

Under the rules of The Shanghai Stock Exchange on which our B shares are listed, we are required to publish interim financial report containing unaudited financial statements. Because we released financial statements for the three-month period ended 31 March 2012 prior to the date of this prospectus, we have prepared interim condensed consolidated financial information for the three-month period ended 31 March 2012 in accordance with International Accounting Standard 34 “Interim Financial Reporting” and have incorporated such report in this prospectus.

A. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

a. Interim condensed consolidated statement of comprehensive income

	Notes	Three months ended 31 March	
		2012	2011
		Unaudited RMB'000	Unaudited RMB'000
REVENUE	4	5,371,647	3,210,150
Cost of sales		(3,034,652)	(1,342,143)
Gross profit		2,336,995	1,868,007
Other income	4	101,371	54,198
Selling and distribution costs		(175,658)	(171,522)
Administrative expenses		(177,991)	(145,100)
Other expenses		(22,320)	26,821
Finance income		8,713	5,938
Finance costs		(98,696)	(42,707)
Exchange gains, net		585	1,163
Share of profits and losses of associates		2,465	(2,625)
PROFIT BEFORE TAX	5	1,975,464	1,594,173
Income tax expense	6	(302,992)	(235,970)
PROFIT FOR THE PERIOD		<u>1,672,472</u>	<u>1,358,203</u>
Other comprehensive income		—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,672,472</u>	<u>1,358,203</u>
Profit and total comprehensive income attributable to:			
Owners of the company	7	1,525,557	1,310,965
Non-controlling interests		146,915	47,238
		<u>1,672,472</u>	<u>1,358,203</u>
Basic earnings per share attributable to ordinary equity holders of the Company (RMB)			
— For profit for the period	7	<u>1.04</u>	<u>0.90</u>

b. Interim condensed consolidated statement of financial position

	Notes	31 March 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,580,536	20,371,039
Investment properties		33,139	33,725
Prepaid land lease payments	9	265,374	265,806
Mining rights		216,866	218,130
Other intangible assets		17,312	17,467
Investments in associates	10	355,491	353,026
Available-for-sale investments	11	2,889,550	2,870,590
Other non-current assets		25,041	17,597
Deferred tax assets		90,396	101,317
Total non-current assets		<u>24,473,705</u>	<u>24,248,697</u>
CURRENT ASSETS			
Inventories	12	660,851	676,716
Trade and bills receivables	13	1,095,023	751,430
Prepayments, deposits and other receivables	14	1,419,424	835,994
Restricted cash	15	20,331	20,305
Cash and short-term deposits	15	3,811,060	3,535,470
Total current assets		<u>7,006,689</u>	<u>5,819,915</u>
CURRENT LIABILITIES			
Trade and bills payables	16	630,392	543,485
Other payables and accruals	17	2,052,052	1,886,382
Interest-bearing loans and borrowings	18	2,070,009	2,206,190
Income tax payable		347,246	161,345
Total current liabilities		<u>5,099,699</u>	<u>4,797,402</u>
NET CURRENT ASSETS		<u>1,906,990</u>	<u>1,022,513</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,380,695</u>	<u>25,271,210</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	18	5,569,484	6,100,594
Other non-current liabilities		317,818	387,236
Total non-current liabilities		<u>5,887,302</u>	<u>6,487,830</u>
NET ASSETS		<u>20,493,393</u>	<u>18,783,380</u>
EQUITY			
Issued capital	19	1,464,000	1,464,000
Reserves		14,881,193	13,355,636
Proposed final dividends		2,196,000	2,196,000
Equity attributable to owners of the company		18,541,193	17,015,636
Non-controlling interests		1,952,200	1,767,744
Total equity		<u>20,493,393</u>	<u>18,783,380</u>

c. Interim condensed consolidated statement of changes in equity

	Attributable to the equity holders of the company							Total equity RMB'000	
	Issued capital RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Safety and maintenance fund* RMB'000	Retained earnings* RMB'000	Proposed final dividends RMB'000	Total RMB'000		Non-controlling interests RMB'000
At 1 January 2012 (audited)	1,464,000	1,318,657*	2,022,836*	4,795*	10,009,348*	2,196,000	17,015,636	1,767,744	18,783,380
Total comprehensive income for the period	—	—	—	—	1,525,557	—	1,525,557	146,915	1,672,472
Provision of safety and maintenance fund	—	—	—	6,433	(6,433)	—	—	—	—
Capital contributions from non-controlling shareholders	—	—	—	—	—	—	—	37,541	37,541
2011 final dividends declared	—	—	—	—	—	—	—	—	—
At 31 March 2012 (unaudited)	1,464,000	1,318,657*	2,022,836*	11,228*	11,528,472*	2,196,000	18,541,193	1,952,200	20,493,393
At 1 January 2011 (audited)	1,464,000	1,316,459*	1,509,249*	—*	7,259,766*	2,196,000	13,745,474	1,551,042	15,296,516
Total comprehensive income for the period	—	—	—	—	1,310,965	—	1,310,965	47,238	1,358,203
Provision of safety and maintenance fund	—	—	—	—	—	—	—	—	—
2010 final dividends declared	—	—	—	—	—	(2,196,000)	(2,196,000)	—	(2,196,000)
At 31 March 2011 (unaudited)	1,464,000	1,316,459*	1,509,249*	—*	8,570,731*	—	12,860,439	1,598,280	14,458,719

