China National Building Material Company Limited *

(Stock Code：3323)

CNBM

2012 INTERIM REPORT

*For identification only

Financial and Business Highlights

	As at 30 June 2012	As at 31 December 2011	Growth rate
	(RMB in millions)		
Bank balances and cash	**13,548**	9,738	39.1%
Total assets	**199,545**	158,395	26.0%
Equity attributable to equity holders of the Company	**27,016**	26,332	2.6%

	For the six months ended 30 June		
	2012	2011	Growth rate
	(RMB in millions)		
Revenue	**37,938**	34,559	9.8%
Profit after taxation	**2,714**	4,726	–42.6%
Profit attributable to equity holders of the Company	**1,901**	3,606	–47.3%
Net cash flows from operating activities	**4,065**	4,884	–16.8%
Sales volume of cement and clinker *(in thousand tonnes)*	**95,431**	82,168	16.1%
— China United	**28,100**	29,882	–6.0%
— South Cement	**45,522**	45,459	0.1%
— North Cement	**7,596**	6,827	11.3%
— Binzhou Cement	**1,436**		
— Southwest Cement	**12,777**		
Gypsum board *(in million m²)*	**461**	376	22.7%
Revenue from engineering service *(RMB in millions)*	**2,326**	2,991	–22.2%
Rotor blade *(in blades)*	**1,577**	1,353	16.6%
Glass fibre yarn *(in thousand tonnes)*	**391**	412	–5.1%
Selling price			
Cement sold by China United *(RMB per tonne)*	**271.8**	300.2	–9.5%
Clinker sold by China United *(RMB per tonne)*	**249.4**	282.1	–11.6%
Cement sold by South Cement *(RMB per tonne)*	**280.8**	341.8	–17.8%
Clinker sold by South Cement *(RMB per tonne)*	**259.9**	325.9	–20.3%
Cement sold by North Cement *(RMB per tonne)*	**369.4**	288.3	28.1%
Clinker sold by North Cement *(RMB per tonne)*	**311.7**	235.6	32.3%
Cement sold by Binzhou Cement *(RMB per tonne)*	**387.3**		
Clinker sold by Binzhou Cement *(RMB per tonne)*	**323.9**		
Cement sold by Southwest Cement *(RMB per tonne)*	**247.0**		
Clinker sold by Southwest Cement *(RMB per tonne)*	**225.0**		
Gypsum board			
— BNBM *(RMB per m²)*	**7.13**	7.20	–1.0%
— Taishan Gypsum *(RMB per m²)*	**4.92**	5.06	–2.8%
Rotor blade *(RMB per blade)*	**364,400**	380,100	–4.1%

CNBM

Contents

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

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

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

Shareholders may send their requests to receive a copy of the interim report and/or to change their choices of the means of receipt of Corporate Communications by notice in writing to the H share registrar of the Company, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by sending an email to the H share registrar of the Company at cnbm3323-ecom@hk.tricorglobal.com.

DIRECTORS

Executive Directors

Song Zhiping *(Chairman of the Board)*
Cao Jianglin *(President)*
Peng Shou *(Vice President)*
Cui Xingtai *(Vice President)*
Chang Zhangli *(Vice President)*

Non-executive Directors

Guo Chaomin
Huang Anzhong
Cui Lijun

Independent Non-executive Directors

Qiao Longde
Li Decheng
Ma Zhongzhi
Shin Fang
Wu Liansheng

STRATEGIC STEERING COMMITTEE

Song Zhiping *(Chairman)*
Qiao Longde
Cao Jianglin

NOMINATION COMMITTEE

Qiao Longde *(Chairman)*
Li Decheng
Song Zhiping

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

Li Decheng *(Chairman)*
Shin Fang
Song Zhiping

AUDIT COMMITTEE

Wu Liansheng *(Chairman)*
Ma Zhongzhi
Cui Lijun

SUPERVISORS

Wu Jiwei *(Chairman of the Supervisory Committee)*
Zhou Guoping
Tang Yunwei *(Independent Supervisor)*
Zhao Lihua *(Independent Supervisor)*
Cui Shuhong *(Staff Representative Supervisor)*
Liu Zhiping *(Staff Representative Supervisor)*

Secretary of the Board	:	Chang Zhangli
Joint Company Secretaries	:	Chang Zhangli Lo Yee Har Susan (FCS, FCIS)
Authorised Representatives	:	Song Zhiping Chang Zhangli
Alternate Authorised Representatives	:	Lo Yee Har Susan (FCS, FCIS) (Lee Mei Yi (ACS, ACIS), alternate to Lo Yee Har Susan)
Qualified Accountant	:	Pei Hongyan (FCCA)
Registered Address	:	No. A-11 Sanlihe Road Haidian District, Beijing The PRC
Principal Place of Business	:	17th Floor China National Building Material Plaza No. A-11 Sanlihe Road Haidian District, Beijing The PRC
Postal Code	:	100037
Place of Representative Office in Hong Kong	:	Level 28 Three Pacific Place 1 Queen's Road East Hong Kong
Principal Bankers	:	Bank of Communications Co., Ltd. Agricultural Bank of China Limited Shanghai Pudong Development Bank Co., Ltd.
PRC Legal Adviser	:	Jingtian & Gongcheng Law Office Level 34, Tower 3, China Central Palace 77 Jianguo Road Chaoyang District Beijing The PRC

Hong Kong Legal Adviser	:	Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong
International Auditor	:	Baker Tilly Hong Kong Limited 2nd Floor 625 King's Road, North Point Hong Kong
Domestic Auditor	:	Vocation International Certified Public Accountants (special general partnership) Room 208, Building B of Huatong Mansion No. 19 (Yi), Chegongzhuang West Road Haidian District, Beijing The PRC
H Share Registrar in Hong Kong	:	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Stock Code	:	3323
Company Website	:	http://cnbm.wsfg.hk www.cnbmltd.com

Definitions

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

"Baker Tilly HK"	天職香港會計師事務所有限公司 (Baker Tilly Hong Kong Limited)
"Beijing Triumph"	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
"Bengbu Triumph"	蚌埠凱盛工程技術有限公司 (China Triumph Bengbu Engineering and Technology Company Limited)
"Binzhou Cement"	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Materials Public Limited Company)
"BNBMG"	北新建材集團有限公司 (Beijing New Building Material Group Company Limited)
"BNBM Ningbo"	寧波北新建材有限公司 (BNBM Ningbo Company Limited)
"BNBM PNG"	北新巴布亞新幾內亞有限公司 (BNBM Papua New Guinea Company Limited)
"BNBM Taicang"	太倉北新建材有限公司 (BNBM Taicang Company Limited)
"BNBM Zhaoqing"	肇慶北新建材有限公司 (BNBM Zhaoqing Company Limited)
"BNS"	北新科技發展有限公司 (BNS Company Limited)
"Board"	the board of directors of the Company
"Building Materials Academy"	中國建築材料科學研究總院 (China Building Materials Academy)
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Fiberglass"	中國玻纖股份有限公司 (China Fiberglass Company Limited)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Chongqing Southwest Cement"	重慶西南水泥有限公司 (Chongqing Southwest Cement Company Limited)
"Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
"CNBMI Logistics"	中建投物流有限公司 (CNBMI Logistics Company Limited)

"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited)
"CNBMIT"	中建投商貿有限公司 (CNBMIT Co., Ltd)
"CNBM Trading"	中建材集團進出口公司 (China National Building Material Import and Export Company)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)
"Culture of CNBM"	the culture of CNBM with emphases on corporate missions, core values, humanity care and the quality of cadres
"Dequan Wangqing"	吉林德全集團汪清水泥有限責任公司 (Jilin Dequan Cement Group Wangqing Co., Ltd.)
"Dezhou China United"	德州中聯大壩水泥有限公司 (China United Cement Dezhou Daba Co., Ltd.)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"EPC"	turn-key project services that include design, procurement and construction
"Five C"	marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralisation
"GDP"	gross domestic product
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guangwang Machinery"	四川廣旺集團建材機械有限公司 (Sichuan Guangwang Group Building Material Machinery Company Limited)
"Guizhou Southwest Cement"	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$
"Hangzhou South Cement"	杭州南方水泥有限公司 (Hangzhou South Cement Company Limited)

