is met: (i) the financial assets is acquired or incurred principally for the purpose of selling it in the near term; (ii) the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or(iii) derivatives, including separate embedded derivative instruments, are also classified as held for trading unless they are designated as effective hedging instruments or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

These financial assets are subsequently measured at fair value with all realized and unrealized changes recognized in the profit or loss for the current period. Dividends or interest earned on financial assets at fair value through profit or loss shall be charged to the profit or loss for the current period.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses arising from amortization, impairment or derecognition are recognized in the income statement.

(c) Borrowings and receivables

Borrowings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. The effective interest rate amortization is included in the income statement. Gains and losses arising from impairment is recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Except that gains and losses arising from impairment and foreign exchange of currency financial assets are recognized to the income statement, unrealized gains or losses are recognized as other comprehensive income in the capital reserve until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognized in the income statement. Gains or losses are recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in the income statement. Interests and dividends earned on available-for-sale financial assets are recognized in income statement.

Investments in equity instruments, which do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Financial liabilities are classified into one of the following categories when they are initially recognized: (i) financial liabilities at fair value through profit or loss; (ii) other financial liabilities; and (iii) derivatives designated as hedging instruments in an effective hedge. The Group determines the classification of its financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the transaction expenses thereof are recorded in profit or loss for the current period; for others, the transaction expenses are included in the initial recognition costs.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

(d) Available-for-sale financial assets *(continued)*

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if one of the following conditions is met: (i) the financial liability is incurred principally for the purpose of repurchasing it in the near future; (ii) the financial liabilities is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (iii) the financial liability is a derivative, excluding the designated as derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments. Such financial liabilities are measured at fair value and both realized and unrealized gains and losses are recognized in profit or loss for the current period.

(b) Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization according to the revenue recognition.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Derivative financial instruments

The Group uses derivative financial instruments to hedge its commodity price risk. The Group's derivative financial instruments mainly include commodity derivative contracts (standardized copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME") and provisional price arrangement.

Provisional price arrangement is embedded in concentrate purchase contracts with third parties. According to industrial practice, the purchase terms of metal in these contracts contain provisional pricing arrangements whereby the purchase price for metal in concentrate is based on prevailing spot prices at a specified future period after shipment by suppliers (the "quotation period"). Adjustments to the purchase price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and four months. Accordingly, for accounting purposes, the provisional price arrangement is required to be separated from the host contract for purchase of metals in concentrate once the significant risks and rewards of ownership has been transferred to the Group. The host contract is the purchase of metals in concentrate and the embedded derivative is the forward contract for which the provisional price is subsequently adjusted.

The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. While the Group does not use derivative financial instruments for speculative purposes, certain derivative instruments are not designated as hedging instruments and/or qualified for hedge accounting. Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for that portion relating to the effective portion of cash flow hedges, which are recognized in other comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Bonds with warrants

On issuance of bonds with warrants, the Group will determine whether they contain a liability component and an equity component simultaneously in accordance with the terms. If it is the case, the components should be separated upon the initial recognition and accounted for separately. The component of bonds with warrants that exhibits characteristics of a liability is recognized as a liability in the balance sheet, net of transaction costs. On issuance of bonds with warrants, the fair value of the liability component is determined using a market rate for an equivalent bond without the detachable share purchase warrants; and the remainder of the proceeds is allocated to the detachable share purchase warrants that are recognized and included in shareholders' equity. Transaction costs are apportioned between the liability and equity components of the bonds with warrants based on the allocation of proceeds to the liability and equity components when the instruments are first recognized. The liability component is carried on an amortized cost basis until redemption. The carrying amount of the detachable share purchase warrants is not re-measured in subsequent years.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Fair value of financial instruments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. At the balance sheet date, the fair value of commodity derivative contracts should be its market value; and the calculation of fair value change of the unsettled provisional price arrangement should refer to the market value of commodity derivative contracts with similar due date.

For investments where there is no active market, fair value is determined using valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The objective evidence refers to the actual incurred events that, after the initial recognition of the financial asset, have an impact upon the predicted future cash flows of the financial asset, and such impact can be reliably measured by the Group.

(1) Financial assets measured at amortized cost

If there is any objective evidence that a financial asset has been impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The amount of the impairment loss is recognized in the income statement. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate when initially recognized), and the value of the relevant guaranty should also be taken into account. If a financial asset has a variable interest rate, the discount rate is taken into account the value of the relevant guaranty.

An impairment test is made to financial assets with significant individual amounts. If any objective evidence indicates that it has been impaired, the impairment-related losses are recognized and included in profit or loss for the current period. With regard to the financial assets with insignificant individual amounts, an independent impairment test may be carried out, with financial assets with similar credit risk features combined for the purpose of conducting an impairment-related test. If, upon an independent test, the financial assets (including those financial assets with significant individual amounts and those with insignificant amounts) are not found to have been impaired, it is included in a combination of financial assets with similar risk features, to conduct another impairment test. Financial assets that have suffered from impairment losses, in any single amount, are not included in any combination of financial assets with similar risk features for any impairment test.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Impairment of financial assets (continued)

(1) Financial assets measured at amortized cost *(continued)*

If any financial asset, measured on the basis of amortized costs, is recognized as having suffered from any impairment loss, and if there is any objective evidence that can prove the value of the financial asset has been restored, and it is objectively related to events that incur after such loss is recognized, the impairment-related losses, as originally recognized, is reversed and included in profit or loss for the current period. However, the reversed carrying amount is not more than amortized costs of the financial asset on the day of reverse, under the assumption that no provision is made for the impairment.

(2) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not stopped, the accumulative losses arising from the decrease in the fair value of the other comprehensive income, which was directly included, is transferred out and included into the current profits or losses. The accumulative losses that are transferred out is the other comprehensive income obtained from the initially obtained costs of the sold financial asset, after the deduction of the principal, the current fair value and the impairment-related losses, were included in profit or loss for the current period.

As for the tradable debt instruments, whose impairment-related losses have been recognized, if within the accounting period, the fair value has risen and is objectively related to the subsequent events that occur after the original impairment-related losses were recognized, the originally recognized impairment-related losses were reversed and included in profit or loss for the current period. Impairment-related losses incurred to tradable equity instrument are not reversed through profit or loss. The increase in fair value after impairment occurring is recognized directly in other comprehensive income.

(3) Financial assets measured at cost

If any objective evidence that an impairment loss has been incurred on financial assets measured at cost. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

For a long-term equity investment accounted for using the cost method in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" and which is not quoted in an active market and its fair value cannot be measured reliably, impairment is accounted for in accordance with the above principle.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(15) Financial instruments *(continued)*

Transfers of financial assets

If the Group has transferred substantially all of the risks and rewards related to the ownership of a financial asset to the transferee, the Group derecognizes the financial asset. However, if it has substantially retained all of the risks and rewards related to the ownership of a financial asset, the Group continues recognizing the asset.

When the Group neither transfer nor retain substantially all of the risks and rewards related to the ownership of a financial asset, the Group treats it as follows, according to individual circumstances: (i) if the Group relinquishes control over the financial asset, the Group derecognizes the financial asset; (ii) if the Group does not relinquish control over the financial asset, the Group, to the extent of its continuous involvement in the financial asset, recognizes it as a related financial asset and recognizes the relevant liability accordingly.

(16) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

(i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

(ii) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(16) Hedge accounting *(continued)*

Fair value hedging (continued)

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognized immediately in the income statement.

Amounts recognized in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a hedged forecast sale occurs.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction affects profit or loss.

(17) Receivables

The method of recording bad debt provision of individually significant receivable balance is to perform impairment test separately. If the occurrence of impairment is proved by objective evidence, such impairment loss should be recognized in income statement of the year. The method of bad debt provision of individually insignificant receivable balance but with combined high credit risk characteristics is to record provision. The accrual percentage is stated as follows:

	Accounts receivable *(%)*	Other receivables *(%)*
Less than 1 year	—	—
1 to 2 year	20	20
2 to 3 year	50	50
More than 3 years	100	100

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(18) Assets transferred with repurchase conditions

Financial assets transferred with repurchase conditions should be derecognized according to the economic nature of the transaction. If the asset repurchased is the same (or same in nature) as the financial assets transferred, and the repurchasing price is fixed or is original purchase price plus reasonable return, the financial asset transferred shall not be derecognized. If after the transfer of the financial asset, the seller only kept a priority to repurchase at fair value (when the buyer sells such financial asset), the financial asset shall be derecognized.

(19) Borrowing costs

Borrowing costs refer to interests and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amount of other borrowing costs incurred shall be recognized as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalization of borrowing costs can commence only when all of the following conditions are satisfied:

— Expenditures for the asset are being incurred;

— Borrowing costs are being incurred; and

— Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced

Capitalization of borrowing costs shall cease when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognized as an expense in the period in which they are incurred.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

— Where funds are borrowed under a specific purpose borrowing for the acquisition, the amount of interest to be capitalized shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds;

— Where funds are borrowed under general purpose borrowing and are utilized for the acquisition, the company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the amounts of specific purpose borrowings.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(20) Impairment of assets

Impairment of assets other than inventories, deferred income tax assets, financial assets and long-term equity investments measured by employing the cost method which have no offer in the active market and the fair value cannot be reliably measured is recognized based on the following method.

The Group shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any important indication incurred. Impairment test of intangible assets should be done every year, even if they were not ready for use.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group shall estimate the recoverable amount individually. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the result of the recoverable amount calculation indicates what the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. The reduction is recognized as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a segment in the Group's report.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, the company shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Company shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill shall be recognized.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(21) Contingencies

An obligation related to a contingency shall be recognized as a provision when all of the following conditions are satisfied:

— The obligation is a present obligation of the Group;

— It is probable that an outflow of economic benefits will be required to settle the obligation;

— The amount of the obligation can be measured reliably.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as risks, uncertainties and time value of money shall be taken into account as a whole in reaching the best estimate. The group may review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

(22) Revenue

Revenue is recognized when it is probable that the economic benefits will flow to the group, the amount can be measured reliably and all of the following conditions are satisfied.

Revenue from the sale of goods

Sales of goods are recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold and the relevant amounts of costs can be measured reliably. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except that the received or receivable contract or agreed price is unfair.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(22) Revenue *(continued)*

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction shall be recognized using the percentage of completion method. Otherwise, revenue shall be recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the company; (iii) the stage of completion of the transaction can be measured reliably and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services performed to date to the total services to be performed. The amount of income received from the rendering of services is determined by the contract or agreed price received or receivable, except that the received or receivable contract or agreed price is unfair.

Interest income

Interest income is recognized on a time proportion basis taking into account the principle outstanding and the effective interest rate applicable.

Rental income

Revenue from operating leases is recognized on a straight-line basis over the lease terms, or charge to the income statement when the actual rental occurred.

(23) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the government grant may take the form of a transfer of a monetary asset, it is assessed as the amount received or will be received. When the government grant may take the form of a transfer of a non-monetary asset, it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course that is sometimes followed is to record both asset and grant at a nominal amount, when the fair value cannot be reliably obtained. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a government grant account and is recognised in profit or loss on a systematic basis over the useful life of the asset. However, the grant assessed as the nominal amount is directly recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(24) Leasing

Leases of assets where all the risks and rewards incident to ownership are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

As lessee under operating lease

Lease payments under an operating lease shall be charged to the income statement or the included in the cost of related asset on the straight-line basis over the lease terms, or charge to the income statement when the actual rental occurred.

(25) Share-based payment

The Group's H Share Appreciation Rights Scheme are share-based payment transactions with cash settlement. The fair value of the liability is calculated based on the shares or other equity instruments undertaken by the Group. The cost of cash-settled transactions is measured initially at fair value at the grant date using binary model, taking into account the terms and conditions upon which the instruments were granted (Note 5 (50)). The fair value is expensed over the period until vesting with recognition of a corresponding liability provided that it is immediately exercisable; the fair value is expensed over the period with recognition of a corresponding liability based on the best estimation of exercise during vesting waiting period until services of the waiting period have been rendered or final performance assessment is passed. The liability is measured at the end of each reporting period up to and including the settlement date with changes in fair value recognized in the income statement.

(26) Employee benefit

Employee benefits refer to all forms of consideration given and other relevant expenditures incurred by the Company in exchange for services rendered by employees. In the accounting period in which an employee has rendered services to the Group, the Group recognizes the employee benefits payable as a liability. When the termination benefits fall due more than one year after the balance sheet date, and if the discounted value is material, it is reflected in the present value.

The employees of the Group participate in employee social security plans managed by the local government, including pension, medical, housing and other welfare benefits. The costs are charged to the relevant assets or the income statement when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(27) Income tax

Income tax includes current and deferred tax. Current and deferred tax of the Group shall be recognized as income or expense and included in income statement for the current period, except to the extent that the tax arises from a business combination or a transaction or event which is recognized directly in owners' equity.

Current income tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid or recovered according to the requirements of tax laws.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities of the Group and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(i) that the deferred tax liability arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

(i) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(27) Income tax *(continued)*

At the balance sheet date, the carrying amount of a deferred tax asset shall be reviewed. The Group shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(28) Production Safety Fund ("the Safety Fund")

According to CaiQi [2006] No 478 "Tentative Measures for the financial management of the Production Safety fund for the high risk enterprises", issued by Ministry of Finance("MOF") and Safety Production General Bureau, the Group is required to accrue a "Production Safety Fund" to improve the production safety.

According to CaiKuai [2009] No. 8 "Accounting Standards for Business Enterprises Interpretation No 3" ("Interpretation 3") issued by the MOF on 11 June 2009, the Safety Fund and other similar funds accrued by enterprises in accordance with relevant regulations should be charged to the production cost of related products or the income statement and stated as special reserves, a separate account under surplus reserve in owners' equity. For the utilization of the fund to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalized expenditure shall be recognized in construction in progress before the asset has been completed and be transferred to fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount. Hence, the asset is not depreciated in the following periods.

(29) Significant accounting estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities affected in the future are discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(29) Significant accounting estimates *(continued)*

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment will be made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of "significant" or "prolonged" requires judgment. When the fair value declines, management makes an assessment about the decline in value to determine whether there is an impairment that should be recognized in the income statement.

Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. Useful lives are determined based on management's past experience of similar assets and estimated changes in technologies. If the estimated useful lives changed significantly, adjustment of depreciation will be provided in the future period.

Impairment of borrowings, trade and other receivables

Provision for impairment of borrowings, trade and other receivables is made based on an assessment of the recoverability of borrowings, trade receivables and other receivables. The identification of doubtful debts requires management's judgment and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which such estimate has been changed.

2. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(CONTINUED)*

(29) Significant accounting estimates *(continued)*

Mineral reserves

Technical estimates of the Group's mining reserves are inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before the estimated mining reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels and technical information change from year to year, the estimates of proved and probable mining reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determine depreciation and amortisation rates for mines related assets and are used in assessing impairment loss.

Deferred tax assets

To the extent that it is probable that the deferred tax assets will ultimately be realised, deferred tax asset shall be recognized. Judgement regarding the timing and amount of future taxable profit, and considerations to tax planning strategies, are needed when estimating the amount of deferred tax asset.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only the approximate amounts because of the subjective judgments involved in the estimation of the costs. Environment rehabilitation obligations are subject to a considerable amount of uncertainties which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation.

Exploration cost

The application of the Group's accounting policy for exploration and evaluation cost requires judgment in determining whether it is likely that future economic benefits will result which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the income statement in the period when the new information becomes available.