* These reserve accounts comprise the consolidated reserves of RMB13,355,636,000 as at 31 December 2011 and RMB14,881,193,000 as at 31 March 2012 in the interim consolidated statement of financial position.

d. Interim condensed consolidated statement of cash flows

	Three months ended 31 March	
	2012	2011
	Unaudited RMB'000	Unaudited RMB'000
Net cash inflow from operating activities	2,055,046	853,173
Net cash outflow from investing activities	(1,039,486)	(592,436)
Net cash (outflow)/inflow from financing activities	(736,333)	276,527
Net increase in cash and cash equivalents	279,227	537,264
Cash and cash equivalents at 1 January	3,513,529	3,706,760
Cash and cash equivalents at 31 March	<u>3,792,756</u>	<u>4,244,024</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company conducted initial public offering of domestic listed foreign shares (the “B shares”) in the Shanghai Stock Exchange on 8 August 1997. Upon the completion of the B shares offering, the Company was incorporated as a joint stock company with limited liability on 23 September 1997, with a registered capital of RMB366,000,000, 54.64% of which was held by Inner Mongolia Yitai Group Co., Ltd. (“Yitai Group”) and 45.36% of which was held by the public investors of the B shares. On 16 September 2007, the Company increased the issued share capital to RMB732,000,000 through the conversion of capital reserve and proposed dividends. On 5 May 2010, the Company increased the issued share capital to RMB1,464,000,000 through the conversion of proposed dividends.

The registered office of the Company is located at Yitai Building, Tianjiao North Road, Dongsheng District, Ordos City, Inner Mongolia, PRC. The Group is principally engaged in the production and sale of coal, the provision of railway and road transportation services, the production and sale of coal-related chemical, and development, production and sales of traditional Chinese medicine.

In the opinion of the Directors, the parent company of the Company is Yitai Group and the ultimate holding company is Inner Mongolia Yitai Investment Co., Ltd., an enterprise incorporated in Inner Mongolia, PRC, which equity interests are held via a trust agreement by 31 individuals, comprising the senior management members and key technicians of Yitai Group, on behalf of a group of employees of Yitai Group.

Particulars of principal subsidiaries, jointly-controlled entity and associates

As at 31 March 2012, the Company had investments in the following principal subsidiaries and associates, all of which are private companies with limited liability, the particulars of which are set out below:

Company name	Place and date of incorporation /operations	Nominal value of issued and fully paid-up capital RMB'000	Percentage of equity interest attributable to the Company %	Principal activities
Subsidiaries				
Inner Mongolia Yitai Zhundong Railway Co., Ltd. (內蒙古伊泰准東鐵路有限責任公司)	Inner Mongolia, the PRC 5 October 1998	1,496,000	100.0	Railway transportation
Inner Mongolia Yitai Pharmaceutical Co., Ltd. (內蒙古伊泰藥業有限責任公司)	Inner Mongolia, the PRC 20 May 1998	358,400	100.0	Pharmaceuticals
Inner Mongolia Yitai Coal-to-Oil Co., Ltd. (內蒙古伊泰煤製油有限責任公司)	Inner Mongolia, the PRC 17 March 2006	1,500,000	80.0	Coal-to-Oil production
Inner Mongolia Yitai Jingyue Suancigou Mining Co., Ltd. (內蒙古伊泰京粵酸刺溝礦業有限責任公司)	Inner Mongolia, the PRC 18 September 2007	1,080,000	52.0	Coal mining
Inner Mongolia Yitai Huzhun Railway Co., Ltd. (內蒙古伊泰呼准鐵路有限公司)	Inner Mongolia, the PRC 26 February 2003	1,360,000	76.5	Railway transportation
Ordos Yitai Motor Transport Co., Ltd. (鄂爾多斯市伊泰汽車運輸有限公司)	Inner Mongolia, the PRC 1 December 2004	38,560	100.0	Motor transportation
Inner Mongolia Yitai Transport Co., Ltd. (內蒙古伊泰汽車運輸有限責任公司)	Inner Mongolia, the PRC 20 March 2007	5,000	100.0	Motor transportation