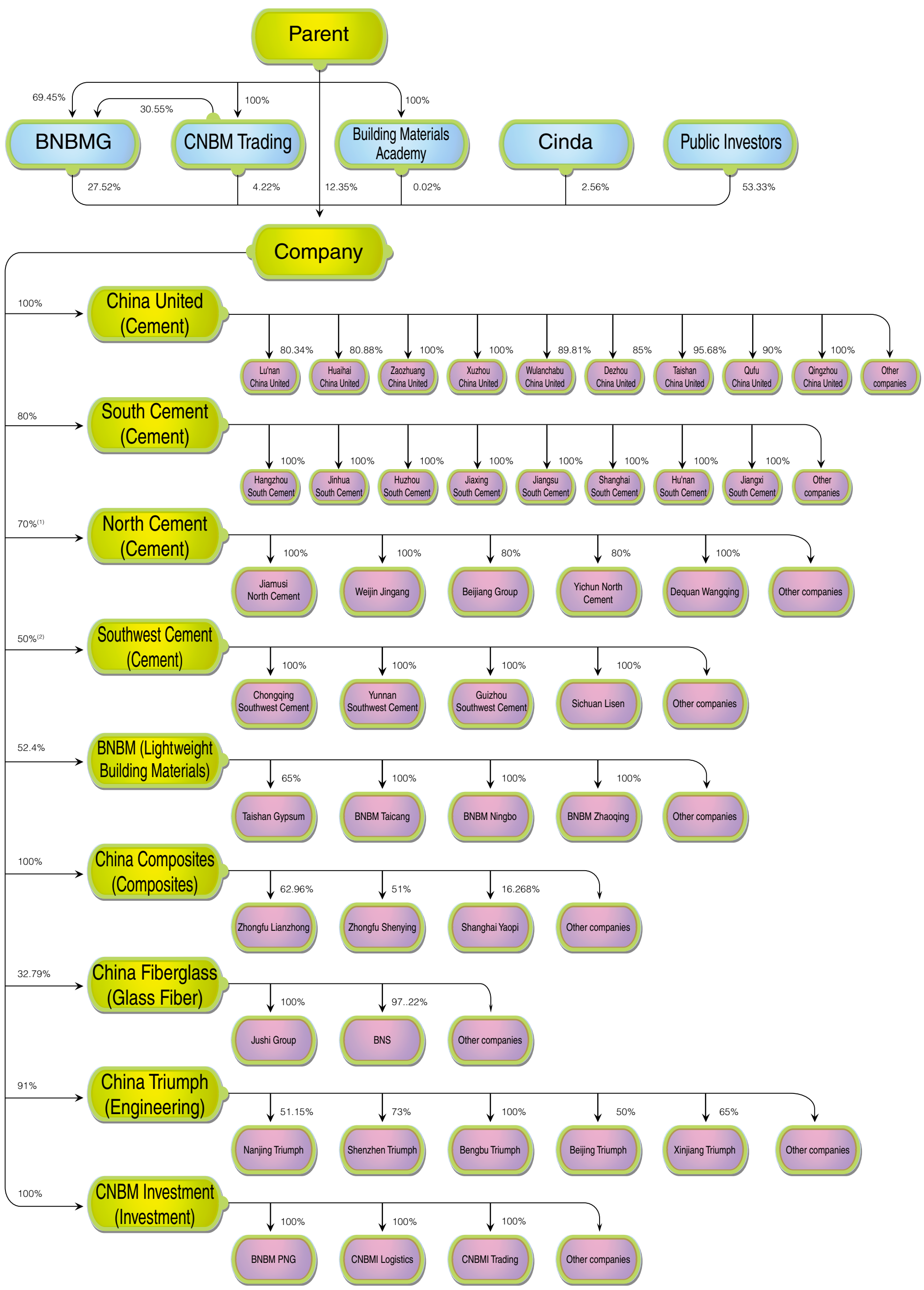
Definitions *(Continued)*

"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
"Huzhou South Cement"	湖州南方水泥有限公司 (Huzhou South Cement Company Limited)
"Huaihai China United"	淮海中聯水泥有限公司(China United Cement Huaihai Co., Ltd.)
"Huaihai"	including (but not limited to) southern Shandong, northern Jiangsu, eastern Henan and northern Anhui
"Hunan South Cement"	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent of the directors, supervisors, controlling shareholder, substantial shareholder and the chief executive (such terms as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them
"Jiamusi North Cement"	佳木斯北方水泥有限公司 (Jiamusi North Cement Company Limited)
"Jiangsu South Cement"	江蘇南方水泥有限公司 (Jiangsu South Cement Company Limited)
"Jiangxi South Cement"	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)
"Jiaxing South Cement"	嘉興南方水泥有限公司 (Jiaxing South Cement Company Limited)
"Jingang Group"	遼源金剛水泥(集團)有限公司 (Liaoyuan Jingang Cement (Group) Company Limited)
"Jinhua South Cement"	金華南方水泥有限公司 (Jinhua South Cement Company Limited)
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"KPI"	Key Performance Index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Lunan China United"	魯南中聯水泥有限公司 (China United Cement Lunan Co., Ltd.)
"Nanjing Triumph"	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
"Non-Competition Agreement"	the non-competition agreement dated 28 February 2006 entered into between the Company and the Parent, which is stated on pages 155 to 157 of the prospectus of the Company
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Northern China"	including (but not limited to) Heilongjiang, Jilin and Liaoning

"NSP"	cement produced by clinker made through the new suspension preheater dry process
"Panzhihua Coal Cement"	攀枝花攀煤水泥製品有限公司 (Panzhihua Coal Cement Products Company Limited)
"Parent"	中國建築材料集團有限公司 (China National Building Material Group Corporation)
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"PCP"	PCP, Price-Cost-Profit
"PRC"	the People's Republic of China
"Promoters"	the initial promoters of the Company, being Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading
"Qingzhou China United"	青州中聯水泥有限公司 (Qingzhou China United Cement Company Limited)
"Qufu China United"	曲阜中聯水泥有限公司 (Qufu China United Cement Company Limited)
"Reporting Period"	the period from 1 January 2012 to 30 June 2012
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Shanghai South Cement"	上海南方水泥有限公司 (Shanghai South Cement Company Limited)
"Shanghai Yaopi"	上海耀華皮爾金頓玻璃股份有限公司 (Shanghai Yaohua Pilkington Glass Co., Ltd.)
"Shanghai Zhentong"	上海圳通股權投資管理有限公司 (Shanghai Zhentong Equity Investment Management Company Limited)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Triumph"	深圳市凱盛科技工程有限公司 (CTIEC Shenzhen Scieno-tech Engineering Company Limited)
"Sichuan Coal Cement"	四川川煤水泥股份有限公司 (Sichuan Coal Cement Company Limited)
"Sichuan Lisen"	四川利森建材集團有限公司 (Sichuan Lisen Group)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southeast China"	including (but not limited to) Shanghai, Zhejiang, Jiangsu, Jiangxi and Hunan