(Expressed in Renminbi Yuan)

3. TAXATION

(i) Main tax items and rates are as follows:

Value Added Tax	According to the Provisional Regulations of PRC on Value Added Tax ("VAT"), sales of goods are subject to VAT. Output VAT is calculated at 17% on revenue from principal operations except for gold (which is free of VAT), sulphuric concentrate, molybdenum and water-supply income (which is at 13% on revenue). The input VAT paid when purchasing raw material, works in progress, heat and power can be credited against the output VAT .The group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business Tax	Business tax is calculated and paid at 3% or 5% of the operating income.
Income Tax parent company	According to the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for PRC current income tax is based on a statutory rate 25% of the assessable profit of the Company.
Income Tax subsidiaries	The income tax rate for the company's subsidiaries, except for Jiangxi Copper Shenzhen Trading Company Limited ("Shenzhen Trading"), Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading"), Jiangxi Copper Corporation Xiamen Trading Company ("Xiamen Trading"), JCC Finance Company Limited ("Finance Company"), Sichuan Kangtong Copper Company Limited ("Kangtong"), Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical"), Jiangxi Copper Yates Copper Foil Company Limited ("Yates"), Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe"), Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi") and Sure Spread Company Limited ("Sure Spread") are 25%. Sure Spread pays profits tax at a rate of 16.5% in Hong Kong (16.5% for 2009).
Resource Tax	Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. Pursuant to the "Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc." (Cai Shui [2007] No.100), from 1 August 2007, the range of resource tax rate is RMB5 to 7 per ton for Copper Ore, and RMB10 per ton for Lead and Zinc Ore.

3. TAXATION *(CONTINUED)*

(i) Main tax items and rates are as follows *(continued)*:

Mineral Resources Compensation Fee	Pursuant to the State Council No.150, "Provisions on the Administration of Collection of the Mineral Resources Compensation" and Jiangxi Government No.35, "Provisions on the Administration of Collection of the Mineral Resources Compensation of Jiangxi", the mineral resources compensation fee shall be calculated as follows: Mineral resources compensation fee = sales income of mineral products x compensation rate x the mining recovery co-efficiency rate Mining recovery co-efficiency rate = approved mining recovery rate/ actual mining recovery rate Pursuant to the Table for Rates of Mineral Resources, the rate applicable shall be 2%, 2.8% and 4%.
Cities construction tax	The Group paid city construction tax at a rate of 1%, 5% and 7% of the turnover tax paid.
Education supplementary tax	The Group paid education supplementary tax at a rate of 3% or 4% of the turnover tax paid.
Withholding of individual income tax	The Group is required to withhold individual income tax on salaries paid to its employees.

3. TAXATION *(CONTINUED)*

(ii) Tax reduction and related approval

Income Tax — subsidiaries

Transitional Preferential Policies concerning Enterprise Income Tax

The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income (Tax Guo Fa [2007] No.39) was enacted on 26 December 2007.

Based on the New Corporate Income Tax Law and the notification (Guo Fa [2007] No.29), for Shenzhen Trading, Shanghai Trading, Xiamen Trading and Finance Company which were entitled to lower corporate income tax rates before, their rates are gradually standardized to the new rate of 25% on a 5-year basis. The applicable tax rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012.

In accordance with the New Corporate Income Tax Law in effective from 1 January 2008 and the above notification, Kangtong, JCAC, Wengfu Chemical, Yates, Longchang Copper Pipe, Taiyi and Finance Company can continue to enjoy their tax holiday until the expire date. However, for enterprises which are entitled to, but have not yet commenced, the tax holiday due to continuing losses, the tax holiday is considered to have started from the year 2008. The enterprise can only choose either the transitional tax incentive policy or new corporate tax law and regulations for their best interests.

Exemption from income taxation for Special Economic Zones

Shenzhen Trading, Shanghai Trading and Xiamen Trading are registered in Shenzhen Special Economic Zone, Shanghai Pudong Special Zone and Xiamen Special Economic Zone. The applicable income tax rate for them is 22% for 2010 (20% for 2009).

Exemption from income taxation for the first profit-making year and 50% reduction for the next two years

The Finance Company is a foreign-funded enterprise with the approval of China Banking Regulatory Commission and Ministry of Commerce of PRC. Pursuant to the Rules for the Implementation of the income tax law of PRC for enterprises with foreign investment and foreign enterprises, Guoshui Hanfa [1995] No.138 and the reply of Guixi Tax Office (Guiguoshuihan [2007] No.34) , the Finance Company shall be exempted from income tax in 2007 and allowed a 50% reduction of income tax in 2008 and 2009. The effective rate for 2010 is 22% (2009:10%).

3. TAXATION *(CONTINUED)*

(ii) Tax reduction and related approval *(continued)*

Income Tax — subsidiaries (continued)

Exemption from income taxation for the first two profit-making years and 50% reduction for the next three years

Since Kangtong is a set-up productive foreign-funded enterprise, Kangtong Copper shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 July 2006. Kangtong Copper was exempted from income tax in 2007 and the first half year of 2008. With a 50% reduction of income tax allowed, its effective income tax rate is 12.5% since 1 July 2008. And the effective income tax rate is 12.5% in 2010.

Since JCAC is a set-up productive foreign-funded enterprise, JCAC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2007. Its first profit-making year was 2007 and JCAC was exempted from income taxation during the years of 2007 and 2008. With a 50% reduction of income tax allowed since 1 January 2009, its applicable income tax rate is 12.5% for 2010.

Since Wengfu Chemical is a set-up productive foreign-funded enterprise, Wengfu Chemical shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2008. Wengfu Chemical was exempted from income taxation in 2008 and 2009. With a 50% reduction of income tax allowed since 1 January 2010, its applicable income tax rate is 12.5% for 2010.

Yates, Taiyi and Longchang Copper Pipe are foreign-funded enterprises in Jiangxi Nanchang National High and New Technology Industry Development Zones JXCC Industry Zones. According to the Law of PRC on Income Tax of Enterprises with Foreign Investment and Foreign Enterprises and the Notice Relating the Enterprise Income Tax Preferential Policy for Enterprises which has Technology Innovation (Cai Shui [2006] No.88), Yates and Longchang Copper Pipe shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years.

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES

(1) The Group main subsidiary companies are as follow:

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
Kangtong	Sichuan Xichang September 1996	Sales of copper materials, precious metal materials and sulphuric acid	RMB	140,000	80,000	57.14%	—	57.14%	57.14%	(a)
Finance Company	Jiangxi Guixi December 2006	Provision of deposit, borrowing, guarantee and financing consultation services to related parties	RMB	300,000	246,556	78.33%	1.67%	80%	80%	(b)
Jiangxi Copper Products Company Limited ("JCPC")	Jiangxi Guixi March 2002	Sale and processing of copper rods and wires	RMB	225,000	246,879	100%	—	100%	100%	(a)
JCAC	Jiangxi Guixi February 2005	Manufacturing and sale or copper rods and wires	RMB	199,500	229,509	100%	—	100%	100%	(a)
JCC Copper Products Company Limited ("Copper Products")	Jiangxi Guixi December 2003	Processing and sales of copper rods	RMB	186,391	217,712	98.89%	—	98.89%	98.89%	(b)
JCC Recycling Company Limited ("Copper Recycling")	Jiangxi Guixi November 2005	Collection and sale of metal scrap	RMB	4,000	4,000	25%	75%	99.17%	99.17%	(b)
Shenzhen Trading	Shenzhen June 2006	Sale of copper products	RMB	330,000	330,000	100%	—	100%	100%	(a)
Loyal Sky Industrial Company Limited ("Loyal Sky")	Hongkong September 2002	Trading of copper products and non-ferrous metals	USD	2,001.3	2,001.3	—	100%	100%	100%	(a)

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(CONTINUED)*

(1) The Group main subsidiary companies are as follow *(continued)* :

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
Shanghai Trading	Shanghai Pudong June 2006	Sale of copper products	RMB	200,000	200,000	100%	—	100%	100%	(a)
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Beijing July 2006	Sale of copper products	RMB	10,000	10,000	100%	—	100%	100%	(a)
Sure spread	Hongkong January 2005	International trading and provision of related technical service	HKD	50,000	27,500	55%	—	55%	55%	(a)
JCC Yinshan Mining Company Limited ("Yinshan Mining")	Jiangxi Dexing July 2003	Manufacturing and sale of non-ferrous metal and rare materials	RMB	30,000	354,488	100%	—	100%	100%	(b)
JCC Dongtong Mining Company Limited ("Dongtong Mining")	Jiangxi Dexing July 2003	Manufacturing and sales of non-ferrous metal and rare materials	RMB	9,000	159,045	100%	—	100%	100%	(b)
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	Jiangxi Fuzhou August 1998	Production and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel	RMB	29,000	25,272	—	74.97%	74.97%	74.97%	(b)
JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	Jiangxi Dongxiang July 2005	Recovery and sales of disused metal	RMB	500	311	—	100%	89.99%	89.99%	(b)

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(CONTINUED)*

(1) The Group main subsidiary companies are as follow *(continued)* :

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
Yates	Jiangxi Nanchang June 2003	Production and sale of copper foil	RMB	453,600	392,767	89.77%	—	89.77%	89.77%	(b)
Longchang Copper Pipe	Jiangxi Nanchang August 2005	Production and sale of copper pipe and other copper pipe products	RMB	300,000	174,957	75%	—	75%	75%	(b)
Taiyi	Jiangxi Nanchang May 2005	Production and sale of enameled wires and provision of repair and consulting services	USD	16,800	64,705	70%	—	70%	70%	(b)
Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	Jiangxi Nanchang September 2008	Development and production of electronic semiconductors and provision of related services	RMB	100,000	66,500	95%	—	95%	95%	(a)
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry Engineering")	Jiangxi Guixi March 1993	Provision of repair and maintenance services for production facilities and machinery equipment	RMB	20,300	27,599	100%	—	100%	100%	(b)
JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelting Technology")	Jiangxi Guixi August 1999	Development of new chemical technologies and new products	RMB	2,000	20,894	100%	—	100%	100%	(b)
JCC Guixi Logistics Company Limited ("Guixi Logistics")	Jiangxi Guixi March 2002	Provision of transportation services	RMB	40,000	72,871	100%	—	100%	100%	(b)

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(CONTINUED)*

(1) The Group main subsidiary companies are as follow *(continued)* :

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	Jiangxi Dexing December 1997	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	RMB	34,100	60,404	100%	—	100%	100%	(b)
JCC (Dexing) Construction Company Limited ("Dexing Construction")	Jiangxi Dexing July 2005	Provision of construction and installation services; development and sale of construction materials	RMB	20,000	45,751	100%	—	100%	100%	(b)
JCC Dexing Explosion Company Limited ("Dexing Explosion")	Jiangxi Dexing February 2003	Production and sale of engineering, blasting engineering, etc	RMB	1,000	3,414	—	100%	100%	100%	(b)
JCC Geology Exploration Company Limited ("Geology Exploration")	Jiangxi Dexing September 2004	Provision of services relating to mine exploration and development	RMB	15,000	18,145	100%	—	100%	100%	(b)
Jiangxi Copper Corporation Chemical Company Limited ("Jiangtong Chemical")	Jiangxi Dexing October 2004	Manufacture sales of sulphuric acid and lay product	RMB	42,630	47,485	100%	—	100%	100%	(b)
Wengfu Chemical	Jiangxi Shangrao May 2005	Manufacturing and sale of sulphuric acid and by-products	RMB	181,500	127,050	70%	—	70%	70%	(a)

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(CONTINUED)*

(1) The Group main subsidiary companies are as follow *(continued)* :

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	Jiangxi Ruichang September 2003	Providing mining services	RMB	20,296	31,790	100%	—	100%	100%	(b)
JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	Jiangxi Ruichang March 2003	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	RMB	2,602	3,223	100%	—	100%	100%	(b)
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration")	Jiangxi Qianshan October 2000	Sales of beneficiation drugs, fine chemicals and other products	RMB	10,200	14,456	100%	—	100%	100%	(b)
Xiamen Trading	Fujian Xiamen March 2004	Sale of products	RMB	1,080	3,127	100%	—	100%	100%	(b)
Hangzhou Tongxin Company Limited ("Hangzhou Trading")	Zhejiang Hangzhou July 2000	Sale of metal, ore and chemical products	RMB	2,000	25,453	100%	—	100%	100%	(b)
Jiangxi Copper Corporation (Shanghai) International Shipping Agency Company Limited ("Shanghai Agency")	Shanghai October 2003	Provision of clearance services with customs in the PRC for import products and sale of metal products and non ferrous metals	RMB	6,000	14,896	100%	—	100%	100%	(b)

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(CONTINUED)*

(1) The Group main subsidiary companies are as follow *(continued)*:

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest			Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Total*		
Jiangxi Copper Construction Supervision Co., Ltd. ("JCCS")	Jiangxi, Nanchang April,2010	Project management, cost consultation, bidding agent project construction,technical advisory, project evaluation, information services	RMB	3,000	3,000	100%	—	100%	100%	(a)

(a) *The subsidiaries are acquired by establishment or investment.*

(b) *The subsidiaries are acquired by business consolidation under common control.*

(2) Changes in the scope of consolidation

The scope is consistent with previous year, except for the addition of JCCS.

(3) Translation rate used over the overseas subsidiaries:

	Average exchange rate		Exchange rate at period end	
	For the six months ended 30 June 2010	For the six months ended 30 June 2009	**30 June 2010**	30 June 2009
USD	**6.8096**	6.8333	**6.7909**	6.8282
HKD	**0.8764**	0.8817	**0.8724**	0.8805

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash and bank

	30 June 2010			31 December 2009		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on Hand						
— RMB			**177,458**			152,810
— HKD	**276**	**0.8724**	**241**	1,413	0.8805	1,244
— JPY			**—**			—
— GBP			**—**			—
			177,699			154,054
Cash in Bank						
— RMB			**1,829,041,887**			1,595,726,419
— USD	**24,996,139**	**6.7909**	**169,746,280**	15,119,745	6.8282	103,240,643
— HKD	**35,423,412**	**0.8724**	**30,903,385**	3,064,282	0.8805	2,698,100
— AUD	**106,494**	**5.7608**	**613,491**	131,518	6.1294	806,126
— EUR	**82**	**8.2710**	**678**	83	9.7971	813
— JPY	**974**	**0.0767**	**75**	976	0.0738	72
			2,030,305,796			1,702,472,173
Others						
— RMB			**2,665,450,622**			1,897,392,549
			4,695,934,117			3,600,018,776

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(1) Cash and bank *(continued)*

As at 30 June 2010, the amount of restricted cash is RMB2,665,450,622 (31 December 2009: RMB1,897,392,549), including:

— Time deposits amounting to RMB2,034,215,292 (2009: RMB1,448,402,100) were pledged to secure current bank borrowings amounting to USD319,766,050 with equivalent to RMB2,182,321,623 (Note 5 (17)).

— Deposit amounting to RMB291,105,480 was guaranteed for issuing bank accepted bills (2009: RMB215,566,110).

— Required mandatory reserve deposits amounting to RMB340,129,850 (2009: RMB233,424,339) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

As at 30 June 2010, the amount of cash deposit out of PRC equivalents to RMB59,728,931 (31 December 2009: RMB29,066,184).

Cash at banks earns interest at floating rates based on daily bank deposit rates or concerted rates. Short term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

(2) Notes receivable

	30 June 2010	31 December 2009
Bank accepted notes	**1,782,902,527**	721,542,965
Commercial accepted notes	**108,597,502**	14,361,417
	1,891,500,029	735,904,382

The terms of notes receivable are all within six months.

As at 30 June 2010, no notes have been transfer to the accounts receivable due to uncollectablity (31 December 2009: nil).

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable

The credit period is generally three months, extending up to one year for major customers. Accounts receivables are non-interest-bearing.