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

1. CORPORATE INFORMATION — (CONTINUED)

Company name	Place and date of incorporation /operations	Nominal value of issued and fully paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
		RMB'000	%	
Inner Mongolia Yitai Tiedong Storage and Transportation Co., Ltd. (內蒙古伊泰鐵東儲運有限責任公司)	Inner Mongolia, the PRC 3 September 2008	169,000	51.0	Storage and transportation
Huhhot Yitai Coal Sales Co., Ltd. (呼和浩特市伊泰煤炭銷售有限公司)	Inner Mongolia, the PRC 3 September 2009	50,000	100.0	Coal wholesale
Yitai Yili Energy Co., Ltd. (伊泰伊犁能源有限公司)	Xinjiang, the PRC 24 September 2009	100,000	100.0	Coal technology development and consulting
Inner Mongolia Yitai Chemical Co., Ltd. (內蒙古伊泰化工有限責任公司)	Inner Mongolia, the PRC 29 October 2009	100,000	100.0	Chemical production and sale
Yitai Xinjiang Zhudong Energy Co., Ltd. (伊泰新疆淮東能源有限公司)	Xinjiang, the PRC 9 August 2010	100,000	100.0	Coal technology development and consulting
Yitai Share (Hong Kong) Co., Ltd. (伊泰(股份)香港有限公司)	Hong Kong, the PRC 27 June 2011	18,903	100.0	Coal imports and international trade
Yitai Hami Energy Co., Ltd. (伊泰哈密能源有限公司)	Xinjiang, the PRC 13 January 2012	10,000	100.0	Coal wholesale and chemical sale
Yitai Xinjiang Energy Co., Ltd. (伊泰新疆能源有限公司)	Xinjiang, the PRC 26 February 2012	100,000	90.0	Chemical production and sale
Yitai Yili Mining Co., Ltd. (伊泰伊犁礦業有限公司)	Xinjiang, the PRC 13 March 2012	50,000	90.0	Investment in the coal mining
<u>Associates</u>				
Ordos Tiandi Huarun Mine Equipment Co., Ltd. (鄂爾多斯市天地華潤煤礦裝備有限責任公司)	Inner Mongolia, the PRC 5 February 2007	100,000	31.5	Mine equipment production and sale
Inner Mongolia Jingtai Electric Power Generation Co., Ltd. (內蒙古京泰發電有限責任公司)	Inner Mongolia, the PRC 29 November 2007	570,000	29.0	Gangue Power Plant construction

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

1. CORPORATE INFORMATION — (CONTINUED)

Company name	Place and date of incorporation /operations	Nominal value of issued and fully paid-up capital RMB'000	Percentage of equity interest attributable to the Company %	Principal activities
Avic Liming Jinhuaaji Petrochemical Equipment (Inner Mongolia) Co., Ltd. (中航黎明錦化機石化裝備 (內蒙古) 有限公司)	Inner Mongolia, the PRC 12 October 2006	218,300	39.0	Chemical equipment production and sale
Ordos Yizheng Coal Mine Fire-proof Project Co., Ltd. (鄂爾多斯市伊政煤田滅火工程有限責任公司)	Inner Mongolia, the PRC 14 July 2010	50,000	30.0	Coal mine fire-proof project, land restoration, and ecological treatment.
Ordos Lianke Qingjie Energy Technology Co., Ltd. (鄂爾多斯市聯科清潔能源技術有限公司)	Inner Mongolia, the PRC 27 January 2011	150,000	20.0	Research and development of coal-related chemical technology

All the above subsidiaries are directly held by the Company.

The English names of certain companies above represent the best efforts by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

All the above companies are limited liability companies.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2012 has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information should be read in conjunction with Appendix IA — Accountants' Report of the Company as set out in the Prospectus, which have been prepared in accordance of International Financial Reporting Standards ("IFRS").

2.2 Significant accounting policies

The accounting policies applied are consistent with those of Appendix IA — Accountants' Report of the Company as set out in the Prospectus for the years ended 31 December 2009, 2010 and 2011, except for the adoption of new standards and interpretations as of 1 January 2012, noted below:

IAS 12 Amendments *Income Taxes*

The adoption of this revised IFRS has had no significant effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed financial statements.

3. OPERATING SEGMENT INFORMATION

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

- (a) the coal segment is the mining and sale of coal products;
- (b) the transportation segment provides road and railway transportation services to coal companies;

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

3. OPERATING SEGMENT INFORMATION — (CONTINUED)

- (c) the coal-related chemical segment is to produce and sell coal-based synthetic fuel;
- (d) the “others” segment comprises, principally, the development, production and sale of traditional Chinese medicine.

Management monitors the results of its operating segments separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit and is measured consistently with the Group’s profit in the consolidated financial statements.