"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"Southwest China"	including (but not limited to) Sichuan, Yunnan, Guizhou and Chongqing
"State", "state", "PRC Government" or "PRC government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the supervisory committee of the Company
"Taishan China United"	泰山中聯水泥有限公司 (China United Cement Taishan Co., Ltd.)
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"Three Five Management"	Five N (operation mode), i.e. integration, modelisation, institutionalisation, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralisation. Five I (five key operation indices), i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio
"Vocation International"	天職國際會計師事務所(特殊普通合夥)(Vocation International Certified Public Accountants (special general partnership), formerly known as 天職國際會計師事務所有限公司 (Vocation International Certified Public Accountants Co., Ltd.))
"Weijin Jingang"	遼源渭津金剛水泥有限公司 (Liaoyuan Weijin Jingang Cement Company Limited)
"Wulanchabu China United"	烏蘭察布中聯水泥有限公司 (China United Cement Wulanchabu Co., Ltd.)
"Xinjiang Triumph"	新疆凱盛建材設計研究院 (Xinjiang Triumph Building Materials Designing Institute)
"Xuzhou China United"	徐州中聯水泥有限公司 (China United Cement Xuzhou Co., Ltd.)
"Yichun North Cement"	伊春北方水泥有限公司 (Yichun North Cement Company Limited)
"Yunnan Southwest Cement"	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
"Zaozhuang China United"	棗莊中聯水泥有限公司 (China United Cement Zaozhuang Co., Ltd.)
"Zhongfu Lianzhong"	連雲港中複連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composite Material Group Company Limited)
"Zhongfu Shenying"	中複神鷹碳纖維有限公司 (Zhongfu Shenying Carbon Fiber Company Limited)

The simplified structure of the Group as at the date of this report is set out as below:



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

Notes:

(1) As at the date of this report, the Company paid 77.78% of the paid-up capital of North Cement. Upon completion of the capital contribution, the Company's equity interest in North Cement shall be 70%. Please refer to details of the capital contribution in North Cement on page 36 of this interim report.

(2) As at the date of this report, the Company paid 82.60% of the paid-up capital of Southwest Cement. Upon completion of the capital contribution, the Company's equity interest in Southwest Cement shall be 50%.

Financial Highlights

The summary of financial results of the Group for the six months ended 30 June 2012 and 30 June 2011 is as follows:

	For the six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	(RMB in thousands)	
Revenue	**37,938,345**	34,559,199
Gross profit	**8,254,113**	10,028,052
Profit after taxation	**2,714,060**	4,726,206
Profit attributable to equity holders of the Company	**1,900,728**	3,605,784
Distribution made to the equity holders of the Company	**1,160,791**	502,109
Earnings per share — basic *(RMB)*[(1)]	**0.352**	0.668

Notes:

(1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2011 and the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2012.

	30 June 2012	31 December 2011
	(unaudited)	(audited)
	(RMB in thousands)	
Total assets	**199,545,288**	158,395,218
Total liabilities	**160,238,096**	120,784,056
Net assets	**39,307,192**	37,611,162
Non-controlling interests	**12,291,549**	11,279,394
Equity attributable to equity holders of the Company	**27,015,643**	26,331,768
Net assets per share — weighted average *(RMB)*[(1)]	**5.00**	4.88
Debt to assets ratio[(2)]	**57.7%**	54.2%
Net debts/equity ratio[(3)]	**258.7%**	202.4%

Notes:

(1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 5,399,026,262 shares for 2011 and the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2012.

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

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

The summary of major operating data of each segment of the Group for the six months ended 30 June 2012 and 30 June 2011 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**18,860.0**	19,429.1
Production volume-clinker *(in thousand tonnes)*	**20,490.0**	22,878.9
Sales volume-cement *(in thousand tonnes)*	**18,820.0**	19,803.8
Sales volume-clinker *(in thousand tonnes)*	**9,280.0**	10,078.6
Unit selling price-cement *(RMB per tonne)*	**271.8**	300.2
Unit selling price-clinker *(RMB per tonne)*	**249.4**	282.1

South Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**32,372.8**	34,746.8
Production volume-clinker *(in thousand tonnes)*	**34,191.1**	35,405.8
Sales volume-cement *(in thousand tonnes)*	**31,948.6**	34,314.7
Sales volume-clinker *(in thousand tonnes)*	**13,573.7**	11,144.6
Unit selling price-cement *(RMB per tonne)*	**280.8**	341.8
Unit selling price-clinker *(RMB per tonne)*	**259.9**	325.9

North Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**5,427.2**	4,665.3
Production volume-clinker *(in thousand tonnes)*	**6,917.3**	4,758.9
Sales volume-cement *(in thousand tonnes)*	**5,062.7**	4,676.9
Sales volume-clinker *(in thousand tonnes)*	**2,533.0**	2,150.0
Unit selling price-cement *(RMB per tonne)*	**369.4**	288.3
Unit selling price-clinker *(RMB per tonne)*	**311.7**	235.6

Binzhou Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**831.5**	—
Production volume-clinker *(in thousand tonnes)*	**1,750.6**	—
Sales volume-cement *(in thousand tonnes)*	**816.2**	—
Sales volume-clinker *(in thousand tonnes)*	**620.1**	—
Unit selling price-cement *(RMB per tonne)*	**387.3**	—
Unit selling price-clinker *(RMB per tonne)*	**323.9**	—

Note: The Group acquired Binzhou Cement in July 2011.

Southwest Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**11,729.7**	—
Production volume-clinker *(in thousand tonnes)*	**9,100.0**	—
Sales volume-cement *(in thousand tonnes)*	**11,855.0**	—
Sales volume-clinker *(in thousand tonnes)*	**921.9**	—
Unit selling price-cement *(RMB per tonne)*	**247.0**	—
Unit selling price-clinker *(RMB per tonne)*	**225.0**	—

Note: The Group established Southwest Cement in December 2011.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June	
	2012	2011
Gypsum boards — BNBM		
Production volume *(in million m^2)*	**63.9**	56.6
Sales volume *(in million m^2)*	**70.8**	62.1
Average unit selling price *(RMB per m^2)*	**7.13**	7.20
Gypsum boards — Taishan Gypsum		
Production volume *(in million m^2)*	**386.8**	319.8
Sales volume *(in million m^2)*	**390.6**	313.4
Average unit selling price *(RMB per m^2)*	**4.92**	5.06

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June	
	2012	2011
Rotor blade		
Production volume *(in blade)*	**1,433**	1,867
Sales volume *(in blade)*	**1,577**	1,353
Average unit selling price *(RMB per blade)*	**364,400**	380,100

The Group is mainly engaged in cement, lightweight building materials, glass fibre, composite materials and engineering services businesses. As regards the current market positions (in terms of the production capacity as at 30 June 2012), the Group is:

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

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

In the first half of 2012, faced with the complexities and challenges of the domestic and international economic environments, the central government of China adhered to the keynote of making progress while maintaining stability, placed stabilising growth in a more important position, implemented a proactive fiscal policy and a prudent monetary policy and carried out preemptive and fine-tuning adjustments with greater efforts. Overall, the national economy remained stable and economic development experienced steady but moderate growth. Compared with the same period last year, China's GDP increased by 7.8%, the total fixed assets investment in China grew by 20.4% and real-estate development investment increased by 16.6%. Productivity in the building materials industry continued to grow but at a declining growth rate, and economic benefits declined. (Sources: the National Bureau of Statistics of China (中國國家統計局) and the Ministry of Industry and Information Technology (工業和信息化部))

Confronted with such unprecedented pressures and challenges, the Group remained confident and responded with active countermeasures. The Group closely monitored its KPI, remained committed to the business ideology of "PCP", remained committed to market competition and cooperation, price stabilisation, management improvement, cost reduction and efficiency enhancement, consolidation and restructuring as well as market expansion, thus all tasks made considerable progress and achieved notable results.