The ageing analysis of accounts receivable is as below:

	30 June 2010	31 December 2009
Within 1 year	**2,597,289,476**	1,708,224,966
1-2 years	**44,315,200**	48,055,406
2-3 years	**1,818,521**	2,093,107
Over 3 years	**132,415,310**	132,339,657
	2,775,838,507	1,890,713,136
Less: Bad debt provision	**(164,447,410)**	(161,491,197)
	2,611,391,097	1,729,221,939

	30 June 2010			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**1,671,541,715**	**60.22**	**67,855,980**	**4.06**
Others	**1,104,296,792**	**39.78**	**96,591,430**	**8.74**
	2,775,838,507	**100.00**	**164,447,410**	**5.92**

	31 December 2009			
	Balance	%	Bad debt provision	%
Individually significant	1,203,943,590	63.68	65,106,358	5.41
Others	686,769,546	36.32	96,384,839	14.03
	1,890,713,136	100.00	161,491,197	8.54

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(3) Accounts receivable *(continued)*

The movement of bad debt provision on accounts receivable is as below:

	Beginning balance	Addition	Deduction Reversal	Deduction Written off	Ending balance
For the six Months ended 30 June 2010	161,491,197	3,211,799	(254,017)	(1,569)	164,447,410
2009	176,798,952	11,576,554	(20,407,203)	(6,477,106)	161,491,197

The amount of RMB254,017 has been reversed due to the recovery of the account receivable in the six months ended 30 June 2010 (2009: RMB20,407,203).

The amount of RMB1,569 has been realized due to the write-offs of the account receivable in the six months ended 30 June 2010 (2009: RMB6,477,106).

As at 30 June 2010, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB761,215 (31 December 2009: RMB4,206,894). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 30 June 2010, the balance of top five debtors is as below:

	Relationship	Balance	Aging	%
First	Third party	174,721,404	Within 1 year	6.34
Second	Third party	161,984,537	Within 1 year	5.88
Third	Third party	97,904,590	Within 1 year	3.55
Fourth	Third party	95,336,031	Within 1 year and over 3 years	3.46
Fifth	Third party	78,834,052	Within 1 year	2.86
		608,780,614		22.09

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(4) Advances to suppliers

The ageing analysis of advances to suppliers is as below:

	30 June 2010		31 December 2009	
	Balance	**%**	Balance	%
Within 1 year	**1,767,854,495**	**91.55**	1,209,925,310	89.22
1-2 years	**135,656,786**	**7.02**	120,623,504	8.90
2-3 years	**16,188,953**	**0.84**	19,883,764	1.47
Over 3 years	**11,425,671**	**0.59**	5,614,650	0.41
	1,931,125,905	**100.00**	1,356,047,228	100.00

As at 30 June 2010, the balances aging over one year are mainly advances to suppliers for outstanding purchase of project and equipment.

As at 30 June 2010, the Group's balance due from a shareholder who holds more than 5% of the voting power of Company was RMB165,701 (31 December 2009: RMB236,101). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

Management of the Group is of the opinion that no provision should be recorded at the balance sheet date.

As at 30 June 2010, the balance of top five debtors is as below:

	Relationship	**Balance**	**Aging**	**Outstanding reason**
First	Third party	239,759,842	Within 2 year	Equipment purchase contracts not yet finished
Second	Third party	183,342,915	Within 1 year	Raw material not yet received
Third	Third party	84,839,921	Within 1 year	Raw material not yet received
Fourth	Third party	73,601,169	Within 1 year	Raw material not yet received
Fifth	Third party	65,321,587	Within 1 year	Raw material not yet received
		646,865,434		

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(5) Other receivables

The ageing analysis of other receivables is as below:

	30 June 2010	31 December 2009
Within 1 year	**961,044,207**	818,093,326
1-2 years	**6,558,020**	4,243,646
2-3 years	**1,484,724**	1,129,338
Over 3 years	**31,122,151**	32,185,059
	1,000,209,102	855,651,369
Less: bad debt provision	**(48,688,887)**	(28,900,190)
	951,520,215	826,751,179

	30 June 2010			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**803,601,138**	**80.34**	**20,000,000**	**2.49**
Others	**196,607,964**	**19.66**	**28,688,887**	**14.56**
	1,000,209,102	**100.00**	**48,688,887**	**4.87**

	31 December 2009			
	Balance	%	Bad debt provision	%
Individually significant	731,606,770	85.50	—	—
Others	124,044,599	14.50	28,900,190	23.30
	855,651,369	100.00	28,900,190	3.38

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(5) Other receivables *(continued)*

As at 30 June 2010, the Group's balance of deposits for commodity forward contracts is RMB637,650,467 (31 December 2009: RMB673,851,972).

Movement of bad debt provision on other receivables is as below:

	Beginning balance	Addition	Deduction Reversal	Written off	Ending balance
For the six months ended 30 June 2010	28,900,190	20,085,124	(167,549)	(128,878)	48,688,887
2009	26,156,044	4,125,787	(91,485)	(1,290,156)	28,900,190

The amount of RMB167,549 has been reversed due to the recovery of the other account receivable in the six months ended 30 June 2010 (2009: RMB91,485).

The amount of RMB128,878 has been realized due to the write-offs of the other account receivable in the six months ended 30 June 2010 (2009: RMB1,290,156).

As at 30 June 2010 and 31 December 2009, there was no balance due from a shareholder who holds more than 5% of the voting power of the Company.

As at 30 June 2010, the balance of top five debtors is as below:

	Relationship	Balance	Aging	%
First	JCC's subsidiaries *Note 7 (7)*	488,756,944	Within 1 year	49.00
Second	JCC's subsidiaries *Note 7 (7)*	50,753,469	Within 1 year	5.09
Third	Third party	31,283,583	Within 1 year	3.14
Fourth	Associate	20,000,000	Within 1 year	2.00
Fifth	Third party	18,299,269	Within 1 year	1.83
		609,093,265		61.06

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(6) Inventories

	30 June 2010	31 December 2009
Raw materials	**3,830,556,845**	4,981,184,015
Work in process	**5,557,049,082**	5,200,374,492
Finished goods	**1,626,951,119**	1,365,140,784
	11,014,557,046	11,546,699,291
Less: Provisions	**(117,097,388)**	(56,726,681)
	10,897,459,658	11,489,972,610

As at 30 June 2010, certain of the Group's inventories with a net book value of RMB226,412,138 (31 December 2009: RMB225,493,530) was pledged to secure short term bank borrowings of RMB58,000,000. More details are given in Note 5 (17).

The movement of inventories provision is as below:

For the six months ended 30 June 2010

			Deduction		
	Beginning balance	**Addition**	**Reversal**	**Realization**	**Ending balance**
Raw materials	662,235	26,455,847	—	—	27,118,082
Work in process	7,455,115	—	—	—	7,455,115
Finished goods	48,609,331	33,914,860	—	—	82,524,191
	56,726,681	60,370,707	—	—	117,097,388

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(6) Inventories *(continued)*

2009

	Beginning balance	Addition	Deduction Reversal	Deduction Realization	Ending balance
Raw materials	407,327,722	—	(242,453)	(406,423,034)	662,235
Work in process	101,230,227	2,858,687	—	(96,633,799)	7,455,115
Finished goods	119,954,850	7,836,050	(627,591)	(78,553,978)	48,609,331
	628,512,799	10,694,737	(870,044)	(581,610,811)	56,726,681

No amount has been reversed due to the rise of the market price in the six months ended 30 June 2010 (2009: RMB870,044).

No amount has been realized as the relevant raw materials were put into use and the finished goods were sold out in the six months ended 30 June 2010 (2009: RMB581,610,811).

(7) Other current financial assets

		30 June 2010	31 December 2009
Short term borrowings to related parties	(i)	**938,335,380**	546,136,140
Under hedge accounting	(ii)		
Fair value hedge *(a)*			
— Provisional price arrangement		**398,648,079**	—
Not under hedge accounting *(b)*			
— Provisional price arrangement		**7,710,874**	—
		1,344,694,333	546,136,140

(i) As at 30 June 2010, borrowings to related parties are provided by Finance Company, a subsidiary of the Group. The short term borrowings' interest rates range from 1.8756% to 5.31% per annum (31 December 2009: 2.27%-5.31%) among which the rate of the USD borrowings is 1.8756% to 2.176% and the borrowings will be repaid from 1 July 2010 to 29 June 2011. All of the above borrowings were guaranteed by the Group and undue. More details are given in Note 7 (7) "Related Party Relationship and Transaction".

(ii) The Group uses derivative financial instruments, including commodity derivative contracts and embedded derivative-provisional price arrangement separated from the purchase agreement of copper concentrate, to hedge its commodity price risk. The commodity derivative contracts used by the Group are standardized copper cathode future contracts traded in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME").

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(7) Other current financial assets *(continued)*

For the purpose of hedge accounting, hedges of the Group are classified as:

(a) *Under hedge accounting*

Cash flow hedge

The Group utilizes standardized copper cathode future contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper cathode. As at 30 June 2010, the expected delivery period of the forecasted sales for copper related products is from July to September 2010.

Fair value hedge

The Group utilizes standardized copper cathode future contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with fair value changes in inventories.

Since 1 July 2009, at the inception of above hedge relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective according to effectiveness test. More details are given in Note 5 (41, 42 and 47).

(b) *Not under hedge accounting*

From 1 January 2009 to 30 June 2009, in the inception of the abovementioned hedge relationship, the Group did not formally designate the hedge relationship. Therefore, such transactions are not qualified to hedge accounting.

Furthermore, in the period from 1 January 2010 to 30 June 2010 and in year 2009, the Group utilizes standardized copper cathode future contracts to manage the risk of forecasted purchases of copper cathode and copper concentrate, and forecast sales of copper wires and rods. These arrangements are designated to address significant fluctuations in the price of copper concentrate, copper cathode, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode. However, this arrangement is not considered as an effective hedge and is not accounted for under hedge accounting. Further details are given in Note 5 (41, 42).

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(8) Available-for-sale investments

	Investment Cost	Opening balance	Addition	Reclassifi -cation	Ending balance
Available-for-sale investment:					
Nanchang Commercial Bank ("Nanchang Bank")	398,080,000	398,080,000	—	—	398,080,000
Liangshan Mining Co., Ltd ("Liangshan Mining")	10,000,000	10,000,000	—	—	10,000,000
Kebang Telecom (Group) Co., Ltd ("KebangTelecom")	5,610,000	5,610,000	—	—	5,610,000
Gantian Wan Mining in Luchang Town Huili County (" Gantian Wan Mining")	2,000,000	2,000,000	—	—	2,000,000
Financial Products	300,000,000	300,000,000	30,000,000	(330,000,000)	—
Subtotal		715,690,000	30,000,000	(330,000,000)	415,690,000
Less: Impairment provision		(5,610,000)	—	—	(5,610,000)
Total		710,080,000	—	—	410,080,000
Less: Current portion of available-for -sale investment		(300,000,000)	(30,000,000)	330,000,000	—
Total of non-current portion		410,080,000	—	—	410,080,000

As at 30 June 2010, the Group's unlisted equity investments represent the Group's 5.88% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining and 0.4% equity interest in Kebang Telecom and 11.13% equity interest in Gantian Wan Mining. These unlisted equity investments were stated at cost and subject to a test for impairment loss because there is no quoted market price in an active market and their fair values cannot be measured reliably.

As at 31 December 2009, Finance Company, a subsidiary of the Group, holds financial products, Qianyuan No. 1 issued by Hainan branch of China Construction Bank amounting to RMB200,000,000 with annual target return rate of 6% and financial products issued by Shanghai Pudong Development Bank amounting to RMB100,000,000 with annual target return rate of 3%. The above financial products have matured on 12 May 2010 and on 6 January 2010 respectively.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(9) Long-term equity investments

For the six months ended 30 June 2010

		Investment Cost				Share of net profit			Share of other change of equity rather than net profit		Impairment of long term Investment		
	Initial Investment	Opening balance	Addition	Disposal	Accumulated Addition	Opening balance	(Loss)/profit	Disposal	Opening balance	Increase/ (Decrease)	Opening balance	Increase/ (Decrease)	Ending balance
Equity method:													
Investment in associates													
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals ")	460,000,000	460,000,000	440,000,000	–	900,000,000	(57,405,751)	(8,906,508)	–	(82,225,926)	11,491,111	–	–	762,952,926
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	58,134,560	58,134,560	–	–	58,134,560	(1,272,703)	–	–	138,129	(311,370)	–	–	56,688,616
Jiangxi Copper Ever profit Qing Yuan Copper Company Limited ("QingYuan")	36,000,000	36,000,000	–	–	36,000,000	(36,000,000)	–	–	–	–	–	–	–
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	6,186,812	–	–	6,186,812	–	–	–	(369,339)	(53,453)	–	–	5,764,020
Zhaojue Fenye Smelting Company Limited "Fengye")	4,063,977	4,063,977	–	–	4,063,977	–	–	–	–	–	–	–	4,063,977
Investment in a jointly controlled entity													
Jiangxi JCC-BIOTEQ Environmental Technologies company Limited "Jiangtong Bioteq")	14,100,000	14,100,000	–	–	14,100,000	4,837,269	4,561,068	–	–	–	–	–	23,498,337
Cost Method:													
Diaoquan (b)	14,850,516	14,850,516	–	–	14,850,516	–	–	–	–	–	(14,850,516)	–	–
Total		593,335,865	440,000,000	–	1,033,335,865	(89,841,185)	(4,345,440)	–	(82,457,136)	11,126,288	(14,850,516)	–	852,967,876

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(9) Long-term equity investments *(continued)*

The financial information in respect of the associates and a jointly controlled entity is as below:

	Equity investment and voting right percentage	Register place	Principal business	Registered capital	
				Currency	*'000*
Investment in associates					
Jiangxi Copper Minerals	40.00%	China	Investment company	RMB	2,250,000
MCC-JCL	25.00%	Afghanistan	Manufacture and sale of copper products	USD	2,800
Qing Yuan	40.00%	China	Manufacture and sale of copper products	RMB	90,000
Asia Sure Spread	49.00%	Japan	Import and export of copper products	JPY	200,000
Fengye	47.86%	China	Production and sale of copper cathode and related products	RMB	10,000
Investment in a jointly controlled entity					
Jiangtong Bioteq	50.00%	China	Recover the copper metals from industrial waste water	RMB	28,200

	30 June 2010			For the six months ended 30 June 2010	
	Total Assets	Total Liabilities	Net Assets	Revenue	Net (loss)/profit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Investment in associates					
Jiangxi Copper Minerals	4,454,982	2,547,599	1,907,383	—	(22,266)
MCC-JCL	1,125,402	898,648	226,754	—	—
Qing Yuan	107,409	157,848	(50,439)	160,845	372
Asia Sure Spread	15,340	—	15,340	—	—
Fengye	12,373	6,121	6,252	—	—
Investment in a jointly controlled entity					
Jiangtong Bioteq	54,033	7,037	46,996	22,580	9,122

As at 30 June 2010, the associates and a jointly controlled entity could transfer funds to the Group without restrictions.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(10) Fixed assets

For the six months ended 30 June 2010

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2010	6,284,733,937	13,751,796,081	1,317,683,401	127,791,260	21,482,004,679
Additions	680,853	14,257,591	2,606,586	434,559	17,979,589
Transferred from construction in progress	270,931,730	340,225,229	16,324,726	111,540	627,593,225
Disposals	(57,150,822)	(296,685,411)	(239,608,283)	(3,525,402)	(596,969,918)
30 June 2010	6,499,195,698	13,809,593,490	1,097,006,430	124,811,957	21,530,607,575
Accumulated depreciation					
1 January 2010	(2,349,734,071)	(5,768,768,696)	(775,482,578)	(70,323,634)	(8,964,308,979)
Additions	(110,019,313)	(309,730,585)	(29,867,118)	(5,343,226)	(454,960,242)
Disposals	27,216,108	251,785,719	213,997,482	3,307,636	496,306,945
30 June 2010	(2,432,537,276)	(5,826,713,562)	(591,352,214)	(72,359,224)	(8,922,962,276)
Impairment provision					
1 January 2010	(2,190,481)	(109,928,751)	(50,295)	(58,600)	(112,228,127)
Additions	—	—	—	—	—
Realization	—	85,042,791	—	—	85,042,791
30 June 2010	(2,190,481)	(24,885,960)	(50,295)	(58,600)	(27,185,336)
Net book value					
30 June 2010	4,064,467,941	7,957,993,968	505,603,921	52,394,133	12,580,459,963
1 January 2010	3,932,809,385	7,873,098,634	542,150,528	57,409,026	12,405,467,573

As at 30 June 2010, buildings with net book value of RMB46,610,758 (31 December 2009: RMB61,175,688) and equipment and machinery with net book value of RMB71,290,017 (31 December 2009: RMB53,576,933) had restriction in ownership. More details are given in Note 5 (17).