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

Three months ended 31 March 2012	Coal	Transportation	Coal-related chemical	Others	Consolidated
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue:					
External customers	4,786,267	211,251	367,359	6,770	5,371,647
Intersegment	59,017	145,215	—	—	204,232
	<u>4,845,284</u>	<u>356,466</u>	<u>367,359</u>	<u>6,770</u>	<u>5,575,879</u>
<i>Reconciliation</i>					
Elimination of intersegment sales					(204,232)
Total revenue					<u>5,371,647</u>
Segment results:					
Profit/(loss) before tax	1,757,138	157,748	66,666	(6,088)	1,975,464
Income tax expense	(267,088)	(19,093)	(16,811)	—	(302,992)
	<u>1,490,050</u>	<u>138,655</u>	<u>49,855</u>	<u>(6,088)</u>	<u>1,672,472</u>
<i>Reconciliation</i>					
Elimination of intersegment results					—
Net profit for the period					<u>1,672,472</u>
As at 31 March 2012					
Segment assets					
Elimination of intersegment receivables	18,012,686	8,808,824	4,563,539	64,091	31,449,140
Unrealized profit included in assets					31,254
Total assets					<u>31,480,394</u>
Segment liabilities					
Elimination of intersegment payables	3,476,705	4,820,091	2,646,365	12,586	10,955,747
Total liabilities					31,254
					<u>10,987,001</u>
Other segment information:					
Three months ended 31 March 2012					
Financial income	7,646	577	487	3	8,713
Financial costs	(24,645)	(33,912)	(40,139)	—	(98,696)
Depreciation and amortisation	(147,531)	(60,729)	(37,616)	(2,036)	(247,912)
Share of profits of associates	2,465	—	—	—	2,465
Impairment recognised in income statement	(24)	(467)	—	—	(491)
Capital expenditure*	180,977	216,631	58,228	47	455,883
As at 31 March 2012					
Investments in associates	237,525	—	117,966	—	355,491

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and prepaid land lease payments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

3. OPERATING SEGMENT INFORMATION — (CONTINUED)

Three months ended 31 March 2011	Coal	Transportation	Coal-related chemical	Others	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:					
External customers	3,099,071	105,797	—	5,282	3,210,150
Intersegment	21,073	127,566	—	—	148,639
	<u>3,120,144</u>	<u>233,363</u>	<u>—</u>	<u>5,282</u>	<u>3,358,789</u>
<i>Reconciliation</i>					
Elimination of intersegment sales					(148,639)
Total revenue					<u>3,210,150</u>
Segment results:					
Profit/(loss) before tax	1,519,283	91,491	2,815	(4,398)	1,609,191
Income tax expense	(227,081)	(8,360)	(529)	—	(235,970)
	<u>1,292,202</u>	<u>83,131</u>	<u>2,286</u>	<u>(4,398)</u>	<u>1,373,221</u>
<i>Reconciliation</i>					
Elimination of intersegment results					(15,018)
Net profit for the period					<u>1,358,203</u>
As at 31 December 2011					
Segment assets					
Elimination of intersegment receivables					(759,715)
Unrealized profit included in assets					(13,617)
Total assets					<u>30,068,612</u>
Segment liabilities					
Elimination of intersegment payables					(759,715)
Total liabilities					<u>11,285,232</u>
Other segment information:					
Three months ended 31 March 2011					
Finance income	5,245	690	—	3	5,938
Finance costs	(23,701)	(18,998)	—	(8)	(42,707)
Depreciation and amortisation	(98,214)	(51,262)	(12,552)	(495)	(162,523)
Share of losses of associates	(1,996)	—	(629)	—	(2,625)
Reversal of impairment recognised in income statement	16,747	7,622	5,017	2,609	31,995
Capital expenditure*	304,208	189,664	30,826	—	524,698
As at 31 December 2011					
Investments in associates	235,060	—	117,966	—	353,026

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and prepaid land lease payments.

The Group's revenue from external customers is derived solely from its operation in mainland China, and no non-current assets of the Group are located outside mainland China.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION— (CONTINUED)

4. REVENUE AND OTHER INCOME

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

	Note	Three months ended 31 March	
		2012	2011
		Unaudited RMB'000	Unaudited RMB'000
Revenue			
Sale of goods		5,160,396	3,104,353
Rendering of services		211,251	105,797
		<u>5,371,647</u>	<u>3,210,150</u>
Other income			
Gain on disposal of property, plant and equipment, and intangible assets	5	1,548	5,973
Income from the sale of other materials		732	1,834
Income from the rendering of other services		29,172	45,317
Payables waived		—	735
Government grants		420	339
Compensation received*		69,499	—
		<u>101,371</u>	<u>54,198</u>