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2012

In the first half of 2012, the national economy experienced a slowdown while new cement production capacity continued to grow, with the national cement output reaching 990 million tonnes, up 5.5% as compared with the same period last year. However, cement price plummeted and the total profit of the cement manufacturing industry dropped by 51.4% as compared with the same period last year. As the State continued its stringent control over new production capacity, the growth in China's fixed assets investment in the cement manufacturing industry was 5.42% lower than the same period last year. (Sources: the Ministry of Industry and Information Technology and China Cement Association)

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT *(Continued)*

Review of the cement segment of the Group in the first half of 2012

Faced with a weak demand in the cement segment brought about by a macroeconomic slowdown, the Group responded positively to the challenges. Adhering to its development strategies and goals, the Group focused on the formation of its core profit-generating regions, and steadily and actively pushed forward consolidation and restructuring in four strategic regions, namely Huaihai, Southeast China, Northern China and Southwest China, optimised its strategic layout continuously whilst reinforcing and expanding its core profit-generating regions for greater market share. Efforts were also made to extend its industry chains by accelerating the consolidation and restructuring of its commercial concrete mixing business in these strategic regions.

The Group integrated the Culture of CNBM into practice by strengthening management integration. The Group further implemented the "Three Five Management" concept, kept a close track of its KPI and further enhanced its level of the "Five C" management, which sequentially lowered cost and enhanced efficiency. The cement segment persisted with its "PCP" business ideology, fully leveraged its influence and leadership as a large enterprise, firmly adhered to the concept of sales-driven production and price stabilisation to lead the cement industry to solid development, which, to a certain degree, curbed the regional cement prices from falling. The utilisation of the benchmark management and the counselor system further enhanced its management, evidenced by the continually improving corporate management standard and operational efficiency.

China United

China United actively strived to counteract the adverse impact of a weakened market demand by strictly adhering to the "PCP" business ideology, pursuant to which it firmly restricted production and stabilised prices. It also encouraged regional enterprises to regulate their market behaviours, preventing irrational industry competition and working collectively to maintain sound development in the cement market and keep the cement prices stable.

China United actively enhanced its management by continuing its commitment to the "Three Five Management" concept. Using improvement of lean management as a stepping point, it strictly controlled costs and expenses. Through the enforcement of the benchmark management, the quality of both its production operations and products was improved, while procurement costs were effectively reduced through bulk and centralised procurement. Also, the more strengthened centralised financial management provides strong support for the enterprise development.

China United has made steady progress in consolidation and restructuring and technology innovation projects within the regions and expanded its market share in core profit-generating regions in a bid to increase its market power and influence. On the basis of increasing its production capacity of clinkers, it stepped up efforts in restructuring grinding stations in core profit-generating regions and extending its industry chain by rapidly integrating commercial concrete mixing markets in targeted core profit-generating regions in Huaihai and Shandong.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT *(Continued)*

South Cement

Adhering to the "PCP" business ideology, South Cement continued to strengthen its marketing integration and control. By leveraging its leadership as a large enterprise in the regions, it resolutely implemented the plan of suspending operations of kilns and limiting output, and strived to restrict production and stabilise prices. Hence, it alleviated the dynamics between supply and demand as new production capacity piled in the market of eastern China, which in turn to a certain extent, curbed the decline in cement prices.

South Cement actively improved its management by further implementing the "Three Five Management" concept. To this end, its efforts in marketing centralisation were further strengthened, through which a comprehensive marketing control system was established. Financial centralisation was continuously enhanced, thus effectively reducing financial costs. Materials procurement was further centralised, thus lowering the purchase prices of raw materials and fuels. Technical centralisation was reinforced, resulting in continuous improvement in the application performance of new technologies and technology indicators along with a comprehensive scheme to reduce costs and expenses and actively promote information technology.

South Cement steadily pushed forward consolidation and restructuring and technology innovation projects within the regions, integration of mining resources and logistics to optimise its strategic layout as well as the extension of the industry chain through vigorous expansion into the commercial concrete mixing business.

North Cement

In adherence to the "PCP" business ideology, North Cement shifted its business mode and persisted in rational competition, working collectively to increase the regional cement price and to increase profitability. As a result, its regions were the forerunners in terms of cement price and profitability compared with cement markets in other regions.

Based on the "Three Five Management" concept, North Cement continued its management integration by breaking down its markets by regions, enforced price standardisation, centralised management and sales by regions, greater lean management, strengthened performance benchmarking, promoted management improvement and performance improvement. Meanwhile, greater efforts were made in the cost and expense reduction scheme for the purposes of cost reduction and efficiency improvement, resulting in continuous gain in management benefits.

To further push forward consolidation and restructuring as well as technical renovation projects in strategic regions, North Cement brought more comprehensive development to the core profit-generating regions and increased its market share in these regions, thus gaining greater control over regional markets and increasing profitability as a whole. The industry chain was further extended by expediting the consolidation and restructuring of its commercial concrete mixing businesses in the core profit generating regions in Heilongjiang and Jilin which became its new profit growth areas.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT *(Continued)*

Southwest Cement

Southwest Cement continued to promote consolidation and restructuring within its regions and constantly optimised its strategic layout to establish and consolidate the core profit generating regions. Following the establishment of three regional subsidiaries, namely Yunnan Southwest Cement, Guizhou Southwest Cement and Chongqing Southwest Cement, there exists eleven core profit-generating regions. At the same time, it gradually engaged in market competition and cooperation with regional enterprises to advocate a positive market competition mechanism which could effectively stimulate the recovery of cement prices.

Southwest Cement made steady progress to improve its management, strengthen its management integration and implement its benchmark management. It also strengthened technical innovation and bulk procurement for effective cost reduction.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group's lightweight building materials business in the first half of 2012

BNBM and Taishan Gypsum continued to enhance efforts in marketing and promotion, optimising the construction of marketing channels whilst expanding its sales ability, in adherence to the principle of "striking a balance between production and sales". In response to market changes, they actively revisited their marketing strategies by targeting "big customers, big orders and big projects", thus winning the bid to a handful of landmark projects with domestic and global significance, achieving notable improvement in both sales and revenue. Meanwhile, steady progress was made with the production capacity plan of 2 billion m^2 of gypsum board.

BNBM enforced the management enhancement in a comprehensive manner. It actively implemented the cost and expense reduction scheme, reinforced benchmark management and tightened control on project construction costs, which further lowered its costs and expenses.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS

Review of the glass fibre and composite materials industry in the PRC in the first half of 2012

Composite materials industry

In the first half of 2012, the central government of China and relevant authorities promulgated the "Twelfth Five-year" industry development plan for the wind power industry and relevant technical standards of the wind power industry, with a focus on posing limits on expansion of construction scale and facilitating sustainable and solid growth of the wind power industry. The wind power industry thus entered into a stage of adjustment and transformation.

Glass fibre industry

Faced with the setback in exports of glass fibre and its product in the first half of 2012, the growth of the output of glass fibre yarns declined notably. On 31 May 2012, the Ministry of Industry and Information Technology promulgated the new "Conditions for Entry into the Glass Fiber Industry" with a view to curb redundant construction and blind expansion in the glass fibre industry and regulate the market competition order, through posing a higher entry barrier to the industry as a whole. (Sources: China Fiberglass Industry Association)

Review of the Group's glass fibre and composite materials business in the first half of 2012

Composite materials business

In response to adverse impacts resulting from national policies and the market environment, China Composites took the initiative to adjust its production and market strategies, strive to exploit the market, and secure normal production and supply in key regions by means of an appropriate production base layout. Meanwhile, it further developed a new customer base to secure its leadership in the rotor blade industry. It also expedited the launch of high-end products. Owing to such efforts, its 5MW rotor blade with a length of 62 m successfully passed the static load test and became the first 5MW rotor blade to have passed GL certification in the PRC.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS *(Continued)*

Review of the Group's glass fibre and composite materials business in the first half of 2012 *(Continued)*

Glass fibre business

China Fiberglass managed to overcome the adverse impact of the volatile global economic recovery. It accelerated adjustment to its sales portfolio to enhance the proportion of middle to high-end markets, and it also actively expanded marketing sales channels, optimised management, enhanced efficiency, reduced cost and boosted efficiency. With a view to accelerating its industry participation worldwide, it took full advantage of overseas policies and resources to enhance its global influence. It established Jushi Egypt Fiberglass Co., Ltd. and developed the project of an alkali-free glass fiber pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt.