As at 30 June 2010, the Group is in the process of obtaining the property ownership certificate for certain of the Group's building with original cost of RMB25,280,763 (31 December 2009: RMB25,280,763) and net book value of RMB24,807,740 (31 December 2009: RMB25,092,149).

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(11) Construction in progress

For the six months ended 30 June 2010

	Budget	Opening balance	Addition	Transfer to fixed assets	Ending balance	% of budget	Source of funds
Expansion project of phase II of Chengmenshan Copper Mine	498,000,000	154,959,308	42,958,226	—	197,917,534	40%	Proceeds from issuance of shares ("Proceeds")
Extension of Open-pitting Mining project	387,540,000	319,955,926	47,037,114	(366,993,040)	—	95%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	108,701,722	7,561,651	—	116,263,373	83%	Self-funding and Proceeds
300K ton Copper Smelting Project	3,099,530,000	53,468,736	21,545,967	—	75,014,703	85%	Self-funding
Technical renovation engineering of enlarging production scale of Dexing Mining	2,537,870,000	855,498,696	271,799,442	—	1,127,298,138	45%	Self-funding
38K ton Copper Pipe Project	504,480,000	2,393,655	—	—	2,393,655	65%	Self-funding
Electromotor Update	355,200,000	243,883,785	1,477,393	—	245,361,178	100%	Self-funding
Expansion project for electrolyze	294,790,000	8,617,676	—	—	8,617,676	90%	Self-funding
Electric Shovel Update 2300XP	210,000,000	196,612,031	—	—	196,612,031	93%	Self-funding
No.5 Mine exploitation Project	130,000,000	49,331,821	11,983,664	—	61,315,485	47%	Self-funding
Concentrating millformed by reworking process	24,270,600	16,818,829	1,198,869	—	18,017,698	74%	Self-funding
4000T Copper Product improvement	268,000,000	216,440,217	11,416,543	(227,856,760)	—	85%	Self-funding
Technical improvement of the ninth copper concentrate 5000t/d retreating project	499,600,000	62,528,219	39,389,336	—	101,917,555	24%	Self-funding
New Tailing Pool	327,780,000	51,610,684	28,183,941	—	79,794,625	24%	Self-funding
Chengmengshan Liujia Gou Tailing Pool	318,310,000	32,415,659	3,971,226	—	36,386,885	11%	Self-funding
Chengmengshan Donggou Waste-rock Yard Project	197,070,000	61,677,913	26,641,905	—	88,319,818	45%	Self-funding
Others	Not applicable	327,194,873	181,397,222	(32,743,425)	475,738,163		
Total		2,762,109,750	696,562,499	(627,593,225)	2,831,079,024		

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(12) Intangible asset

For the six months ended 30 June 2010

	Trade marks	Mining rights	Land use rights	Others	Total
Cost					
1 January 2010	52,586,056	945,331,851	218,441,429	21,303,425	1,237,662,761
Additions	10,150	—	1,844,125	289,799	2,144,074
30 June 2010	52,596,206	945,331,851	220,285,554	21,593,224	1,239,806,835
Accumulated amortization					
1 January 2010	(23,382,506)	(78,328,880)	(25,091,782)	(7,092,219)	(133,895,387)
Additions	(897,571)	(16,291,297)	(3,204,607)	(1,174,024)	(21,567,499)
30 June 2010	(24,280,077)	(94,620,177)	(28,296,389)	(8,266,243)	(155,462,886)
Impairment provision					
1 January 2010	—	—	—	—	—
Realization	—	—	—	—	—
30 June 2010	—	—	—	—	—
Net book value					
30 June 2010	28,316,129	850,711,674	191,989,165	13,326,981	1,084,343,949
1 January 2010	29,203,550	867,002,971	193,349,647	14,211,206	1,103,767,374

As at 30 June 2010, no intangible assets had restriction in ownership.

As at 30 June 2010, the Group is in the process of obtaining the property certificates for certain land use rights with net book value of RMB12,006,666 (31 December 2009 : RMB12,006,666).

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(13) Exploration costs

This represents the exploration costs for the Zhu shahong and Jinjiwo mines.

	For the six months ended 30 June 2010	2009
Beginning balance	**187,187,500**	71,880,000
Additions	**10,830,000**	115,307,500
Ending balance	**198,017,500**	187,187,500

(14) Deferred tax assets/liabilities

Deferred tax assets and liabilities are measured and recognized separately without net off.

Deferred tax assets affirmed during the six months ended 30 June 2010:

	Impairment of assets	**Deductible taxable loss**	**Accrued expenses**	**Deferred Revenue**	**Fair value loss arising from derivative financial contracts**	**Unrealized profits**	**Others**	**Total**
At beginning of the period	48,283,414	7,902,090	66,633,798	9,328,698	28,584,746	9,083,346	3,014,970	172,831,062
Charge to income statements	(6,088,324)	—	11,305,423	198,897	479,923	(4,665,288)	(520,782)	709,849
Charge to equity	—	—	—	—	(7,907,659)	—	—	(7,907,659)
At end of the period	42,195,090	7,902,090	77,939,221	9,527,595	21,157,010	4,418,058	2,494,188	165,633,252

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(14) Deferred tax assets/liabilities *(continued)*

Deferred tax liabilities affirmed during six months ended 30 June 2010:

	Fair value gain from provisional price arrangement	**Others**	**Total**
At the beginning of the period	—	408,895	408,895
Charge to income statements	3,537,788	(408,895)	3,128,893
At the end of the period	3,537,788	—	3,537,788

The details of temporary differences and the deductable tax loss not recognized as deferred tax assets are as following:

	For the six months ended 30 June 2010	2009
Deductable temporary difference:		
Impairment of assets	**205,450,295**	185,202,571
Fair value change arising from commodity forward contracts	**337,245**	80,429,206
Deferred Revenue	**124,338,654**	127,865,823
Accrued expenses	**2,277,550**	14,050,352
Deductable tax loss	**314,512,152**	414,455,785
	646,915,896	822,003,737

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(14) Deferred tax assets/liabilities *(continued)*

Deductable tax loss not recognized as deferred tax assets will be expired in the following years:

	For the six months ended 30 June 2010	2009
2011	**17,004,492**	57,321,595
2012	**58,098,644**	58,843,376
2013	**209,948,289**	271,607,102
2014	**26,683,712**	26,683,712
2015	**2,777,015**	—
	314,512,152	414,455,785

Temporary differences and the deductable tax loss recognized as deferred tax assets are as follows:

	For the six months ended 30 June 2010	2009
Deductable temporary difference:		
Impairment of assets	**172,429,242**	194,604,140
Accrued expenses	**311,758,709**	266,916,601
Deferred Revenue	**38,110,378**	37,314,793
Fair value change arising from commodity forward contracts	**87,397,552**	120,998,013
Unrealized profits	**37,984,970**	36,333,384
Others	**9,976,753**	12,059,883
Deductable tax loss	**62,999,008**	62,999,008
	720,656,612	731,225,822

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(14) Deferred tax assets/liabilities *(continued)*

Temporary differences not recognized as deferred tax liabilities are as follows:

	For the six months ended 30 June 2010	2009
Deductable temporary difference:		
Provisional price arrangement		
— fair value changes in effective portion of fair value hedge	**392,207,800**	—

Temporary differences recognized as deferred tax liabilities are as follows:

	For the six months ended 30 June 2010	2009
Deductable temporary difference:		
Provisional price arrangement		
— fair value changes in ineffective portion of fair value hedge and portions not qualified as hedge accounting	**14,151,153**	—
Others	**—**	1,635,579
	14,151,153	1,635,579

(15) Other non-current assets

	30 June 2010	31 December 2009
Long-term loans to related parties	**—**	1,000,000
Less: Non-current assets due within one year	**—**	(1,000,000)
	—	—

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(16) Provision for impairment of assets

For the six months ended 30 June 2010

	Beginning	Addition	Reduction: Reverse	Reduction: Realization	Ending
Accounts receivable bad debt provision	161,491,197	3,211,799	(254,017)	(1,569)	164,447,410
Other receivable bad debt provision	28,900,190	20,085,124	(167,549)	(128,878)	48,688,887
Inventory provision	56,726,681	60,370,707	—	—	117,097,388
Impairments of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairments of fixed assets	112,228,127	—	—	(85,042,791)	27,185,336
Impairments of long-term investment	14,850,516	—	—	—	14,850,516
	379,806,711	83,667,630	(421,566)	(85,173,238)	377,879,537

2009

	Beginning	Addition	Transferred in	Reduction: Reverse	Reduction: Realization	Ending
Accounts receivable bad debt provision	176,798,952	11,576,554	—	(20,407,203)	(6,477,106)	161,491,197
Other receivable bad debt provision	26,156,044	4,125,787	—	(91,485)	(1,290,156)	28,900,190
Inventory provision	628,512,799	10,694,737	—	(870,044)	(581,610,811)	56,726,681
Impairments of available-for-sale investments	5,610,000	—	—	—	—	5,610,000
Impairments of fixed assets	101,069,491	104,157,234	—	—	(92,998,598)	112,228,127
Impairments of intangible assets	25,079,833	—	—	—	(25,079,833)	—
Impairments of long-term investment	—	—	14,850,516	—	—	14,850,516
	963,227,119	130,554,312	14,850,516	(21,368,732)	(707,456,504)	379,806,711

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(17) Short-term borrowings

	30 June 2010	31 December 2009
Bank borrowing		
Including:		
Mortgaged borrowings (i)	**2,282,321,623**	1,471,338,106
Pledged borrowings (ii)	**131,500,000**	176,500,000
Credit borrowings	**1,596,853,168**	883,104,443
	4,010,674,791	2,530,942,549

As at 30 June 2010, the borrowings carry annual interest rates ranging from 0.86% to 6.48%. (2009: 0.73% to 7.56%).

(i) *Mortgaged borrowings including*

Mortgaged borrowings amounted to RMB100,000,000 were secured by the discounted unmatured commercial notes with carrying value of RMB100,000,000 (31 December 2009: RMB12,140,090).

Time deposits amounting to RMB2,034,215,292 were pledged to secure current bank borrowings amounting to USD319,766,050, equivalent to RMB2,182,321,623 (31 December 2009: RMB1,459,198,016).

(ii) *Pledged borrowings including*

— Pledged borrowings amounting to RMB73,500,000 was secured by machineries with original cost of RMB128,368,600 and carrying value of RMB71,290,017, buildings with original cost of RMB68,290,000 and carrying value of RMB46,610,758.

— Pledged borrowings amounting to RMB58,000,000 was secured by inventories with carrying value of RMB226,412,138.

As at 30 June 2010, no balance of unsettled matured short-term borrowings.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(18) Notes payable

	30 June 2010	31 December 2009
Bank accepted notes payable	**1,765,495,600**	1,846,646,670
Commercial accepted notes payable	—	100,000,000
	1,765,495,600	1,946,646,670

The above notes payable will be due from July 2010 to December 2010.

(19) Accounts payable

The balance of accounts payable mainly represents the amount regarding to the unsettled procurement of raw materials. It was free of interest and expected to be settled within 60 days.

As at 30 June 2010, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB4,713,333 (31 December 2009: RMB2,757,506). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 30 June 2010, the Group has no material balance of accounts payable aged over one year.

(20) Advance from customers

The balance represents advances from customer for sales of goods.

As at 30 June 2010, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB333,850 (31 December 2009: RMB196,700).

As 30 June 2010, the Group has no material balance of advance from customers aged over one year.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(21) Employee benefit payable

For the six months ended 30 June 2010

	Beginning	Addition	Deduction	Ending
Payroll, bonus and allowance	**280,966,953**	**558,401,413**	**(525,378,958)**	**313,989,408**
Social insurance	**48,087,941**	**117,799,327**	**(101,966,802)**	**63,920,466**
Including:				
Pension insurance	**42,892,685**	**91,541,415**	**(80,707,950)**	**53,726,150**
Medical insurance	**(39,294)**	**20,101,003**	**(8,475,046)**	**11,586,663**
Unemployment insurance	**5,231,122**	**3,594,027**	**(10,243,498)**	**(1,418,349)**
Accident insurance	**1,009**	**2,527,719**	**(2,522,573)**	**6,155**
Maternity insurance	**2,419**	**35,163**	**(17,735)**	**19,847**
Housing fund	**11,104,670**	**53,148,946**	**(49,198,495)**	**15,055,121**
Labor union fee and employee education fee	**17,399,058**	**11,058,828**	**(12,991,299)**	**15,466,587**
Staff welfare	**5,014,305**	**62,920,214**	**(39,731,676)**	**28,202,843**
Others	**162,879**	**18,718**	**(70,863)**	**110,734**
	362,735,806	**803,347,446**	**(729,338,093)**	**436,745,159**

2009

	Beginning	Addition	Deduction	Ending
Payroll, bonus and allowance	169,858,456	924,743,277	(813,634,780)	280,966,953
Social insurance	41,568,399	199,660,782	(193,141,240)	48,087,941
Including:				
Pension insurance	37,705,769	166,216,030	(161,029,114)	42,892,685
Medical insurance	1,014,181	17,271,388	(18,324,863)	(39,294)
Unemployment insurance	2,856,007	9,797,587	(7,422,472)	5,231,122
Accident insurance	(9,807)	6,368,581	(6,357,765)	1,009
Maternity insurance	2,249	7,196	(7,026)	2,419
Housing fund	4,512,262	92,420,150	(85,827,742)	11,104,670
Labor union fee and employee education fee	11,954,731	31,788,196	(26,343,869)	17,399,058
Staff welfare	7,811,223	155,200,911	(157,997,829)	5,014,305
Others	423,860	22,376,724	(22,637,705)	162,879
	236,128,931	1,426,190,040	(1,299,583,165)	362,735,806

As at 30 June 2010, there was no balance with the nature of arrears.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(22) Taxes payable

	30 June 2010	31 December 2009
Corporate income tax	**577,741,851**	473,417,392
VAT	**(282,074,684)**	(383,142,638)
Mineral resource compensation charge	**65,067,927**	81,065,310
Resource tax	**15,235,311**	17,722,137
Business tax	**3,911,374**	3,814,083
Individual income tax	**671,037**	1,817,347
Others	**40,740,297**	43,860,628
	421,293,113	238,554,259

(23) Other payables

	30 June 2010	31 December 2009
Other amount paid on behalf of the Group by JCC	**276,318,749**	297,112,785
Paid on behalf of the Group by Subsidiaries of JCC	**9,574,175**	34,587,823
Retention for contract	**186,486,953**	153,415,719
Miscellaneous construction fee	**478,823,592**	214,095,535
Miscellaneous maintenance fee	**47,161,464**	15,504,738
Service Charges	**7,005,077**	7,346,058
Others	**64,771,107**	57,950,568
	1,070,141,117	780,013,226

As at 30 June 2010, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB276,318,749 (31 December 2009: RMB297,112,785). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 30 June 2010, the Group has no material balance of other payables aged over one year.