* It represents the amount received from an unrelated, third party coal mining company as compensation for the dismantlement of certain mining properties and the consequent business disruption caused to us arising from the agreed construction of a railway and other related facilities by this company on one of the Group's mines.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	Three months ended 31 March	
		2012	2011
		Unaudited RMB'000	Unaudited RMB'000
Cost of inventories sold		2,953,514	1,287,830
Cost of services provided		81,138	54,313
Depreciation of investment properties		586	586
Depreciation of property, plant and equipment		241,821	155,741
Amortisation of prepaid land lease payments		2,952	2,359
Amortisation of mining rights		1,264	1,853
Amortisation of intangible assets		955	1,232
Amortisation of other non-current assets		334	752
Total depreciation and amortisation		<u>247,912</u>	<u>162,523</u>
Reversal of impairment of trade and bills receivables		—	(25,007)
Provision/(reversal) of impairment of other receivables		491	(6,988)
Gain on disposal of property, plant and equipment and intangible assets	4	1,548	5,973
Employee benefit expense (including directors' and supervisors' remuneration)			
Wages, salaries and other employees' benefits		161,128	141,647
Pension scheme contributions (defined contribution scheme)		10,342	8,132
		<u>171,470</u>	<u>149,779</u>
Auditors' remuneration		<u>2,405</u>	<u>1,500</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

6. INCOME TAX EXPENSE

	Three months ended 31 March	
	2012	2011
	Unaudited RMB'000	Unaudited RMB'000
Income tax		
Current tax — mainland China	292,071	233,621
Deferred income tax	10,921	2,349
Total tax charge for the period	<u>302,992</u>	<u>235,970</u>

PRC corporate income tax ("CIT") was provided at a rate of 25% on the taxable income as reported in the statutory accounts of the companies comprising the Group, which were prepared in accordance with the relevant PRC accounting standards, as adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The Company and its certain subsidiaries are entitled to a preferential CIT rate of 15% for the 10 years ended 31 December 2010 based on the following issued documents:

- i) Caishui (2001) No. 202 issued by the Treasury Department of the National Taxation Department, which was related to the notice of the preferential tax rate in the Western Development.
- ii) Guonei Shuiwai (2003) No.11 issued by the Inner-Mongolia Taxation Department, which was related to the approval given to selected entities to enjoy the preferential tax rate in the Western Development.
- iii) Ordos Guoshui (2003) No.57 issued by the Ordos National Taxation Department, which was related to the approval given to the Company to enjoy tax benefits resulted from the Western Development.

According to Caishui (2011) No.58 issued by Ministry of Finance, General Administration of Customs and State Administration of Taxation, selected entities in Western China that falling into Catalogue of Encouraged Industries in Western China (西部地區鼓勵類產業目錄, "CEIWC") can enjoy the preferential income tax rate of 15% from 1 January 2011 to 31 December 2020.

By the date of the report, CEIWC has not been promulgated. According to Caishui (2012) No.12 issued by State Administration of Taxation, before CEIWC is promulgated, selected entities falling into Encouraged Projects in the Guidance Catalogue for Industry Structural Adjustment (產業結構調整指導目錄 (2011)) are entitled to a preferential tax rate of 15%. If CEIWC is promulgated and the Companies mentioned above are not meet the condition of CEIWC, then income tax should be redeclared according to the applicable tax rate.

No provision for Hong Kong profits tax has been made in the Financial Information as the Group had no assessable profits derived from or earned in Hong Kong during the periods.

A reconciliation of the tax expense applicable to profit before tax at the statutory income tax rates to the tax expense at the Group's effective income tax rates for each of the periods is as follows:

	Three months ended 31 March	
	2012	2011
	Unaudited RMB'000	Unaudited RMB'000
Profit before tax	1,975,464	1,594,173
Tax at the statutory income tax rate of 25% for the three months ended 31 March 2011 and 2012	493,866	398,543
Effect of lower tax rate	(187,390)	(158,000)
Entertainment expenses not deductible for tax purposes	2,166	806
Tax losses not recognised	2,619	3,289
Tax losses utilised from previous years	(9,897)	(9,712)
Others	1,628	1,044
Tax charge at the Group's effective rate	<u>302,992</u>	<u>235,970</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

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

	Three months ended 31 March	
	2012	2011
	Unaudited RMB'000	Unaudited RMB'000
<i>Earnings</i>		
Profit for the period attributable to ordinary equity holders of the Company	<u>1,525,557</u>	<u>1,310,965</u>
<i>Shares</i>		
Weighted average number of ordinary shares in issue during the period (in thousands)	<u>1,464,000</u>	<u>1,464,000</u>