In June 2012, Jushi Group completed the acquisition of 75% equity interests in Tongxiang Jinshi Precious Metal Equipment Co., Ltd (桐鄉金石貴金屬設備有限公司) and Tongxiang Leishi Mineral Powder Co., Ltd (桐鄉磊石微粉有限公司), respectively, which enabled the Company to better cope with market changes, stave off risks and boost its profitability, industry profile, competitiveness and strengthen its sustainability.

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services business in the first half of 2012

China Triumph captured the strategic opportunities arising from the industry move towards energy saving, environmental conservation and industrial upgrade, leveraging its new technology to exploit new markets. By developing the technology of ultra-white rolled glass (超白壓延), ultra-thin electronic glass (超薄電子玻璃) and Low-E glass, it has led to industry transformation. Meanwhile, by capitalising new technology to reform the traditional industries, it managed to reduce costs of energy consumption and significantly boosted its market competitiveness. Through strengthening integrated development, it actively initiated the development of engineering technology of new glass, new energy, new materials and new equipment, so as to forge ahead with innovations in key technologies and equipment of photovoltaic glass and residual heat power generation.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2012, the central government of China will remain committed to making progress while maintaining stability, which serves as the keynote of its mission. It will continue to implement a proactive fiscal policy and a prudent monetary policy and place stabilising growth in a more important position, which will maintain moderate and steady growth in the national economy. Following the implementation of a series of policies relating to stabilising growth and economic restructuring, more upfront support of construction of major projects in the areas of railways, water conservation and welfare housing will be on the horizon, which is set to stimulate demand.

To address the grave situation of the building materials industry, the central government of China will continue to adopt more specific measures to accelerate industry restructuring, strictly control total capacity, establish a more comprehensive regime for the "replacement of old capacity with the same amount of capacity or with lower capacity" (完善等量或減量置換制度) so as to phase out obsolete production capacity with greater efforts. The above measures will facilitate more centralised production in the cement and other manufacturing industries and enhance their economies of scale. It will also actively encourage traditional industries to extend their industry chains, strengthen their value chains and boost resilience against risks to endeavor for a stable growth of the industry economy.

In the second half of the year, the Group will take advantage of opportunities to cope with pressures from the external environment. In strict adherence to its development strategy, it will persist with its efforts in implementing the business ideology of "PCP" by promoting market competition and cooperation as well as stabilising and bolstering prices. It will also further promote management enhancement through the "Three Five Management" concept, lean management and cost saving to achieve the enhancement of management effectiveness and cost reduction and efficiency improvement. It will remain committed to fostering consolidation and restructuring and extending the industry chain for a more comprehensive strategic layout and greater market share. It will launch capital operations in a prudent manner so as to further optimise its capital structure.

CEMENT SEGMENT

As for the cement segment, China's economic keynote of stabilising growth, restrictions on new capacity, the phase-out of obsolete capacity and other policies have presented favorable opportunities to large enterprises. Taking advantage of the above, the Group will apply the KPI into practice, continue to strengthen the utilisation of the business ideology of "PCP" by strengthening efforts in market competition and cooperation, price stabilisation and price stimulus initiatives. Moreover, it will increase efforts in management improvement by pushing ahead the "Three Five Management" concept. It will implement the cost and expense reduction scheme at all levels to reduce costs and improve efficiency. As part of its commitment to promoting highly efficient and standardised consolidation and restructuring, it will accelerate the consolidation and restructuring of Southwest Cement, whilst, with a focus on its core profit-generating regions, continuously reinforcing and facilitating consolidation and restructuring and technology renovation projects in three other strategic regions, namely Huaihai, Southeast China and Northern China. It will improve the amenities of cement grinding stations to seize the prominent position in the market and expand its market scope. Meanwhile, it will expedite the extension of its industry chain and commence systematic planning in core regions so as to further boost its competitiveness.

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

CEMENT SEGMENT *(Continued)*

China United

It will stoutly implement the business ideology of "PCP" with enhanced efforts in the market competition and cooperation and promoting the rational regression of the price. It is set to advance management integration, centralised procurement to lower purchase costs whilst strengthening the lean management to improve the quality of production and operations, to reduce cost and increase efficiency and to increase profitability. Furthermore, it will steadily push forward consolidation and restructuring, technology renovation projects and the extension of its industry chain with an aim to further expand its market share in core profit-generating regions and enhance its market control.

South Cement

It will fully implement the business ideology of "PCP" in practice through sales-driven production, suspension of kiln operations and restriction of its output, as well as promotion of the rational regression of the price to boost profitability of both the industry and the enterprise. It will implement the cost and expense reduction scheme in full with an aim to reduce costs and boost efficiency whilst improving its corporate management standard. It will push ahead with the consolidation and restructuring, technology renovation and its industry chain extension in the core profit-generating regions by expediting the consolidation and restructuring of its commercial concrete mixing business, alongside the integration of the mine resources and logistics.

North Cement

It will bring the business ideology of "PCP" into full play by means of sales-driven production, production and price stabilisation and promotion of the rational regression of the price. It will continue to engage in "Three Five Management" mode, strengthen management fundamentals and improve operational quality to further promote procurement management, lean management, financial management, cost management and production management. Surrounding the core profit-generating regions, it will vigorously facilitate the consolidation and restructuring of its cement and commercial concrete mixing business with an aim to increase its market share.

Southwest Cement

Endeavours will be made to further foster management integration and cost reduction and cultivate the culture of lean management and production, fully promote the "Five C" management standard, especially in terms of marketing and sales, procurement and financial centralisation. Greater efforts will be made in the market competition and cooperation as well as price stabilisation, the implementation of "PCP" business ideology through capturing on the recovering market to strive for a steady price recovery. It will deepen the consolidation and restructuring to capture market share, and make large scale investment in establishing core profit-generating regions to achieve its established goals.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

It will reinforce the sales and marketing initiatives, expedite the project construction and gather pace for another round of planning and site selection for the gypsum board business, further promote its brand value and enhance market share and profitability.

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

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS

Composite materials business

Initiatives will be taken for further cost reduction, energy saving and emission reduction. It will enhance product quality and develop new products to maintain its market share. Meanwhile, the project construction will be pressed ahead. With greater investment in technology, the high-end domestic carbon fibre will be pushed forward with full efforts.

Glass fibre business

Active expansion will take place in both domestic and overseas markets while the product quality and sales will be further enhanced. Greater efforts will be made in promoting high-tech innovation to lower costs and increase efficiency. The pace of project construction in Egypt will be accelerated to further refine its global marketing and sales networks.

ENGINEERING SERVICES SEGMENT

With the strategy of targeting "big customers, big orders and big projects", it will expedite the exploration of environmental protection and energy saving markets, shifting the focus to emerging industries whilst securing and developing relationships with major overseas clients to increase its impact. It will also strengthen the capabilities of autonomous innovation and seek to achieve breakthroughs and applications of key technologies relating to new glass, new cement, new energy etc. In addition, key technologies will be continuously developed to be engineering-oriented, equipment based and up to international standards.

FINANCIAL REVIEW

Establishment of Southwest Cement

The Group established Southwest Cement in December 2011. The operating results of Southwest Cement were incorporated in the Group's financial results for the six months ended 30 June 2012, with no comparative figures for the six months ended 30 June 2011. For the six months ended 30 June 2012, 20 subsidiaries of Southwest Cement were included in the consolidated financial statements. The following table sets out the revenue, cost of sales, gross profit and operating results of Southwest Cement for the six months ended 30 June 2012 and their respective contribution to the Group.