(24) Non-current liabilities due within one year

	30 June 2010	31 December 2009
Long term payables *(Note 5 (28))*	**4,014,534**	3,009,689

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(25) Other current liabilities

	30 June 2010	31 December 2009
Short term deposit of related parties *(i)*	**1,278,169,699**	697,423,979
Liabilities due from financial assets sold for repurchase *(ii)*	**155,561,949**	51,676,815
Under hedge accounting *(note 5 (7))*		
Cash flow hedge		
— Commodity derivative contracts	**(4,506,160)**	45,027,116
Fair value hedge		
— Commodity derivative contracts	**(5,131,669)**	67,443,664
— Provisional price arrangement	**—**	219,828,041
Not under hedge accounting *(note 5 (7))*		
— Commodity derivative contracts	**97,372,626**	88,956,439
— Provisional price arrangement	**—**	12,603,420
	1,521,466,445	1,182,959,474

(i) *The amount represents the related parties' demand deposit and saving deposit less than 6 month in the Finance Company, the range of the interest rate is 0.36% to 1.17% per annum (2009: 0.36% to 1.17%).*

(ii) *Finance Company, a subsidiary of the Group, entered into agreement with Industrial and Commercial Bank of China to sell notes discounted by related parties, and undertook to repurchase all the bank acceptance notes unconditionally. The repurchase interest rates ranged from 2.44% to 2.69%. As at 30 June 2010, the aforesaid notes amount to RMB156,269,015, with unrealized interest expense RMB707,066. Since such transfer does not qualify for derecognition of assets, the amount was accounted for other current liabilities.*

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(26) Long-term borrowings

		30 June 2010	
		Original Currency	**Equivalent RMB**
Credit borrowings			
	RMB		**19,250,000**
	JPY	**1,256,028,000**	**96,319,763**
Less: amount due within one year			**—**
			115,569,763

		31 December 2009	
		Original Currency	Equivalent RMB
Credit borrowings			
	RMB		19,250,000
	JPY	1,256,028,000	92,672,258
Less: amount due within one year			—
			111,922,258

As at 30 June 2010, the bank borrowing carry interest rates were ranging from 0.36% to 3.3463% per annum (31 December 2009: 0.36% to 3.3463%).

As at 30 June 2010, there was no unsettled long-term borrowing which was due.

As at 30 June 2010, the top five creditors are as bellow:

					As at 30 June 2010	
	Starting date	**Ending date**	**Currency**	**Annual interest rate**	**Original Currency**	**RMB**
First	Nov 2009	Nov 2012	JPY	3.3463%	**1,101,868,000**	**84,497,849**
Second	Dec 2007	Dec 2022	RMB	One year borrowing rate	**Not applicable**	**19,250,000**
Third	Oct 2009	Oct 2012	JPY	3.3313%	**92,496,000**	**7,093,148**
Fourth	Sep 2009	Sep 2012	JPY	3.3188%	**61,664,000**	**4,728,766**
						115,569,763

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(27) Bond Payable

	1 January 2010	Addition	Deduction	30 June 2010
08JCC Bond(126018)	4,947,992,653	149,096,280	(34,000,000)	5,063,088,933

As at 30 June 2010, the balance of bond payable is as follows:

	Period	Issuance date	Nominal value of bonds with warrants issued during the year	Liability component at the issuance date	Beginning balance of interest adjustment	Interest adjustment	Interest paid and accrual	Accumulated interest adjustment	Ending balance
08JCC Bond (126018)	8 years	22 September 2008	6,800,000,000	4,677,412,723	270,579,930	149,096,280	(34,000,000)	385,676,210	5,063,088,933
	Less: Bond Payable due in 1 year								–
									5,063,088,933

Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight-years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year. The subscribers of each bond have been entitled to receive 25.9 warrants at nil consideration and in aggregate, 1,761,200,000 warrants have been issued. The warrants have a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. The holders of the warrants are entitled to exercise the warrants five trading days prior to the maturity date, that is, from 27 September 2010 to 9 October 2010. The initial exercise price for the warrants representing conversion rights to one A Share of the Company is RMB15.33, and the proportion of exercise rights for the warrants is 4:1, i.e. four warrants represent the conversion rights to one A Share of the Company. The exercise price and conversion ratio are subject to change according to the regulations of the Shanghai Stock Exchange which primarily require a change if dividends are declared). During the term of the warrants, in the event that the trading of A Shares of the Company is on an ex-rights or ex-dividend basis, the exercise price and the proportion of exercise rights for the warrants shall be adjusted accordingly. Pursuant to the regulations of the China Securities Regulatory Commission, if the application of the proceeds from the issuance of bonds with warrants is different from the application of proceeds disclosed in the Offering Memorandum, then the holders of the bonds are entitled to demand redemption of the bonds by the Company at the nominal value together with the interest accrued for the period concerned once. The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount is assigned as the equity component and is included in shareholders' equity.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(28) Long-term payables

	Term	30 June 2010	31 December 2009
Mining right payable			
— Dexing & Yongping Mining *(i)*	30 years	**18,241,790**	17,496,820
— Fujiawu Minging *(ii)*	6 years	**1,000,000**	1,000,000
Less: Amount due within one year *(Note 5(24))*		**(4,014,534)**	(3,009,689)
		15,227,256	15,487,131

(i) *The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term borrowing up to a maximum of 15% on annual installment starting from 1 January 1998. The interest paid for the six months ended 30 June 2010 is RMB49,649 (2009: RMB99,297) and interest rate announced by the state for the six months ended 30 June 2010 is 5.31% (31 December 2009: 5.31%).*

(ii) *The amount represents the balance due to the National Land Management Authority on the consideration for the mining rights obtained for Fujiawu Project. The amount is repayable in 6 annual installments of RMB10,000,000 each year, and this long term payable is interest free.*

As at the 30 June 2010, the top five creditors are as below:

	Duration	Amount	Annual Rate *(%)*	Balance
First	1998.12-2027.12	56,191,000	One year borrowing rate	18,241,790
Second	2004.12-2009.12	71,052,500	Not applicable	1,000,000

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(29) Provision

	For the six months ended 30 June 2010	2009
At beginning of the period/year	**113,044,508**	107,001,601
Interest accrued during the period/year	**3,151,217**	6,042,907
At end of the period/year	**116,195,725**	113,044,508

Provision represents the environment rehabilitation costs, as there is obligation for the Group in future for the environmental costs, and there is probable outflow of economic benefits as the results of its obligation. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(30) Other non-current liabilities

Other non-current liabilities represent the deferred revenue derived from government grant received in respect of purchase and construction of property, plant and equipment. The movement is as follows:

	For the six months ended 30 June 2010	2009
At beginning of the period/year	**165,180,616**	126,383,712
Addition during the period/year	**5,237,258**	49,348,585
Recognized as income during the period/year	**(7,968,842)**	(10,551,681)
At end of the period/year	**162,449,032**	165,180,616

As at 30 June 2010, all the deferred revenue of the group are all asset related grants.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(31) Share capital

The registered capital and paid in capital of the Company is RMB3,022,833,727. The face value of the shares is RMB1.00 each. The shares' type and configuration is as follow:

For the six months ended 30 June 2010

	Beginning		Increase/(Decrease)				Ending	
	No. of shares	%	Issue shares	Donate shares	Others	Subtotal	No. of shares	%
Listed shares with restricted trading condition								
(1) State owned	—	—	—	—	—	—	—	—
(2) State legal person owned	1,282,074,893	42.41%	—	—	—	—	1,282,074,893	42.41%
(3) Domestic other legal owned	—	—	—	—	—	—	—	—
Including:								
Domestic legal person owned	—	—	—	—	—	—	—	—
Domestic person owed	—	—	—	—	—	—	—	—
Listed shares with restricted trading Conditions	1,282,074,893	42.41%	—	—	—	—	1,282,074,893	42.41%
Listed shares without restricted trading conditions								
(1) A shares	353,276,834	11.69%	—	—	—	—	353,276,834	11.69%
(2) Domestic foreign shares	—	—	—	—	—	—	—	—
(3) H shares	1,387,482,000	45.90%	—	—	—	—	1,387,482,000	45.90%
Listed shares without restricted trading conditions	1,740,758,834	57.59%	—	—	—	—	1,740,758,834	57.59%
Total of share capital	3,022,833,727	100.00%	—	—	—	—	3,022,833,727	100.00%

Pursuant to the sanction document of ZhengJianFaXingZi [2007] 278 issued by the CSRC, the Company issued 127,795,527 A shares of RMB1 per share in September 2007. JCC undertake that new shares received by them in this issue will be subject to trading moratorium periods of 36 months, the shares of JCC with trading moratorium are expected to be listed on 27 September (defer to the next trading day in the case of a non-trading date).

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(32) Capital reserves

The change of capital reserves for the six months ended 30 June 2010 is as below:

	1 January 2010	Additions/ (Deduction)	30 June 2010
Share premium	**3,346,225,134**	**—**	**3,346,225,134**
Other capital reserves			
— Transfer from the bonds with detachable warrants	**2,008,917,277**	**—**	**2,008,917,277**
— Loss arisen from the derivative instrument under cash flow hedge	**(36,667,833)**	**39,816,003**	**3,148,170**
— Other Reserves	**113,063**	**—**	**113,063**
	1,972,362,507	**39,816,003**	**2,012,178,510**
	5,318,587,641	**39,816,003**	**5,358,403,644**

The change of capital reserves for the year 2009 is as below:

	1 January 2009	Additions/ (Deduction)	31 December 2009
Share premium	3,346,225,134	—	3,346,225,134
Other capital reserves			
— Transfer from the bonds with detachable warrants	2,008,917,277	—	2,008,917,277
— Loss arisen from the derivative instrument under cash flow hedge	—	(36,667,833)	(36,667,833)
— Other Reserves	113,063	—	113,063
	2,009,030,340	(36,667,833)	1,972,362,507
	5,355,255,474	(36,667,833)	5,318,587,641

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(33) Special surplus reserves

	For the six months ended 30 June 2010	2009
Beginning balance	**158,720,937**	124,748,940
Accrued for the period/year	**85,723,913**	159,570,063
Realized for the period/year	**(10,720,757)**	(125,598,066)
Ending balance	**233,724,093**	158,720,937

According to CaiQi [2006] No. 478 "Tentative Measures for the Financial Management of the Production Safety Fund for the High Risk Enterprises" issued by the MOF and the Safety Production General Bureau, the Group is required to accrue "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from the year 2007. The accrual standard rates are RMB4 per ton for the mine above the ground and RMB8 per ton for the mine under the ground. As for the high risk enterprises, the fund is accrued according to the sales and in a progressive way monthly.

(34) Surplus reserve

The change of surplus reserves for the six months ended 30 June 2010 is as below:

	Statutory surplus reserve	**Discretionary surplus reserve**	**Total**
1 January 2010	**2,216,164,234**	**4,737,278,673**	**6,953,442,907**
Additions	**—**	**—**	**—**
30 June 2010	**2,216,164,234**	**4,737,278,673**	**6,953,442,907**

The change of surplus reserves for the year 2009 ended is as below:

	Statutory surplus reserve	Discretionary surplus reserve	Total
1 January 2009	1,990,900,531	4,061,487,564	6,052,388,095
Additions	225,263,703	675,791,109	901,054,812
31 December 2009	2,216,164,234	4,737,278,673	6,953,442,907

Pursuant to Company Law of the PRC and the Company's Article of Association, the Company is required to appropriate 10% of its profit after tax to the statutory surplus reserve. The appropriation may cease if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

The Company can appropriate discretionary surplus reserve after the appropriation of statutory surplus reserve which can be used to make up for losses or increase the equity after approval.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(35) Retained earnings

	For the six months ended 30 June 2010	2009
At beginning of the period/year	**7,448,675,621**	6,242,872,933
Add: Net profit	**2,124,210,330**	2,349,254,043
Profits available for appropriation	**9,572,885,951**	8,592,126,976
Less: Appropriations to the statutory surplus reserve	—	225,263,703
Appropriations to the discretionary surplus reserve	—	675,791,109
Appropriations to the employee bonus and welfare fund	—	569,845
Profits available for appropriation to shareholders	**9,572,885,951**	7,690,502,319
Less: Cash dividend approved by the Annual General Meeting of last year	**302,283,373**	241,826,698
Retained earnings at the end of the period/year	**9,270,602,578**	7,448,675,621
Including: Cash dividends proposed after the balance sheet date	—	302,283,373

On 17 June 2010, a dividend of RMB0.10 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB302,283,373 to the shareholders as the final dividend for year 2009 was approved by Annual General Meeting.

On 8 July 2010, final dividend of RMB0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB302,283,373 was paid to shareholders in cash.

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(36) Minority interests

The minority interests of the subsidiaries of the Group are stated as below:

	30 June 2010	31 December 2009
Kangtong	**85,538,217**	80,796,329
Finance Company	**79,924,786**	76,445,899
Longchang Copper Pipe	**62,294,401**	61,433,125
Wengfu	**48,567,088**	43,666,290
Yates	**38,159,659**	36,097,440
Sure Spread	**30,456,148**	29,551,925
Taiyi	**19,216,962**	19,577,708
Dongxiang Alloy	**9,031,574**	8,795,305
Redian	**3,534,065**	2,524,736
Copper Products	**2,393,485**	2,329,884
	379,116,385	361,218,641

(37) Revenue and costs of sales

Revenue:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Revenue from principal operations	**37,198,612,324**	21,122,087,674
Other operating income	**371,879,382**	230,505,176
	37,570,491,706	21,352,592,850

Cost of sales:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Cost of principal operations	**33,521,612,737**	18,721,441,428
Cost of other operations	**333,635,360**	205,093,413
	33,855,248,097	18,926,534,841

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(37) Revenue and costs of sales *(continued)*

Revenue from principal operations by product:

	For the six months ended 30 June 2010		For the six months ended 30 June 2009	
Products categories	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**19,952,969,082**	**18,538,684,967**	10,420,629,557	9,675,224,358
Copper rods and wires	**10,672,558,298**	**9,851,664,914**	6,232,677,508	5,697,598,808
Copper processing products	**1,612,764,662**	**1,527,691,221**	1,097,192,280	1,044,713,046
Golds	**2,604,628,942**	**1,934,338,059**	1,960,959,312	1,183,173,097
Silvers	**907,449,969**	**771,532,770**	538,747,293	425,250,991
Chemical product	**845,770,132**	**556,999,072**	285,198,287	239,402,222
Rare metal	**305,758,200**	**148,282,392**	335,873,898	233,303,539
Other	**296,713,039**	**192,419,342**	250,809,539	222,775,367
	37,198,612,324	**33,521,612,737**	21,122,087,674	18,721,441,428

Revenue from principal operations by geographical locations:

	For the six months ended 30 June 2010		For the six months ended 30 June 2009	
Geographical areas	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Mainland China	**34,844,015,704**	**31,249,072,754**	20,700,783,855	18,321,740,704
Hong Kong, China	**2,111,183,903**	**2,053,354,728**	330,709,986	313,790,693
Others	**243,412,717**	**219,185,255**	90,593,833	85,910,031
	37,198,612,324	**33,521,612,737**	21,122,087,674	18,721,441,428

Other operating income of the Group for the six months ended 30 June 2010 and 2009 came from Mainland China.

Revenues of the top five customers for the six months ended 30 June 2010 as follows:

	Amount	*(%)*
First	**1,180,333,750**	3.14
Second	**804,126,825**	2.14
Third	**701,423,819**	1.87
Fourth	**690,765,423**	1.84
Fifth	**594,663,961**	1.58
	3,971,313,778	10.57

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(37) Revenue and costs of sales *(continued)*

Revenues as follows:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Sale of goods	**37,105,650,084**	21,033,228,290
Rendering of service	**456,944,544**	312,563,878
Others	**7,897,078**	6,800,682
	37,570,491,706	21,352,592,850

(38) Taxes and surcharges

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Resources tax	**126,962,844**	124,528,671
Business tax	**8,725,061**	7,062,350
Cities construction tax and education supplementary tax	**1,139,548**	8,306,122
Others	**19,317**	463,289
	136,846,770	140,360,432

Standards refer to Note 3 "taxation".