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

The Company had no dilutive potential ordinary shares for the period, hence no diluted earnings per share amount is presented.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION—(CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Mining structures	Plant and machinery	Motor vehicles	Railway	Road	Office equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:									
At 31 December 2011 (Audited)	3,398,138	1,456,336	5,614,821	556,492	6,029,055	596,229	491,333	4,827,909	22,970,313
Additions	7,352	—	30,129	5,679	19,167	—	16,743	373,341	452,411
Transfers	15,198	—	—	—	30,000	—	—	(45,198)	—
Disposals/written off	(249)	—	(982)	(7,999)	—	—	(468)	—	(9,698)
At 31 March 2012 (Unaudited)	3,420,439	1,456,336	5,643,968	554,172	6,078,222	596,229	507,608	5,156,052	23,413,026
Depreciation and impairment:									
At 31 December 2011 (Audited)	(358,394)	(210,356)	(907,330)	(169,255)	(537,550)	(160,180)	(256,209)	—	(2,599,274)
Depreciation charged for the period	(28,732)	(4,388)	(119,221)	(18,401)	(39,631)	(7,170)	(24,278)	—	(241,821)
Disposals	176	—	859	7,155	—	—	415	—	8,605
At 31 March 2012 (Unaudited)	(386,950)	(214,744)	(1,025,692)	(180,501)	(577,181)	(167,350)	(280,072)	—	(2,832,490)
Net carrying amount:									
At 31 December 2011 (Audited)	3,039,744	1,245,980	4,707,491	387,237	5,491,505	436,049	235,124	4,827,909	20,371,039
At 31 March 2012 (Unaudited)	3,033,489	1,241,592	4,618,276	373,671	5,501,041	428,879	227,536	5,156,052	20,580,536

As at the date of this report, the Group is in the process of applying for or changing the registration of the title certificates for certain of its buildings with an aggregate net carrying amount of approximately RMB77,527,000. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 March 2012.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

9. PREPAID LAND LEASE PAYMENTS

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Carrying amount at 1 January	276,597	240,714
Additions	4,102	54,416
Disposal	—	(7,922)
Amortisation for the period/year	(2,952)	(10,611)
Carrying amount at 31 March/31 December	277,747	276,597
Current portion included in prepayments, deposits and other receivables	(12,373)	(10,791)
Non-current Portion	<u>265,374</u>	<u>265,806</u>

The carrying amount of the Group's prepaid land lease payments represents land use rights in mainland China with land held under the following lease terms:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Long term leases (≥50 years)	168,024	165,279
Medium term leases (<50 years)	109,723	111,318
	<u>277,747</u>	<u>276,597</u>

10. INTERESTS IN ASSOCIATES

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Share of net assets	<u>355,491</u>	<u>353,026</u>

The following table illustrates the summarised financial information of the Group's associates:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Share of the associates' assets and liabilities:		
Current assets	200,179	336,081
Non-current assets	870,702	859,977
Current liabilities	(366,286)	(484,587)
Non-current liabilities	(349,104)	(358,445)
Equity	<u>355,491</u>	<u>353,026</u>
Share of the associates' results:		
Revenue	56,268	310,164
Profit	<u>2,465</u>	<u>19,799</u>
Carrying amount of the investment	<u>355,491</u>	<u>353,026</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

11. AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Unlisted equity investments, at cost	2,889,550	2,870,590

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at the end of each reporting period as such investments do not have quoted market prices in an active market and their fair values cannot be reliably measured.

Particulars of the principal available-for-sale investments of the Group are set as follows:

	Percentage of equity interest attributable to the Group	31 March 2012	31 December 2011
		Unaudited RMB'000	Audited RMB'000
Mengji Railway Co., Ltd. (蒙冀鐵路有限責任公司)	9%	1,440,000	1,440,000
Xin Baoshen Railway Co., Ltd. (新包神鐵路有限責任公司)	15%	382,800	382,800
Zhunshuo Railway Co., Ltd. (准朔鐵路有限責任公司)	19%	694,750	675,790
Nanbu Railway Co., Ltd. (南部鐵路有限責任公司)	10%	200,000	200,000
Others	—	172,000	172,000
		<u>2,889,550</u>	<u>2,870,590</u>

12. INVENTORIES

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Materials and supplies	442,213	427,345
Work-in-progress	2,825	8,921
Finished goods	218,764	243,401
Less: Provision for impairment	(2,951)	(2,951)
	<u>660,851</u>	<u>676,716</u>

13. TRADE AND BILLS RECEIVABLES

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Trade receivables	1,086,023	708,276
Less: Provision for impairment	—	—
	1,086,023	708,276
Bills receivable	9,000	43,154
	<u>1,095,023</u>	<u>751,430</u>

The Group requires most of its customers to pay in advance and makes provision for the doubtful trade receivables balance at the end of each reporting period. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

The maximum exposure to credit risk at the end of each reporting period during the period is the carrying value of the Group's total trade receivables.