FINANCIAL REVIEW *(CONTINUED)*

Establishment of Southwest Cement *(Continued)*

	RMB in millions	*Southwest Cement Total percentage in the Group*
Revenue	3,170.9	8.4
Cost of Sales	2,694.5	9.1
Gross profit	476.4	5.8
Operating profit	273.1	4.5

Acquisition of Binzhou Cement

The Group acquired Binzhou Cement in July 2011. The operating results of Binzhou Cement were incorporated in the Group's financial results for the six months ended 30 June 2012, with no comparative figures for the six months ended 30 June 2011. The following table sets out the revenue, cost of sales, gross profit and operating results of Binzhou Cement for the six months ended 30 June 2012 and their respective contribution to the Group:

	RMB in millions	*Binzhou Cement Total percentage in the Group*
Revenue	516.9	1.4
Cost of Sales	286.4	1.0
Gross profit	230.5	2.8
Operating profit	206.7	3.4

Save the reasons stated below, changes in the operating results of the Group for the six months ended 30 June 2012 as compared with the six months ended June 30 2011 were also due to the inclusion of operating results of the abovementioned newly established Southwest Cement and newly acquired Binzhou Cement.

The unaudited revenue of the Group increased by 9.8% from RMB34,559.2 million for the six months ended 30 June 2011 to RMB37,938.3 million for the six months ended 30 June 2012. Unaudited profit attributable to equity holders decreased by 47.3% from RMB3,605.8 million for the six months ended 30 June 2011 to RMB1,900.7 million for the six months ended 30 June 2012.

Revenue

Our revenue for the six months ended 30 June 2012 amounted to RMB37,938.3 million, representing an increase of 9.8% from RMB34,559.2 million for the six months ended 30 June 2011.

FINANCIAL REVIEW *(CONTINUED)*

Cost of sales

Our cost of sales for the six months ended 30 June 2012 amounted to RMB29,684.2 million, representing an increase of 21.0% from RMB24,531.1 million for the six months ended 30 June 2011.

Other income

Other income of the Group increased by 30.4% to RMB1,460.9 million for the six months ended 30 June 2012 from RMB1,120.2 million for the six months ended 30 June 2011. This was primarily due to an increase in VAT refund from RMB404.5 million for the six months ended 30 June 2011 to RMB611.7 million for the six months ended 30 June 2012, an increase in government grants from RMB343.3 million for the six months ended 30 June 2011 to RMB539.8 million for the six months ended 30 June 2012, yet partially offset by a decrease in net gain from change in fair value of held-for-trading investments of the Group to RMB131.1 million for the six months ended 30 June 2012 from RMB205.3 million for the six months ended 30 June 2011.

Selling and distribution costs

Selling and distribution costs increased by 13.7% to RMB1,117.1 million for the six months ended 30 June 2012 from RMB982.3 million for the six months ended 30 June 2011. This was primarily due to an increase of RMB43.7 million in travelling expenses and an increase of RMB18.2 million in depreciation expenses.

Administrative and other expenses

Administrative and other expenses increased by 14.0% to RMB2,589.1 million for the six months ended 30 June 2012 from RMB2,271.1 million for the six months ended 30 June 2011. This was primarily due to an increase of RMB106.9 million in depreciation and amortisation of intangible assets, an increase of RMB37.9 million in tax (including stamp tax, property tax and land use tax), an increase of RMB36.9 million in travelling expenses, an increase of RMB36.1 million of the handling fee of the banking business, an increase of RMB19.1 million in administrative expenses and utility bills and an increase of RMB11.1 million in insurance fees of the Group.

Finance costs

Finance costs increased by 54.1% to RMB2,624.2 million for the six months ended 30 June 2012 from RMB1,703.3 million for the six months ended 30 June 2011, due to our increased borrowings which were required to support the increase in the business volume.

Share of profit of associates

The Group's share of profit of associates decreased by 35.3% to RMB169.3 million for the six months ended 30 June 2012 from RMB261.9 million for the six months ended 30 June 2011. This was primarily due to a decrease in the Group's share of profit from our associates, China Fiberglass and Yaopi Glass (耀皮玻璃). The decrease in net profit of China Fiberglass was mainly attributable to a decrease in sales volume of glass fibre yarns, its major products, while prices of which have yet to restore to the level for the same period last year.

FINANCIAL REVIEW *(CONTINUED)*

Income tax expense

Income tax expense decreased by 51.4% to RMB839.9 million for the six months ended 30 June 2012 from RMB1,727.1 million for the six months ended 30 June 2011, primarily due to the decrease in profit before taxation.

Non-controlling interests

Non-controlling interests decreased by 27.4% to RMB813.3 million for the six months ended 30 June 2012 from RMB1,120.4 million for the six months ended 30 June 2011. This was primarily due to the decrease in operating profit in each of our business segments, excluding our lightweight building materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 47.3% to RMB1,900.7 million for the six months ended 30 June 2012 from RMB3,605.8 million for the six months ended 30 June 2011. Net profit margin decreased to 5.0% for the six months ended 30 June 2012 from 10.4% for the six months ended 30 June 2011.

China United

Acquisition and establishment of subsidiaries

China United acquired and established 19 cement and commercial concrete mixing companies after 30 June 2011. Operating results of the above 19 companies were consolidated into the operating results of China United for the six months ended 30 June 2012, but excluded from the operating results for the six months ended 30 June 2011.

The following table sets out the aggregate revenue, cost of sales, gross profit and operating profit of the abovementioned 19 companies for the six months ended 30 June 2012 and their respective contribution to China United.

	RMB in millions	*Total percentage in China United*
Revenue	1,058.6	12.2
Cost of sales	872.9	13.5
Gross profit	185.7	8.4
Operating profit	126.4	6.7

Save the reasons stated below, changes in the operating results of China United for the six months ended 30 June 2012 as compared with the six months ended 30 June 2011 were also due to the inclusion of operating results of the abovementioned newly acquired and established subsidiaries of the Group.

FINANCIAL REVIEW *(CONTINUED)*

China United *(Continued)*

Revenue

Revenue from China United decreased by 4.2% to RMB8,644.1 million for the six months ended 30 June 2012 from RMB9,020.2 million for the six months ended 30 June 2011, mainly attributable to the decrease in the average selling price and sales volume of cement products.

Cost of sales

Cost of sales for China United increased by 3.6% to RMB6,446.1 million for the six months ended 30 June 2012 from RMB6,221.2 million for the six months ended 30 June 2011. This was mainly attributable to a rise in electricity prices, but was partially offset by the decrease in sales volume and coal prices.

Gross profit and gross profit margin

Gross profit from China United decreased by 21.5% to RMB2,198.0 million for the six months ended 30 June 2012 from RMB2,799.0 million for the six months ended 30 June 2011. Gross profit margin of China United decreased from 31.0% for the six months ended 30 June 2011 to 25.4% for the six months ended 30 June 2012. The decrease in gross profit margin was mainly due to a lower average selling price of cement products and a rise in electricity prices, but was partially offset by lower coal prices.

Operating profit

Operating profit from China United decreased by 11.9% to RMB1,887.7 million for the six months ended 30 June 2012 from RMB2,141.7 million for the six months ended 30 June 2011. Operating profit margin for the segment decreased from 23.7% for the six months ended 30 June 2011 to 21.8% for the six months ended 30 June 2012. The decrease in operating profit margin was primarily due to the decrease in gross profit margin, yet partially offset by the increase in government grants.