(39) Financial expenses

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Interest expense	**36,406,057**	30,468,405
Interest expense of Bond with Warrants *(Note 5 (27))*	**149,096,280**	142,554,220
Interest for discounting notes	**36,561,261**	27,005,898
Interest income	**(26,034,132)**	(18,100,061)
Foreign exchange (gains)/ losses	**(3,503,679)**	1,739,139
Interest expenses of provisions *(Note 5 (29))*	**3,151,217**	1,456,335
Others	**21,589,529**	5,722,114
	217,266,533	190,846,050

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(40) Provision for impairment of assets

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Provision/ (reversal) of bad debt	**22,875,357**	(16,075,334)
Inventory provision	**60,370,707**	3,721,055
	83,246,064	(12,354,279)

(41) Gain from changes in fair value

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Equity investments at fair value through profit or loss	**369,237**	—
Unsettled provisional price arrangement		
— Ineffective portion of fair value hedge*(i)*	**10,704,686**	—
— Not under hedge accounting	**20,314,294**	(279,733,289)
Unsettled commodity derivative contracts		
— Ineffective portion of cash flow hedge	**1,809,614**	—
— Ineffective portion of fair value hedge*(i)*	**2,461,707**	—
— Not under hedge accounting	**(8,416,187)**	340,510,415
	27,243,351	60,777,126

(i) Fair value hedge

	Gain from changes in fair value of hedge instruments	***Loss from changes in fair value of hedged items***	***Total***
— Unsettled provisional price arrangement	*618,476,120*	*(607,771,434)*	*10,704,686*
— Unsettled commodity derivative contracts	*72,575,333*	*(70,113,626)*	*2,461,707*

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(42) Investment income/ (loss)

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Gain/ (loss) from commodity derivative contracts not qualified for hedge accounting	**123,856,298**	(120,183,757)
Gain of ineffective portion of fair value hedge (i)	**4,756,487**	—
Gain of ineffective portion of cash flow hedge	**1,898,718**	—
Share of loss of a jointly controlled entity and associates	**(4,345,440)**	(10,736,321)
Dividends declared from the investee under the cost method	**3,531,271**	5,880,000
Gain from disposal or liquidation of subsidiaries	**—**	10,738,491
Investment income from bank finance products	**7,974,269**	—
Investment income from equity investment at fair value through profit or loss	**429,556**	—
	138,101,159	(114,301,587)

(i) Fair value hedge – settled commodity derivative contracts:

	(Loss)/gain of changes in fair value of hedge instruments	***(Loss)/gain of changes in fair value of hedged items***	***Total***
Type of hedged items:			
— Inventories	*(17,488,815)*	*22,245,302*	*4,756,487*

(43) Non-operating gains

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Net gain on disposal of fixed assets	**527,001**	726,919
VAT refund	**7,094,197**	10,464,892
Subsidy from import of copper concentrate	**61,068,500**	27,973,608
Amortization of deferred revenue *(Note 5 (30))*	**7,968,842**	3,316,862
Others	**1,783,744**	5,092,420
	78,442,284	47,574,701

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(44) Non-operating expenses

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Donations	**677,464**	60,945
Net losses on disposal of fixed assets	**6,226,192**	55,868
Penalty	**4,222,352**	844,527
Others	**2,016,500**	2,333,343
	13,142,508	3,294,683

(45) Income tax

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Current income tax	**735,453,946**	353,048,934
Deferred income tax	**2,419,044**	41,894,911
	737,872,990	394,943,845

Reconciliation of the tax expense applicable to profit before tax is as follows:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Profit before tax	**2,884,298,996**	1,585,637,436
Tax at the statutory income tax rate (25%)	**721,074,749**	396,409,359
Influence on different tax rates for the subsidiaries	**(15,927,395)**	(13,636,395)
Reduction of income tax in respect of the tax benefit	**(1,674,663)**	(1,136,900)
Profits and losses attributable to a jointly controlled entity and associates	**1,086,360**	2,684,080
Unrecognized tax loss	**393,632**	13,194,817
Utilization of tax losses from previous periods	**(20,987,979)**	—
Adjustment in respect of current tax of previous periods	**40,165,759**	—
Impact of tax ratio change	**(2,560,469)**	(5,042,580)
Expenses not deductible for tax year	**13,041,986**	2,471,464
Deferred tax assets not recognized in previous years	**3,261,010**	—
Income tax expense at the Group's effective rate	**737,872,990**	394,943,845

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(46) Earnings per share

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Earnings:		
Profit attributable to ordinary shareholders of the parent	**2,124,210,330**	1,201,903,064
Shares:		
Weighted average number of ordinary shares	**3,022,833,727**	3,022,833,727
Effect of dilution – weighted average number of ordinary shares: warrants attached to bonds *(Note 5 (27))*	**237,603,333**	132,409,058
Weighted average number of ordinary shares adjusted	**3,260,437,060**	3,155,242,785
Basic earnings per share	**0.70**	0.40
Diluted earnings per share	**0.65**	0.38

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(47) Other comprehensive income/ (loss)

		For the six months ended 30 June 2010	For the six months ended 30 June 2009
Gain from the cash flow hedge instruments		**5,795,403**	—
Less:	Reclassification into the income statement	**41,928,259**	—
	Income tax effect	**(7,907,659)**	—
		39,816,003	—
Exchange fluctuation reserve		**10,254,352**	(53,420)
		50,070,355	(53,420)

(48) Cash received from or paid for other operating activities and other financing activities

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Cashes received from other operating activities:		
Interest income	**27,221,887**	9,796,643
Collection of deposit for commodity derivative contracts	**166,713,008**	—
Others	**1,783,745**	33,066,028
	195,718,640	42,862,671

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Cashes paid for other operating activities:		
Selling expenses and administrative expenses	**383,967,172**	291,665,447
Payment of deposit for commodity derivative contracts	—	230,769,171
Non-operating expense	**6,916,316**	3,238,814
Others	**20,844,559**	5,511,131
	411,728,047	531,184,563

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Cash paid for other financing activities:		
Increase of pledged RMB deposits to obtain USD bank borrowings	**585,813,192**	—

(Expressed in Renminbi Yuan)

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(49) Supplementary information on cash flow

(1) Reconciliation of net profit to cash flow from operating activities

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Net profit for the period	**2,146,426,006**	1,190,693,591
Add: Provision for impairment of assets	**83,246,064**	(12,354,279)
Depreciation of fixed assets	**454,960,242**	434,212,177
Amortization of intangible assets	**21,567,499**	27,696,223
Loss on disposal of fixed assets, intangible assets, and other long term assets	**5,699,191**	(671,051)
Financial expense	**185,894,845**	176,429,083
Investment income	**(7,589,656)**	(5,882,170)
Gains on fair value change	**(27,243,351)**	—
Decrease in deferred tax assets	**7,197,810**	114,878,163
Increase/(decrease) in deferred tax liabilities	**3,128,893**	(72,983,252)
Deferred revenue released to income statement	**(7,968,842)**	(3,316,862)
(Increase)/Decrease in inventories	**(145,742,815)**	83,385,547
Increase in operating receivables	**(3,266,482,777)**	(958,918,342)
Increase in operating payables	**981,665,888**	1,367,758,983
Net cash inflow from operating activities	**434,758,997**	2,340,927,811

(2) Cash and cash equivalents

	30 June 2010	31 December 2009
Cash and cash equivalents		
Including: Cash	**177,699**	154,054
Bank deposit	**2,030,305,796**	1,702,472,173
Cash and cash equivalents at end of the period/ year	**2,030,483,495**	1,702,626,227

5. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(50) H Share share appreciation rights scheme

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's Special General Meeting held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme to provide incentives to its directors and senior management. Under this scheme, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. On 22 February 2008, 509,000 units of the Rights were granted to seven directors and senior management members at an offer price of HKD18.9. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantees will receive a cash payment in RMB, subject to any applicable withholding tax, translated from the Hong Kong dollars amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Share above the offer price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise. Not less than 20% of such cash payments so deposited shall remain in the account until the end of the term of service of the relevant grantee. In addition, such cash payments shall only be payable if the grantee has passed the final performance assessment.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 40%, 70% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their Rights remained to be exercisable as at the end of their respective terms of service subject to their final performance assessment results at the end of the term of service. The remaining Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised after the expiration of the term of the scheme shall lapse.

During the period ended 30 June 2010, no Rights granted were exercised or expired.

For the period ended 30 June 2010 and as of 30 June 2010, the Group did not recognize share compensation cost and the liability related to the Rights and has not determined the value of Rights granted as the directors believe the related compensation cost is not material to the consolidated financial statement for the period ended 30 June 2010.

(51) Segment information

For management purpose, the Group has one reportable operating segment: production and sale of copper and other related products. Management monitors the operating results of its business units as a whole for the purpose of resource allocation and performance assessment.

More details of sales categorised by product, service and location are given in Note 5. All of the non-current assets of the Group are located in Mainland China except for certain investments in Peru, Afghanistan and Japan of which the carrying amount is not material. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets. No revenue amounted to 10 percent or more of the Group's revenue was derived from sales to a single customers.

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY

(1) Accounts receivable

The ageing analysis of accounts receivable is as follows:

	30 June 2010	31 December 2009
Within 1year	**1,298,932,160**	1,145,642,766
1 to 2 years	**4,456,136**	2,243,198
2 to 3 years	**73,900**	226,900
Over 3 years	**121,885,417**	124,075,937
	1,425,347,613	1,272,188,801
Less: Bad debt provision	**(124,505,808)**	(121,534,009)
	1,300,841,805	1,150,654,792

	30 June 2010			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**1,241,827,531**	**87.12**	**63,616,796**	**5.12**
Others	**183,520,082**	**12.88**	**60,889,012**	**33.18**
	1,425,347,613	**100.00**	**124,505,808**	**8.74**

	31 December 2009			
	Balance	%	Bad debt provision	%
Individually significant	1,145,232,088	90.02	63,616,796	5.55
Others	126,956,713	9.98	57,917,213	45.62
	1,272,188,801	100.00	121,534,009	9.55

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(1) Accounts receivable *(continued)*

The movement of bad debt provision on accounts receivable is as below:

	1 January 2010	Addition	Deduction Reversal	Deduction Realized	30 June 2010
For the six months ended 30 June 2010	121,534,009	2,971,799	—	—	124,505,808

No amount has been reversed due to the recovery of the accounts receivable in six months ended 30 June 2010.

No amount has been realized due to the write-offs of the accounts receivable in six months ended 30 June 2010.

As at 30 June 2010, top five debtors of the Company are as bellows:

	The relationship with the Company	Balance	Aging	%
First	JCC's subsidiaries	280,170,228	Within 1 year	19.66
Second	JCC's subsidiaries	157,543,536	Within 1 year	11.05
Third	JCC's subsidiaries	142,731,445	Within 1 year	10.01
Fourth	JCC's subsidiaries	109,276,902	Within 1 year	7.67
Fifth	Third Party	95,336,031	Within 1 year and more than 3 years	6.69
		785,058,142		55.08

As at 30 June 2010, the Company's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB77,942 (31 December 2009: 133,528).

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(2) Other receivables

The aging analysis of other receivables is as follows:

	30 June 2010	31 December 2009
Within 1year	**492,536,150**	517,114,055
1 to 2 years	**535,316**	754,448
2 to 3 years	**766,367**	366,456
Over 3 years	**21,292,399**	21,007,906
	515,130,232	539,242,865
Less: Bad debt provision	**(41,513,645)**	(21,648,084)
	473,616,587	517,594,781

	30 June 2010			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**401,009,435**	**77.85**	**20,000,000**	**4.99**
Others	**114,120,797**	**22.15**	**21,513,645**	**18.85**
	515,130,232	**100.00**	**41,513,645**	**8.06**

	31 December 2009			
	Balance	%	Bad debt provision	%
Individually significant	396,577,448	73.54	—	—
Others	142,665,417	26.46	21,648,084	15.17
	539,242,865	100.00	21,648,084	4.01

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(2) Other receivables *(continued)*

The movement of bad debt provision on other receivables is as below:

	1 January 2010	Addition	Deduction Reversal	Deduction Realized	30 June 2010
For the six months ended 30 June 2010	21,648,084	20,085,073	(90,684)	(128,828)	41,513,645

The amount of RMB90,684 has been reversed due to the recovery of the other receivables in six months ended 30 June 2010.

The amount of RMB128,828 has been realized due to the write-offs of the other receivables in six months ended 30 June 2010.

As at 30 June 2010, top five of the amounts of other receivables of the Company are as below:

	The relationship with the Company	Balance	Aging	%
First	JCC's subsidiaries	257,400,053	Within 1 year	49.97
Second	Subsidiaries	54,394,224	Within 1 year	10.56
Third	Associates	20,000,000	Within 1 year	3.88
Fourth	Third Party	16,379,067	Within 1 year	3.18
Fifth	Third Party	14,596,093	Within 1 year	2.83
		362,769,437		70.42

As at 30 June 2010, the Company's balance of deposit for commodity derivative contracts was RMB307,059,820 (31 December 2009: RMB384,073,024).

As at 30 June 2010, no balance is due from a shareholder who holds more than 5% of the voting power of the Company. (31 December 2009: Nil).