Bill receivables are bills of exchange with maturity of less than six months.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

13. TRADE AND BILLS RECEIVABLES — (CONTINUED)

An aged analysis of the Group's trade and bills receivables, net of provisions, is as follows:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Within six months	1,071,718	725,724
Over six months but within one year	17,714	20,880
Over one year but within two years	5,591	4,826
Over two years but within three years	—	—
	<u>1,095,023</u>	<u>751,430</u>

Movements in the Group's provision for impairment of trade receivables are as follows:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
At 1 January	—	29,062
Reversal of impairment for the period/year	—	(29,062)
At 31 March/31 December	<u>—</u>	<u>—</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Amounts due from related parties:		
Associates	—	2,571
	—	2,571
Advances to suppliers	1,158,347	627,290
Prepayments	132,246	84,907
Staff advances	37,781	22,018
Deposits	73,517	90,543
Other receivables	40,864	31,505
	<u>1,442,755</u>	<u>858,834</u>
Less: Provision for impairment	(23,331)	(22,840)
	<u>1,419,424</u>	<u>835,994</u>

Movements in the provision for impairment of other receivables are as follows:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
At 1 January	22,840	20,704
Impairment for the period/year	491	10,196
Reversal of impairment	—	(8,060)
At 31 March/31 December	<u>23,331</u>	<u>22,840</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

15. CASH AND SHORT-TERM DEPOSITS AND RESTRICTED CASH

		31 March 2012	31 December 2011
	Notes	Unaudited RMB'000	Audited RMB'000
Cash and bank balances		3,813,088	3,533,834
Time deposits		<u>18,303</u>	<u>21,941</u>
		3,831,391	3,555,775
Less: Restricted cash	(a)	<u>(20,331)</u>	<u>(20,305)</u>
		<u>3,811,060</u>	<u>3,535,470</u>
Denominated in RMB	(b)	3,810,888	3,534,774
Denominated in other currencies		<u>172</u>	<u>696</u>
		<u>3,811,060</u>	<u>3,535,470</u>

Notes:

- (a) As at 31 December 2011 and 31 March 2012, the Group's bank balances of approximately RMB20,305,000 and RMB20,330,000 were deposited at banks as a mine geological environment protection guarantee fund pursuant to the related government regulations. Such guarantee deposit will be released when the obligations of environment protection is fulfilled and accepted by the competent government entities.
- (b) The RMB is not freely convertible into other currencies, however, under mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the restricted bank deposits approximate to their fair values.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Cash at banks and on hand	<u>3,792,756</u>	<u>3,513,529</u>

16. TRADE AND BILLS PAYABLES

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Trade payables to third parties	609,647	520,067
Trade payables to associates	11,558	4,771
Trade payables to the Yitai Group	<u>9,187</u>	<u>18,647</u>
	<u>630,392</u>	<u>543,485</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

16. TRADE AND BILLS PAYABLES — (CONTINUED)

An aged analysis of the Group's trade and bills payables, based on the invoice dates, as at the end of each reporting period is as follows:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Within six months	519,755	466,287
Over six months but within one year	94,791	62,473
Over one year but within two years	7,153	6,028
Over two years but within three years	8,207	8,133
Over three years	486	564
	<u>630,392</u>	<u>543,485</u>

The trade payables are non-interest-bearing and have an average credit term of 30 to 90 days. The credit terms granted by the related parties are similar to those offered by the related parties to their major customers.

17. OTHER PAYABLES AND ACCRUALS

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Advances from customers	545,629	397,226
Accrued salaries, wages and benefits	39,455	262,290
Other tax payables	186,472	(15,491)
Accrued interest payable	13,235	21,707
Payables for property, plant and equipment	1,024,311	1,062,108
Accruals	86,814	90,513
Amounts due to the Yitai Group	105,975	13,001
Amounts due to associates	293	814
Other payables	49,868	54,214
	<u>2,052,052</u>	<u>1,886,382</u>

The above amounts are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

18. INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Current:		
Bank loans — secured by guarantees	218,000	218,000
Bank loans — unsecured	—	650,000
Total bank loans	<u>218,000</u>	<u>868,000</u>
Current portion of long term bank loans — secured by guarantees	1,772,009	1,258,190
Current portion of long term bank loans — unsecured	80,000	80,000
Total current portion of long term bank loans	<u>1,852,009</u>	<u>1,338,190</u>
Total current loans	<u>2,070,009</u>	<u>2,206,190</u>
Non-current:		
Bank loans — secured by guarantees	5,029,484	5,520,594
Bank loans — unsecured	540,000	580,000
Total non-current loans	<u>5,569,484</u>	<u>6,100,594</u>
Total loans	<u>7,639,493</u>	<u>8,306,784</u>
Denominated in RMB	7,376,600	8,026,600
Denominated in USD	<u>41,767</u>	<u>43,977</u>

The ranges of the effective interest rates on the Group's loans are as follows:

	31 March 2012	31 December 2011
	Unaudited %	Audited %
Fixed-rate loans	3.80-6.56	3.80-9.09
Floating-rate loans	6.27-7.05	5.76-7.05

The maturity profile of the loans as at the end of the reporting period is as follows:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	2,070,009	2,206,190
In the second year	649,009	1,131,190
In the third to fifth years, inclusive	2,126,370	2,204,317
Beyond five years	2,794,105	2,765,087
	<u>7,639,493</u>	<u>8,306,784</u>

Certain loans were supported by guarantees provided from the following parties:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Yitai Group	404,000	404,000
Independent third parties	31,970	31,452
Related parties	671,900	665,222
	<u>1,107,870</u>	<u>1,100,674</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

18. INTEREST-BEARING LOANS AND BORROWINGS — (CONTINUED)

In the opinion of the Directors, the Group's carrying amounts of current loans and non-current loans based on market rates approximate to their fair values at each end of the reporting period.

19. ISSUED CAPITAL

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Fully paid-up registered capital	1,464,000	1,464,000

20. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Contracted, but not provided for:		
Property, plant and equipment	1,539,100	1,497,085
Available-for-sale investments	168,530	168,530
	<u>1,707,630</u>	<u>1,665,615</u>

21. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Significant related party transactions

In addition to the transactions and balances disclosed elsewhere in this report, the Group had the following material transactions with related parties during the periods:

	Note	Three months ended 31 March	
		2012	2011
		Unaudited RMB'000	Unaudited RMB'000
Sales of goods to Yitai Group	(i)*	30,820	21,984
Sales of goods to an associate	(i)*	47,666	29,882
Provision of services to Yitai Group	(i)*	136,228	138,183
Purchase of services from Yitai Group	(i)#	29,381	40,915

Note:

- (i) In opinion of the Directors, the transactions between the Group and the related parties were conducted in the ordinary and usual course of business and on normal commercial terms, the pricing terms were at the prevailing market prices.
- * In opinion of the Directors, the related party transactions will continue after the listing of H shares of the Company on Hong Kong Stock Exchange and the completion of the Proposed Acquisition (as defined in the Prospectus).
- # In opinion of the Directors, the related party transactions will not continue after the listing of H shares of the Company on Hong Kong Stock Exchange and the completion of the Proposed Acquisition.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION — (CONTINUED)

21. RELATED PARTY TRANSACTIONS AND BALANCES — (CONTINUED)

(b) Outstanding balances with related parties

		31 March 2012	31 December 2011
	Note	Unaudited RMB'000	Audited RMB'000
Trade and bill receivables	(i)	55,472	10,000
Prepayments, deposits and other receivables	(i)	—	2,571
Trade payables	(i)	(20,745)	(23,418)
Other payables and accruals	(i)	(106,268)	(13,815)

(i) The above balances are unsecured, non-interest bearing and repayable on demand.

(c) Guarantees received from related parties

As at 31 December 2011 and 31 March 2012, bank loans of RMB1,069,222,000 and RMB1,075,900,000 were guaranteed by the related parties respectively.

(d) Guarantees given to banks for loans of related parties

As at 31 December 2011 and 31 March 2012, guarantees of RMB17,056,000 and RMB RMB17,056,000 were given to banks for loans of related parties.

22. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for as at the end of the reporting period:

	31 March 2012	31 December 2011
	Unaudited RMB'000	Audited RMB'000
Guarantees given to banks in connection with loans granted to associates	<u>17,056</u>	<u>17,056</u>

23. EVENTS AFTER THE REPORTING PERIOD

The Company has entered into an assets transfer agreement with Yitai Group on 29 May 2012, pursuant to which Yitai Group agreed to transfer, and the Company agreed to acquire, the Target Business Group at an aggregate consideration of RMB8,446.5 million. The Company intends to use the net proceeds of the Global Offering to fund the amount of consideration payable to Yitai Group for the Proposed Acquisition.

24. DIVIDEND PROPOSED

The proposed 2010 dividend of RMB2,196 million was approved at the annual general meeting of 2010 on 8 April 2011. RMB2,196 million dividend was proposed for the year 2011 and is subject to the approval of the Company's shareholders at the forthcoming 2011 annual general meeting.

B. REPORT FROM THE REPORTING ACCOUNTANT

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



22nd Floor CITIC Tower
1 Tim Mei Avenue Central
Hong Kong

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF INNER MONGOLIA YITAI COAL COMPANY LIMITED

(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Inner Mongolia Yitai Coal Company Limited (內蒙古伊泰煤炭股份有限公司, the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as set out on pages III-1 to III-21, comprising of the interim condensed consolidated statement of financial position as at 31 March 2012 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes (collectively referred to as the "Interim Financial Information"). The Directors of the Company (the "Directors") are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on the 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*. 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. Consequently, it 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 accompanying Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
29 June 2012