South Cement

Acquisition and addition of new production lines

South Cement acquired 38 cement and commercial concrete mixing companies after 30 June 2011. In addition, a 1 million tonne grinding station of Jiangxi Xiushui South Cement Co., Ltd.（江西修水南方水泥有限公司）commenced production in August 2011, a 1 million tonne grinding station of Jiangxi Guixi South Cement Co., Ltd.（江西貴溪南方水泥有限公司）commenced production in October 2011, a 1 million tonne grinding station of Jiangxi Nancheng South Cement Co., Ltd（江西南城南方水泥有限公司）commenced production in November 2011, a 4,500t/d clinker production line and ancillary grinding station of Hunan Changde South Cement Co., Ltd.（湖南常德南方水泥有限公司）commenced production in April 2011, a 1 million tonne grinding station of Hunan Yueyang South Cement Co., Ltd.（湖南岳陽南方水泥有限公司）commenced production in July 2011, a 0.5 million tonne grinding station of Hunan Guiyang South Cement Co., Ltd.（湖南桂陽南方水泥有限公司）commenced production in August 2011. Operating results of the above 44 companies were consolidated into the operating results of South Cement for the six months ended 30 June 2012, but excluded from the operating results for the six months ended 30 June 2011.

FINANCIAL REVIEW *(CONTINUED)*

South Cement *(Continued)*

Acquisition and addition of new production lines *(Continued)*

The following table sets out the aggregate revenue, cost of sales, gross profit and operating profit of the abovementioned 44 companies for the six months ended 30 June 2012 and their respective contribution to South Cement.

	RMB in millions	*Total percentage in South Cement*
Revenue	1,951.7	14.4
Cost of sales	1,561.0	15.0
Gross profit	390.7	12.3
Operating profit	195.3	8.7

Save the reasons stated below, changes in the operating results of South Cement for the six months ended 30 June 2012 as compared with the six months ended 30 June 2011 were also due to the inclusion of operating results of the abovementioned newly acquired subsidiaries and addition of new production lines of the Group.

Revenue

Revenue of South Cement decreased by 12.7% to RMB13,566.2 million for the six months ended 30 June 2011 from RMB15,541.0 million for the six months ended 30 June 2011, mainly attributable to the decrease in the average selling price.

Cost of sales

Cost of sales of South Cement increased by 4.2% to RMB10,398.9 million for the six months ended 30 June 2012 from RMB9,976.8 million for the six months ended 30 June 2011.

Gross profit and gross profit margin

Gross profit of South Cement decreased by 43.1% to RMB3,167.3 million for the six months ended 30 June 2012 from RMB5,564.1 million for the six months ended 30 June 2011. Gross profit margin of South Cement decreased from 35.8% for the six months ended 30 June 2011 to 23.3% for the six months ended 30 June 2012. This was mainly attributable to the decrease in the average selling price of cement products.

Operating profit

Operating profit of South Cement decreased by 49.8% to RMB2,243.8 million for the six months ended 30 June 2012 from RMB4,469.1 million for the six months ended 30 June 2011. Operating profit margin for the segment decreased from 28.8% for the six months ended 30 June 2011 to 16.5% for the six months ended 30 June 2012. This was primarily due to the decrease in the gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

North Cement

Acquisitions

North Cement acquired 12 cement and commercial concrete mixing companies after 30 June 2011. Operating results of the above 12 companies were consolidated into the operating results of North Cement for the six months ended 30 June 2012, but excluded from the operating results for the six months ended 30 June 2011.

The following table sets out the aggregate revenue, cost of sales, gross profit and operating profit of the abovementioned 12 companies for the six months ended 30 June 2012 and their respective contribution to segments of North Cement.

	RMB in millions	*Total percentage in North Cement*
Revenue	910.7	33.3
Cost of sales	666.6	38.1
Gross profit	244.1	24.8
Operating profit	172.7	22.5

Save for the reasons stated below, changes in the operating results of North Cement for the six months ended 30 June 2012 as compared with the six months ended 30 June 2011 were also due to the inclusion of results of the abovementioned newly acquired subsidiaries of the Group.

Revenue

Revenue from North Cement increased by 45.6% to RMB2,733.3 million for the six months ended 30 June 2012 from RMB1,877.1 million for the six months ended 30 June 2011, mainly attributable to the increase in the average selling price and sales volume of cement products.

Cost of sales

Cost of sales for North Cement increased by 22.2% to RMB1,747.4 million for the six months ended 30 June 2012 from RMB1,429.8 million for the six months ended 30 June 2011. This was mainly attributable to the increase in sales volume of cement products and higher coal and electricity prices.

Gross profit and gross profit margin

Gross profit from North Cement increased by 120.4% to RMB985.9 million for the six months ended 30 June 2012 from RMB447.3 million for the six months ended 30 June 2011. Gross profit margin for North Cement under the Group increased from 23.8% for the six months ended 30 June 2011 to 36.1% for the six months ended 30 June 2012. This was mainly due to a higher average selling price of cement products, but was partially offset by higher coal and electricity prices.

FINANCIAL REVIEW *(CONTINUED)*

North Cement *(Continued)*

Operating profit

Operating profit from North Cement increased by 92.1% to RMB767.9 million for the six months ended 30 June 2012 from RMB399.7 million for the six months ended 30 June 2011. Operating profit margin for the segment increased from 21.3% for the six months ended 30 June 2011 to 28.1% for the six months ended 30 June 2012, primarily due to higher gross profit margin, but was partially offset by the increase in sales expenses such as packaging fees.

Lightweight Building Materials Segment

Revenue

Revenue from lightweight building materials segment increased by 19.3% to RMB2,997.7 million for the six months ended 30 June 2012 from RMB2,513.7 million for the six months ended 30 June 2011. This was mainly attributable to the increase in sales volume of gypsum boards, our main product, but was partially offset by a fall of the selling prices.

Cost of sales

Cost of sales from lightweight building materials segment increased by 23.0% to RMB2,428.8 million for the six months ended 30 June 2012 from RMB1,974.2 million for the six months ended 30 June 2011. This was mainly due to the increase in sales volume of gypsum boards, our main product, but was partially offset by the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from lightweight building materials segment increased by 5.5% to RMB568.9 million for the six months ended 30 June 2012 from RMB539.5 million for the six months ended 30 June 2011. Gross profit margin for the lightweight building material segment of the Group decreased to 19.0% for the six months ended 30 June 2012 from RMB21.5% for the six months ended 30 June 2011, mainly attributable to the decrease in the selling prices, but was partially offset by lower coal prices.

Operating profit

Operating profit from the lightweight building materials segment increased by 24.3% to RMB436.7 million for the six months ended 30 June 2012 from RMB351.3 million for the six months ended 30 June 2011. Operating profit margin of the segment increased from 14.0% for the six months ended 30 June 2011 to 14.6% for the six months ended 30 June 2012, which was principally due to the increase in VAT refunds, but was partially offset by the decrease in the gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Glass Fiber and Composite Materials Segments

Revenue

Revenue from glass fiber and composite materials segment increased by 6.7% to RMB1,041.3 million for the six months ended 30 June 2012 from RMB976.3 million for the six months ended 30 June 2011, which was primarily due to an increase of RMB79.4 million in revenue from FRP pipes, tank business and rotor blades of the Group.

Cost of sales

The cost of sales for glass fiber and composite materials segment increased by 10.7% to RMB848.1 million for the six months ended 30 June 2012 from RMB765.9 million for the six months ended 30 June 2011. The increase was primarily due to an increase of RMB105.2 million in the cost of FRP pipes, tank business and rotor blades of the Group.

Gross profit and gross profit margin

Gross profit from glass fiber and composite materials segment decreased by 8.2% to RMB193.2 million for the six months ended 30 June 2012 from RMB210.4 million for the six months ended 30 June 2011. Gross profit margin for glass fiber and composite materials segment of the Group decreased to 18.6% for the six months ended 30 June 2012 from 21.6% for the six months ended 30 June 2011. The decrease in gross profit margin was mainly attributable to the decrease in the gross profit margin of rotor blades.