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(3) Long-term equity investments

		Investment cost				Share of net profit		Share of other equity movement rather than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Accumu-lated additions	Disposal and reclassi-fications	Opening balance	Profit/ (losses)	Opening balance	Increases/ (decreases)	Opening balance	Decreases/ reclassi-fication	Ending balance
Cost method:												
Kangtong	80,000,000	80,000,000	–	80,000,000	–	–	–	–	–	–	–	80,000,000
JCPC	135,000,000	246,879,928	–	246,879,928	–	–	–	–	–	–	–	246,879,928
Diaoquan	35,000,000	14,850,516	–	14,850,516	–	–	–	–	–	14,850,516	–	–
Sure Spread	29,227,000	29,227,000	–	29,227,000	–	–	–	–	–	–	–	29,227,000
JCAC	119,700,000	229,509,299	–	229,509,299	–	–	–	–	–	–	–	229,509,299
Wengfu	127,050,000	127,050,000	–	127,050,000	–	–	–	–	–	–	–	127,050,000
SZJX	30,000,000	330,000,000	–	330,000,000	–	–	–	–	–	–	–	330,000,000
SHJX	20,000,000	200,000,000	–	200,000,000	–	–	–	–	–	–	–	200,000,000
BJJX	10,000,000	10,000,000	–	10,000,000	–	–	–	–	–	–	–	10,000,000
Jiangtong Chemical	47,484,598	47,484,598	–	47,484,598	–	–	–	–	–	–	–	47,484,598
Finance company	100,000,000	241,556,270	–	241,556,270	–	–	–	–	–	–	–	241,556,270
Dexing Construction	45,750,547	45,750,547	–	45,750,547	–	–	–	–	–	–	–	45,750,547
Geology Exploration	18,144,614	18,144,614	–	18,144,614	–	–	–	–	–	–	–	18,144,614
Yinshan Mining	354,488,447	354,488,447	–	354,488,447	–	–	–	–	–	–	–	354,488,447
Drilling Project	31,789,846	31,789,846	–	31,789,846	–	–	–	–	–	–	–	31,789,846
Guixi Smelting Industry	27,558,990	27,558,990	–	27,558,990	–	–	–	–	–	–	–	27,558,990
Guixi Smelter	20,894,421	20,894,421	–	20,894,421	–	–	–	–	–	–	–	20,894,421
Dongtong Mining	125,025,474	159,044,526	–	159,044,526	–	–	–	–	–	–	–	159,044,526
Ruichang Manufacturing	3,223,379	3,223,379	–	3,223,379	–	–	–	–	–	–	–	3,223,379

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(3) Long-term equity investments *(continued)*

		Investment cost				Share of net profit		Share of other equity movement rather than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Accumu-lated additions	Disposal and reclassi-fications	Opening balance	Profit/ (losses)	Opening balance	Increases/ (decreases)	Opening balance	Decreases/ reclassi-fication	Ending balance
Cost method												
Guixi Logistics	72,870,695	72,870,695	—	72,870,695	—	—	—	—	—	—	—	72,870,695
Shanghai Agency	14,896,275	14,896,275	—	14,896,275	—	—	—	—	—	—	—	14,896,275
Taiyi	64,705,427	64,705,427	—	64,705,427	—	—	—	—	—	—	—	64,705,427
Longchang Copper Pipe	174,957,359	174,957,359	—	174,957,359	—	—	—	—	—	—	—	174,957,359
Yates	392,766,945	392,766,945	—	392,766,945	—	—	—	—	—	—	—	392,766,945
Xiamen Trading	3,126,998	3,126,998	—	3,126,998	—	—	—	—	—	—	—	3,126,998
Hangzhou Trading	25,453,395	25,453,395	—	25,453,395	—	—	—	—	—	—	—	25,453,395
Copper Products	217,712,269	217,712,269	—	217,712,269	—	—	—	—	—	—	—	217,712,269
Qianshan Concentration	14,456,365	14,456,365	—	14,456,365	—	—	—	—	—	—	—	14,456,365
Dexing Alloy	60,404,274	60,404,274	—	60,404,274	—	—	—	—	—	—	—	60,404,274
Redian	40,000,000	40,000,000	26,500,000	66,500,000	—	—	—	—	—	—	—	66,500,000
JCCS	3,000,000	—	3,000,000	3,000,000	—	—	—	—	—	—	—	3,000,000
Equity method												
Jiangxi Copper Minmetals	460,000,000	460,000,000	440,000,000	900,000,000	—	(57,405,751)	(8,906,508)	(82,225,926)	11,491,111	—	—	762,952,926
MCC-JCL	58,134,560	58,134,560	—	58,134,560	—	(1,272,703)	—	138,129	(311,370)	—	—	56,688,616
Qing Yuan	36,000,000	36,000,000	—	36,000,000	—	(36,000,000)	—	—	—	—	—	—
Jiangtong Bioteq	14,100,000	14,100,000	—	14,100,000	—	4,837,269	4,561,068	—	—	—	—	23,498,337
Copper Recycling	1,000,000	1,000,000	—	1,000,000	—	(1,000,000)	896,372	—	—	—	—	896,372
Fengye	1,563,069	1,563,069	—	1,563,069	—	—	—	—	—	—	—	1,563,069
Total		3,869,600,012	469,500,000	4,339,100,012	—	(90,841,185)	(3,449,068)	(82,087,797)	11,179,741	14,850,516	—	4,159,051,187

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(4) Revenue and cost of sales

Revenue:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Revenue from principal operations	**28,473,427,780**	15,593,965,727
Other operating income	**190,975,074**	155,082,804
	28,664,402,854	15,749,048,531

Cost of sales:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Cost of principal operations	**25,220,726,702**	13,635,820,912
Cost of other operating	**178,957,625**	141,692,342
	25,399,684,327	13,777,513,254

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(4) Revenue and cost of sales *(continued)*

Principal operations by product:

Products categories	For the six months ended 30 June 2010 Revenue	For the six months ended 30 June 2010 Cost of sales	For the six months ended 30 June 2009 Revenue	For the six months ended 30 June 2009 Cost of sales
Copper cathodes	15,432,705,544	14,094,996,254	7,035,573,196	6,417,777,363
Copper rods and wires	8,441,033,136	7,787,509,952	5,613,316,069	5,091,484,288
Gold	2,604,628,942	1,934,338,059	1,960,959,312	1,224,884,748
Silver	810,537,723	672,926,552	531,073,108	531,427,504
Chemical products	805,990,869	547,964,883	249,805,809	212,837,190
Rare metals	314,684,396	157,208,588	—	—
Others	63,847,170	25,782,414	203,238,233	157,409,819
	28,473,427,780	25,220,726,702	15,593,965,727	13,635,820,912

Principal operations by location:

Geographic areas	For the six months ended 30 June 2010 Revenue	For the six months ended 30 June 2010 Cost of sales	For the six months ended 30 June 2009 Revenue	For the six months ended 30 June 2009 Cost of sales
Mainland China	28,429,923,220	25,180,079,956	15,270,857,561	13,327,147,450
Hong Kong, China	41,315,023	39,326,746	320,111,625	306,423,754
Other	2,189,537	1,320,000	2,996,541	2,249,708
	28,473,427,780	25,220,726,702	15,593,965,727	13,635,820,912

Other operating income of the Company for the six months ended 30 June 2010 and 2009 came from Mainland China.

(Expressed in Renminbi Yuan)

6. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(CONTINUED)*

(4) Revenue and cost of sales *(continued)*

Top five customers for the six months ended 30 June 2010:

	Revenue	**%**
First	3,023,039,793	10.55
Second	2,231,799,882	7.79
Third	1,949,034,088	6.80
Fourth	1,406,762,610	4.90
Fifth	1,346,772,391	4.70
	9,957,408,764	34.74

Revenue is as follows:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Sales of goods	**28,473,427,780**	15,593,965,727
Sales of services income	**183,077,996**	148,282,122
Others	**7,897,078**	6,800,682
	28,664,402,854	15,749,048,531

(5) Investment income

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Loss from commodity derivative contracts not qualified for hedge accounting	**(348,879)**	(140,682,795)
Gain from ineffective portion of commodity derivative contracts qualified for hedge accounting	**4,756,487**	—
Share of loss of a jointly- controlled entity and associates	**(3,449,068)**	(11,736,321)
Dividends declared from the investee under cost method	**169,872,629**	336,234,331
Gains from liquidation or disposal of subsidiaries	**—**	10,738,491
Dividends declared from available-for-sales financial assets	**—**	5,880,000
	170,831,169	200,433,706

7. RELATED PARTY RELATIONSHIP AND TRANSACTION

(1) Parent company

Parent company	Type	Registration place	Principal business	Direct interest	Voting power	Registered capital
JCC	State-owned	Jiangxi Guixi	Non-ferrous metal mines, non-metal mining, smelting, mangle rolling and processing of non-ferrous metals	44.41%	44.41%	RMB 2,656,150,000

The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of Jiangxi province.

(2) Subsidiaries

Subsidiaries of the Group are given in Note 4 "Scope of consolidation".

(3) A jointly-controlled entity and associates

A jointly-controlled entity and associates of the Group are given in Note 5 (9).

(4) Other related parties

Name	Relationship
JCC's Subsidiaries	Controlled by the same parent company

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(5) Significant transactions with related parties

The Group had the following significant transactions with related parties, except for guarantee for bank borrowings obtained from JCC mentioned above notes:

(i) Main transactions between JCC and JCC's subsidiaries:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Sale of goods and by-products		
Sale of copper rods and wire	**278,488,244**	108,462,651
Sale of brass wires	**2,639,293**	150,760,671
Sale of copper cathode	**597,293**	—
Sale of other goods	**18,979,210**	4,844,112
Purchase of materials and by-products		
Purchase of crude copper	**402,585,740**	404,621,176
Purchase of auxiliary industrial products and other goods	**92,018,111**	113,355,392
Services provided by the Group		
Borrowings provided (a)	**1,104,000,000**	290,500,000
Interest charges for financing service	**11,113,235**	8,689,703
Supply of construction service	**12,020,992**	—
Supply of electricity	**3,152,184**	2,748,204
Repair and maintenance services	**2,593,358**	3,263,415
Vehicle transportation services	**703,555**	154,373
Leasing service for public facilities	**630,324**	—
Processing services	**291,253**	731,454
Supply of water	**77,577**	—
Supply of gas	**19,758**	—

(a) The daily credit balance offered by the Finance Company, a subsidiary of the Group, to JCC and its subsidiaries will neither exceed the deposits from JCC and its subsidiaries nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(5) Significant transactions with related parties *(continued)*

(i) Main transactions between JCC and JCC's subsidiaries *(continued)*:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Services provided to the Group		
Pension contributions	**78,126,605**	64,601,298
Rental for land use rights	**21,998,766**	7,872,921
Brokerage agency services for commodity derivative contracts	**16,946,256**	7,725,740
Repair and maintenance services	**12,926,218**	9,298,349
Rentals for public facilities	**10,464,893**	7,503,307
Construction services	**7,234,325**	3,797,284
Other management fee	**2,356,923**	1,000,055
Environment services	**2,333,674**	990,000
Labour services	**2,223,501**	—
Interest paid for deposits from customers	**1,154,189**	6,900,233
Vehicle transportation services	**147,077**	353,761
Social welfare and support services provided to the Group:		
— welfare and medical services	**33,671,038**	29,749,045
— use of representative offices	**1,876,319**	1,440,000
— technical training services	**—**	1,800,000

(ii) Significant transactions with Qing Yuan:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Purchase of raw material		
Purchase of crude copper	**132,209,979**	95,437,737
Processing service provided to the Group		
Processing of copper cathode	**20,393,367**	—

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(5) Significant transactions with related parties *(continued)*

(iii) Significant transactions with Jiangxi Copper Minmetals:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Related service provided by the Group		
Borrowings provided	**—**	240,000,000
Interest charge for financing services	**1,274,400**	3,115,200

(iv) Other transactions with related parties:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Remuneration of key management		
Short term employee benefits	**4,382,000**	3,187,000
Performance related bonuses	**295,000**	175,000
Post-employment benefits	**103,000**	138,000
	4,780,000	3,500,000

Except for the remuneration above, the Group also granted H Share share appreciation rights scheme to certain key management personals. Further details are given in Note 5 (50).

For the six months ended 30 June 2010, the amount of sales and services provided to related parties accounts for 3.82% (six months ended 30 June 2009: 3.81%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounts for 2.48% (six months ended 30 June 2009: 2.78%) of the total purchase amount of the Group.

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(6) The related party transaction agreement between the Group and related parties

The related party transaction agreement between the Group and JCC Group and its subsidiaries

(1) Pursuant to the Consolidated Supply and Service Agreement I and II entered into by the Group and JCC Group upon the approval at extraordinary general meeting dated 12 March 2009, the pricing policy of the related party transactions between the Group and JCC and its subsidiaries implements the following principles:

Pursuant to the agreements, the pricing policy of supply of products refers to:

— Market price prevails;

— If no market price is available, the price is determined by cost plus tax and other expenses.

And, pursuant to the agreements, the pricing policy of supply of service refers to:

— The price of government regulations (including any relevant local government pricing) prevail;

— If no price set by the government is available, industry price is used;

— And if industry price is not available, the price is determined by cost-plus method.

(2) Pursuant to the Financial Service Agreement entered into by the Group and JCC upon the approval at annual general meeting dated 26 June 2009, the pricing policy of the related party transactions between the Group and JCC and its subsidiaries implements the following principle:

— the interest rate of credit service refers to the benchmark interest rate issued by PBOC or rates are not less than the rate provided to JCC by other domestic financial institutions with similar credit terms.

The pricing of other transactions between the Group and the related parties except JCC and its subsidiaries is determined by the two parties according to the market price.

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(7) Significant balance due from/to related parties

		30 June 2010	31 December 2009
Accounts receivable	JCC	**761,215**	4,206,894
	JCC's subsidiaries	**125,478,103**	116,961,367
	Jiangtong Bioteq	**86,455**	886,455
	Qing Yuan	—	103,036
		126,325,773	122,157,752
Notes receivable	JCC's subsidiaries	**5,200,000**	1,640,984
Other receivables	JCC's subsidiaries		
	— deposits for futures	**539,510,413**	506,009,078
	— others	**2,114,300**	1,218,232
	Qing Yuan	**20,000,000**	—
		561,624,713	507,227,310
Interest receivables	JCC	—	—
	JCC's subsidiaries	—	418,659
	Jiangxi Copper Minmetals	—	389,400
		—	808,059
Advances to supplier	JCC	**165,701**	236,101
	JCC's subsidiaries	**230,790**	11,404,903
	Qing Yuan	**133,939,760**	96,185,107
		134,336,251	107,826,111
Other current assets	JCC	**700,000,000**	—
	JCC's subsidiaries	**238,335,380**	306,136,140
	Jiangxi Copper Minmetals	—	240,000,000
		938,335,380	546,136,140
Non-current assets due within one year	JCC's subsidiaries	—	1,000,000

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(7) Significant balance due from/to related parties *(continued)*

		30 June 2010	31 December 2009
Accounts payable	JCC	**4,713,333**	2,757,506
	JCC's subsidiaries	**89,072,423**	27,389,462
		93,785,756	30,146,968
Advances from customers	JCC	**333,850**	196,700
	JCC's subsidiaries	**12,764,606**	31,549,209
		13,098,456	31,745,909
Other payables	JCC	**276,318,749**	297,112,785
	JCC's subsidiaries	**9,574,175**	34,587,823
	Jiangtong Bioteq	**5,917,610**	1,137,761
		291,810,534	332,838,369
Interest payable	JCC	**123,738**	380,275
	JCC's subsidiaries	**—**	34,786
	Jiangxi Copper Minmetals	**—**	41
		123,738	415,102
Other current liabilities	JCC	**316,835,306**	349,564,318
	JCC's subsidiaries	**961,334,393**	347,487,932
	Jiangxi Copper Minmetals	**—**	371,729
		1,278,169,699	697,423,979
Non-current liabilities due within one year	JCC	**3,014,534**	2,009,689
Long-term payables	JCC	**15,227,256**	15,487,131
Dividend payables	JCC	**128,207,490**	—

(Expressed in Renminbi Yuan)

7. RELATED PARTY RELATIONSHIP AND TRANSACTION *(CONTINUED)*

(7) Significant balance due from/to related parties *(continued)*

The amounts due from/to related parties are all arisen from the transactions mentioned above. These balances were unsecured, interest-free and have no fixed repayment terms except for i) other current assets, other non-current assets due within one year and other non-current assets arise from Finance Company's borrowings to related parties (Note 5 (7), (15)); ii) other current liabilities arise from deposits from related parties to Finance Company (Note 5 (25)); and iii) non-current liabilities due within one year and long-term payables to JCC (Note 5 (24), (28)).

8. CONTINGENCIES

As at 30 June 2010, the Group had no contingencies which should be disclosed.

9. COMMITMENTS

(a) Operating commitments

The non-cancellable minimal lease payments subsequent to the balance sheet date and the aggregate minimum lease payments thereafter are as follows:

	30 June 2010	31 December 2009
Within 1 year, inclusive	**47,223,399**	47,223,399
1 to 2 years, inclusive	**15,788,299**	15,788,299
2 to 3 years, inclusive	**15,707,869**	15,707,869
Above 3 years	**208,476,684**	232,088,383
	287,196,251	310,807,950

(b) Capital commitments

	30 June 2010	31 December 2009
Contracted for but not provided		
Acquisition of property, plant and equipment and exploration rights	**359,436,312**	404,452,967
Investments in associates *(i)*	**2,192,677,226**	2,192,677,226
	2,552,113,538	2,597,130,193

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL, an associate of the Group in Afghanistan, in September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in MCC-JCL shall be 25% and 75% respectively. The principal business of MCC-JCL is the exploration and exploitation of minerals in the central and western mineralized zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project borrowing financing in the proportions of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project borrowing financing.

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, cash and cash equivalents, bonds with warrants and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivable, other receivable, and trade and notes payables, which arise directly from its operations.

The main risks resulting from the financial instrument were credit risk, liquidity risk, and market risk.

(1) Financial instrument by category

The carrying amount of each of the categories of financial instruments as at the balance sheet date is as follows:

	30 June 2010				
Financial assets	**Financial assets at fair value through profit or loss**	**Derivatives designated as hedge instruments in hedge relationship**	**Loans and receivables**	**Available -for-sale financial assets**	**Total**
Cash and bank	—	—	4,695,934,117	—	4,695,934,117
Equity investments at fair value through profit or loss	3,274,654	—	—	—	3,274,654
Notes receivable	—	—	1,891,500,029	—	1,891,500,029
Accounts receivable	—	—	2,611,391,097	—	2,611,391,097
Interest receivables	—	—	225,000	—	225,000
Other receivables	—	—	951,520,215	—	951,520,215
Other current assets	7,710,874	398,648,079	938,335,380	—	1,344,694,333
Available-for-sale financial assets	—	—	—	410,080,000	410,080,000
	10,985,528	398,648,079	11,088,905,838	410,080,000	11,908,619,445

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(1) Finance instrument by category *(continued)*

	30 June 2010			
Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Derivatives designated as hedge instruments in hedge relationship**	**Other financial liabilities**	**Total**
Short-term borrowings	**—**	**—**	**4,010,674,791**	**4,010,674,791**
Notes payable	**—**	**—**	**1,765,495,600**	**1,765,495,600**
Accounts payable	**—**	**—**	**1,658,920,136**	**1,658,920,136**
Interest payable	**—**	**—**	**68,893,102**	**68,893,102**
Employee benefits payable	**—**	**—**	**436,745,159**	**436,745,159**
Other payables	**—**	**—**	**1,070,141,117**	**1,070,141,117**
Non-current liabilities due within one year	**—**	**—**	**4,014,534**	**4,014,534**
Other current liabilities	**97,372,626**	**(9,637,829)**	**1,433,731,648**	**1,521,466,445**
Long-term borrowings	**—**	**—**	**115,569,763**	**115,569,763**
Bonds payable	**—**	**—**	**5,063,088,933**	**5,063,088,933**
Long-term payables	**—**	**—**	**15,227,256**	**15,227,256**
	97,372,626	**(9,637,829)**	**15,642,502,039**	**15,730,236,836**

	31 December 2009			
Financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Available -for-sale financial assets	Total
Cash and bank	—	3,600,018,776	—	3,600,018,776
Equity investments at fair value through profit or loss	120,170	—	—	120,170
Notes receivable	—	735,904,382	—	735,904,382
Accounts receivable	—	1,729,221,939	—	1,729,221,939
Interest receivables	—	1,412,755	—	1,412,755
Other receivables	—	826,751,179	—	826,751,179
Other current assets	—	546,136,140	—	546,136,140
Non-current assets due within one year	—	1,000,000	—	1,000,000
Available-for-sale financial assets	—	—	710,080,000	710,080,000
	120,170	7,440,445,171	710,080,000	8,150,645,341

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(1) Finance instrument by category *(continued)*

	31 December 2009			
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedge instruments in hedge relationship	Other financial liabilities	Total
Short-term borrowings	—	—	2,530,942,549	2,530,942,549
Notes payable	—	—	1,946,646,670	1,946,646,670
Accounts payable	—	—	2,140,047,001	2,140,047,001
Interest payable	—	—	25,281,022	25,281,022
Employee benefits payable	—	—	362,735,806	362,735,806
Other payables	—	—	780,013,226	780,013,226
Non-current liabilities due within one year	—	—	3,009,689	3,009,689
Other current liabilities	101,559,859	332,298,821	749,100,794	1,182,959,474
Long-term borrowings	—	—	111,922,258	111,922,258
Bonds payable	—	—	4,947,992,653	4,947,992,653
Long-term payables	—	—	15,487,131	15,487,131
	101,559,859	332,298,821	13,613,178,799	14,047,037,479

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(2) Credit risk

The Group only makes transaction with the third party with good reputation and recognized by the Group. According to the Group policy, the Group needs to make a credit approval for all clients. In addition, the Group reviews on regular basis the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group. As at 30 June 2010, 22.09% of the Group's trade receivables were due from the Group's five largest customers (2009: 24.19%).

Aging analysis of accounts receivable that are not considered to be impaired is as follows:

30 June 2010		**Accounts receivable**
Neither past due nor impaired		**2,314,010,404**
Past due but not impaired	Within 1 year	**149,403,951**
	1 to 2 years	**11,492,224**
	2 to 3 years	**18,671**
	Over 3 years	**—**
Total		**2,474,925,250**

31 December 2009		Accounts receivable
Neither past due nor impaired		1,522,625,222
Past due but not impaired	Within 1 year	9,259,231
	1 to 2 years	2,990,552
	2 to 3 years	68,671
	Over 3 years	—
Total		1,534,943,676

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(2) Credit risk *(continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at 30 June 2010, no past due but not impaired balance in notes receivable, interest receivables, other receivables, other current assets and available-for-sale financial assets.

(3) Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institutions and borrowings from banks.

The table below summarizes the maturity profile of the Group's financial assets and liabilities at each balance sheet date based on contractual undiscounted payments.

Financial assets

	30 June 2010		
	Within 1 year	1-5 years	Total
Cash and bank	4,695,934,117	—	4,695,934,117
Equity investments at fair value through profit or loss	3,274,654	—	3,274,654
Notes receivable	1,891,500,029	—	1,891,500,029
Accounts receivable	2,775,838,507	—	2,775,838,507
Other receivables	1,000,209,102	—	1,000,209,102
Interest receivables	225,000	—	225,000
Other current assets	1,344,694,333	—	1,344,694,333
Available-for-sale financial assets	—	415,690,000	415,690,000
	11,711,675,742	415,690,000	12,127,365,742

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(3) Liquidity risk *(continued)*

Financial assets ***(continued)***

	31 December 2009		
	Within 1 year	1-5 years	Total
Cash and bank	3,600,018,776	—	3,600,018,776
Equity investments at fair value through profit or loss	120,170	—	120,170
Notes receivable	735,904,382	—	735,904,382
Accounts receivable	1,890,713,136	—	1,890,713,136
Other receivables	855,651,369	—	855,651,369
Interest receivables	1,412,755	—	1,412,755
Other current assets	546,136,140	—	546,136,140
Available-for-sale financial assets	300,000,000	415,690,000	715,690,000
Non-current assets due within one year	1,000,000	—	1,000,000
	7,930,956,728	415,690,000	8,346,646,728

Financial liabilities

	30 June 2010			
	Within 1 year	**1-5 years**	**Above 5 years**	**Total**
Long-term borrowings	**—**	**96,319,763**	**19,250,000**	**115,569,763**
Short term borrowings	**4,010,674,791**	**—**	**—**	**4,010,674,791**
Notes payable	**1,765,495,600**	**—**	**—**	**1,765,495,600**
Accounts payable	**1,658,920,136**	**—**	**—**	**1,658,920,136**
Employee benifits payables	**436,745,159**	**—**	**—**	**436,745,159**
Interest payable	**140,183,186**	**276,794,130**	**85,519,750**	**502,497,066**
Other payables	**1,070,141,117**	**—**	**—**	**1,070,141,117**
Other current liabilities	**1,521,466,445**	**—**	**—**	**1,521,466,445**
Long term payables	**3,805,000**	**7,480,000**	**25,336,000**	**36,621,000**
Bond payables	**—**	**—**	**6,800,000,000**	**6,800,000,000**
	10,607,431,434	**380,593,893**	**6,930,105,750**	**17,918,131,077**

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(3) Liquidity risk *(continued)*

Financial liabilities *(continued)*

	31 December 2009			
	Within 1 year	1-5 years	Above 5 years	Total
Long-term borrowings	—	92,672,258	19,250,000	111,922,258
Short term borrowings	2,530,942,549	—	—	2,530,942,549
Notes payable	1,946,646,670	—	—	1,946,646,670
Accounts payable	2,140,047,001	—	—	2,140,047,001
Employee benefits payables	362,735,806	—	—	362,735,806
Interest payable	79,538,702	278,288,550	136,554,400	494,381,652
Other payables	780,013,226	—	—	780,013,226
Other current liabilities	1,182,959,474	—	—	1,182,959,474
Long term payables	2,870,000	7,480,000	26,271,000	36,621,000
Bond payables	—	—	6,800,000,000	6,800,000,000
	9,025,753,428	378,440,808	6,982,075,400	16,386,269,636

The disclosed derivative financial instruments in the above table are net undiscounted cash flow which is approximate to their carrying amount since almost all of the amounts will be settled in net amount.

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(4) Market risk

The market risk mainly includes interest rate risk, foreign currency risk and products price risk.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's short-term and long-term borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonable and possible change in interest rates, with all other variables held constant, due to through the impact on floating rate borrowings.

30 June 2010	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in profit before tax** *RMB'000*
RMB	**+100**	**(41,262)**
RMB	**-100**	**41,262**

31 December 2009	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
RMB	+100	(26,307)
RMB	-100	26,307

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales, purchase and borrowings in currencies other than the Group's functional currency.

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(4) Market risk *(continued)*

Foreign currency risk (continued):

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable and possible change in the RMB-USD exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities.

	Increase/ (decrease) in foreign exchange rate	**Increase/ (decrease) in profit before tax** *RMB'000*
For the six months ended 30 June 2010		
If RMB strengthens against USD	(5%)	154,869
If RMB weakens against USD	5%	(154,869)
Year ended 31 December 2009		
If RMB strengthens against USD	(5%)	152,553
If RMB weakens against USD	5%	(152,553)

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimize this risk, the Group enters into commodity derivative contracts and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(4) Market risk *(continued)*

Commodity price risk (continued):

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable and possible change in prevailing market price of copper cathodes, with all other variables held constant, of the Group's profit before tax. (due to changes in the fair value of commodity derivative contracts and provisional price arrangement) after the impact of hedge accounting.

	Increase/ (decrease) in market price of copper cathodes	**Increase/ (decrease) in profit before tax** *RMB'000*	**Increase/ (decrease) in equity** *RMB'000*
As at 30 June 2010			
RMB	**30%**	**521,832**	**326,549**
RMB	**(30%)**	**(521,832)**	**(326,549)**

	Increase/ (decrease) in market price of copper cathodes	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
As at 31 December 2009			
RMB	30%	(255,975)	(398,789)
RMB	(30%)	277,461	414,903

(5) Fair value

Except for bonds payable, the fair values of the Group's long-term borrowings and long-term payables are calculated according to similar terms and time frames and prevailing market borrowing interest rates, and there is no material difference between their fair values and carrying amounts.

As at 30 June 2010, the fair value of bonds payable of the Group is RMB5,281,560,000 and the difference between the fair value and book value is RMB218,471,067.

The remaining financial instruments are all short-term instruments, and there is no material difference tbetween their fair values and their carrying amount due to their short term to maturity.

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(6) Assets and liabilities measured at fair value

As at 30 June 2010

Financial assets and liabilities measured at fair value change through profit or loss:

	1 January 2010	Recognized in fair value change (loss)/gain	Recognized in other comprehensive gain	30 June 2010
Commodity derivative contracts				
— Cash flow hedge	(45,027,116)	1,809,614	47,723,662	4,506,160
— Fair value hedge	(67,443,664)	72,575,333	—	5,131,669
— Not under hedge accounting	(88,956,439)	(8,416,187)	—	(97,372,626)
	(201,427,219)	65,968,760	47,723,662	(87,734,797)
Provisional price arrangement				
— Fair value hedge	(219,828,041)	618,476,120	—	398,648,079
— Not under hedge accounting	(12,603,420)	20,314,294	—	7,710,874
	(232,431,461)	638,790,414	—	406,358,953
Total	(433,858,680)	704,759,174	47,723,662	318,624,156

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENT AND RISK *(CONTINUED)*

(7) Financial Assets and liabilities in foreign currency

As at 30 June 2010

	1 January 2010	Recognized in fair value change (loss)/gain	Recognized in other comprehensive gain	30 June 2010
Financial assets/(liabilities)				
Financial assets/ (liabilities) at fair value through profit or loss	(50,301,195)	(73,168,003)	24,885,112	(98,584,086)
Including: Cash flow hedge	(27,119,602)	1,305,600	24,885,112	(928,890)
Not under hedge accounting	(23,181,593)	(74,473,603)	—	(97,655,196)
Provisional pricing arrangement	(232,431,461)	638,790,414	—	406,358,953
Loan and receivables	705,909,897	Not applicable	Not applicable	803,930,140
Total	423,177,241	Not applicable	Not applicable	1,111,705,007
Financial liabilities	3,474,230,166	Not applicable	Not applicable	4,209,086,505

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

For the six months ended 30 June 2010
(Prepared in accordance with PRC GAAP and regulations)

1. STATEMENT OF NON-RECURRING PROFIT AND LOSS ITEMS

Net profit attributable to shareholders of the Company after non-recurring profit and loss items:

	For the period ended 30 June 2010
Net profit attributable to shareholders of the Company	2,124,210,330
Add: Non-recurring items	
Loss from disposal of non-current assets	5,699,191
Non-recurring government subsidy	(76,131,539)
Other non-recurring items included in non-operating income and expenses(excluding gain or loss from disposal of non-current assets and non-recurring government subsidy)	5,132,572
Gain from equity investments at fair value through profit or loss	(369,237)
Investment income from equity investments at fair value through profit or loss	(429,556)
Gain from bank financial products	(7,974,269)
Fair value change gain from ineffectiveness of cash flow hedges	(1,809,614)
Fair value change gain from ineffectiveness of fair value hedges	(2,461,707)
Fair value change loss from commodity derivative contracts — transactions not qualifying as hedges	8,416,187
Realized gain from ineffectiveness of cash flow hedges	(1,898,718)
Realized gain from ineffectiveness of fair value hedges	(4,756,487)
Realized gain from commodity derivative contracts — transactions not qualifying as hedges	(123,856,298)
Impact on income tax on non-recurring profit and loss items	46,937,993
Net profit after non-recurring profit and loss items	1,970,708,848
Less: Impact of non-recurring profit and loss items attributable to minority interest	(3,910,375)
Net profit attributable to equity holders of the Company after non-recurring profit and loss items	1,974,619,223

The Company's recognition of non-recurring profit and loss items is in accordance with "the regulations of Standardize information disclosure Q&A of companies to issue securities in Public" No. 1 issued by the China Securities Regulatory Commission.

2. RECONCILIATION BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) AND NEW CHINESE ACCOUNTING STANDARD AND REGULATIONS (¨PRC GAAP”)

The major reconciliation items of the consolidated financial statements between IFRS and PRC GAAP:

	Net profit	
	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Financial statements prepared under PRC GAAP	**2,146,426,006**	1,190,693,591
Adjustment in accordance with IFRSs:		
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the period	**75,740,780**	68,764,826
Financial statements prepared in accordance with IFRS	**2,222,166,786**	1,259,458,417

As at 30 June 2010 and 31 December 2009, the owners’ equity in the consolidated financial statements prepared under International Financial Reporting Standards (¨IFRSs”) and New Chinese Accounting Standard and Regulations (¨PRC GAAP”) shows no differences.

3. RETURN ON NET ASSETS AND EARNING PER SHARE

For the six months ended 30 June 2010

	Weighted Average Return on Net Assets	**Earnings Per Share(RMB)**	
		Basic	**Diluted**
Net profit attributable to shareholders of the Company	8.87%	0.7027	0.6515
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss items	8.25%	0.6532	0.6056

Dilutive impact on earning per share has been taken into consideration, since during the six months ended 30 June 2010 from the issuance of the bonds with warrants in 2008(Note 5 (27)), the average quoted market price of ordinary shares was higher than the exercise price of the warrants.