Operating profit

Operating profit from glass fiber and composite materials segment decreased by 43.1% to RMB58.7 million for the six months ended 30 June 2012 from RMB103.2 million for the six months ended 30 June 2011. The operating profit margin for such segment decreased to 5.6% for the six months ended 30 June 2012 from 10.6% for the six months ended 30 June 2011. The decrease in operating profit margin was primarily due to the decrease in the gross profit margin.

Engineering Services Segment

Revenue

Revenue from engineering services segment decreased by 22.2% to RMB2,326.0 million for the six months ended 30 June 2012 from RMB2,991.4 million for the six months ended 30 June 2011, which was mainly attributable to the decrease in completed construction services in the period.

Cost of sales

Cost of sales for engineering services segment decreased by 22.8% to RMB1,889.9 million for the six months ended 30 June 2012 from RMB2,447.0 million for the six months ended 30 June 2011. This was primarily due to the decrease in completed construction services in the period.

FINANCIAL REVIEW *(CONTINUED)*

Engineering Services Segment *(Continued)*

Gross profit and gross profit margin

Gross profit from engineering services segment decreased by 19.9% to RMB436.1 million for the six months ended 30 June 2012 from RMB544.4 million for the six months ended 30 June 2011. This was primarily due to the decrease in completed construction services in the period. Gross profit margin for engineering services segment increased to 18.7% for the six months ended 30 June 2012 from 18.2% for the six months ended 30 June 2011. This was mainly attributable to a modest increase in the gross profit margin of those construction projects.

Operating profit

Operating profit from engineering services segment decreased by 24.7% to RMB240.5 million for the six months ended 30 June 2012 from RMB319.3 million for the six months ended 30 June 2011. Operating profit margin for this segment decreased to 10.3% for the six months ended 30 June 2012 from 10.7% for the six months ended 30 June 2011. This was primarily due to an increase in research and development expenses, yet partially offset by a higher gross profit margin.

Liquidity and Financial Resources

As at 30 June 2012, the Group had unused banking facilities of approximately RMB28,288.8 million in total.

The table below sets out our borrowings in the periods shown below:

	As at 30 June 2012	As at 31 December 2011
	(RMB in millions)	
Bank loans	**98,687.7**	74,384.1
Other borrowings from non-financial institutions	**16,540.0**	11,482.1
Total	**115,227.7**	85,866.2

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and Financial Resources *(Continued)*

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

	As at 30 June 2012	As at 31 December 2011
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**73,048.2**	53,118.0
Between one and two years	**9,458.4**	9,075.2
Between two and three years	**22,528.8**	13,431.8
Between three and five years (inclusive of both years)	**6,903.5**	7,681.7
Over five years	**3,288.8**	2,559.5
Total	**115,227.7**	85,866.2

As at 30 June 2012, bank loans in the total amount of RMB9,859.9 million were secured by assets of the Group with a total carrying value of RMB13,843.9 million.

As at 30 June 2012 and 31 December 2011, we had a debt-to-asset ratio, calculated by dividing our consolidated borrowings by our total consolidated assets, of 57.7% and 54.2%, respectively.

Exchange Risks

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

Contingent Liabilities

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

	As at 30 June 2012	As at 31 December 2011
	(RMB in millions)	
Guarantees given to banks in respect of bank credits used by:		
Independent Third Parties	**283.0**	293.0
Total	**283.0**	293.0

FINANCIAL REVIEW *(CONTINUED)*

Capital Commitments

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

	As at 30 June 2012	As at 31 December 2011
	(RMB in millions)	
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted but not provided for)	**1,363.1**	1,356.2
Capital expenditure of the Company in respect of prepaid lease payments (contracted but not provided for)	**47.0**	23.3
Capital expenditure of the Company in respect of equity acquisition (contracted but not provided for)	**—**	84.4
Capital expenditure of the Company in respect of acquisition of mining rights (contracted but not provided for)	**200.0**	295.2

Capital Expenditures

The following table sets out our capital expenditures for the six months ended 30 June 2012 by segment:

	For the six months ended 30 June 2012	
	(RMB in millions)	*% of total*
Cement	**3,226.2**	78.8
Among: China United	**1,323.1**	32.3
South Cement	**1,244.0**	30.4
North Cement	**532.7**	13.0
Southwest Cement	**119.5**	2.9
Binzhou Cement	**6.9**	0.2
Lightweight building materials	**554.5**	13.5
Glass fibre and composite materials	**54.5**	1.3
Engineering services	**38.3**	0.9
Others	**224.7**	5.5
Total	**4,098.2**	100.0

FINANCIAL REVIEW *(CONTINUED)*

Bank Balances and Cash

As at 31 December 2011, the bank balance and cash of the Group was RMB9,738.3 million. As at 30 June 2012, such item amounted to RMB13,547.7 million.

Cash Flow from Operating Activities

For the six months ended 30 June 2012, our net cash inflow generated from operating activities was RMB4,065.2 million. Such net cash inflow was primarily due to RMB7,746.1 million of cash flow from operating activities before the change in working capital and an increase of RMB3,145.2 million in trade and other payables, partially offset by a RMB4,000.5 million increase in trade and other receivables.

Cash Flow from Investing Activities

For the six months ended 30 June 2012, net cash outflow from investing activities of the Group was RMB17,115.9 million, which was primarily due to an expenditure of RMB5,090.6 million for acquisition of subsidiaries, deposits paid of RMB10,840.3 million and the purchase of property, plant and equipment amounting to RMB2,819.7 million.

Cash Flow from Financing Activities

For the six months ended 30 June 2012, the Group had a net cash inflow from financing activities amounting to RMB16,848.2 million, primarily attributable to a total of RMB59,334.9 million in new borrowings, partially offset by RMB31,042.1 million for repayment of borrowings.

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

At the annual general meeting of the Company held on 23 May 2012, the Company declared a final dividend of RMB0.215 (pre-tax) per share for the period from 1 January 2011 to 31 December 2011, representing a total amount of RMB1,160,790,646.33 (pre-tax) to Shareholders whose names appeared on the register of members of the Company on 3 June 2012.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2012.

MATERIAL TRANSACTIONS

1. Extension of the Validity Period of the Shareholders' Approval for the Proposed A Share Issue

As the proposed A share issue of the Company is under review by the CSRC and the validity period of the Shareholders' approval for the proposed A share issue will expire on 15 September 2012, the Board considered and approved on 18 July 2012 to convene a general meeting and class meetings of H Shareholders and domestic Shareholders, for the approval of an extension of the validity period for the proposed A share issue for a further period of 12 months commencing from the date of the consideration and passing of the resolution at the second extraordinary general meeting of the Company in 2012 and the first class meetings of the Company in 2012 to be held on 10 September 2012.

Details of the proposed extension of the validity period of the Shareholders' approval for the proposed A share issue were disclosed in the announcement of the Company dated 18 July 2012 and its circular dated 26 July 2012. As at the date of this interim report, the proposed extension of the validity period for the proposed A share issue has yet to be approved by the Shareholders.

2. Capital Contribution to North Cement

As at 28 June 2012, the Company entered into a capital contribution agreement with Jingang Group and Shanghai Zhentong, pursuant to which the registered capital of North Cement shall be increased from RMB1 billion to RMB4 billion. Upon completion of the capital contribution, the Company's equity interest in North Cement shall be increased from 55% to 70%, Jingang Group's equity interest in North Cement shall be reduced from 45% to 20%, whilst Shanghai Zhentong shall hold a 10% equity interest in North Cement.

Details of the capital contribution to North Cement were disclosed in the announcement of the Company dated 28 June 2012. As at the date of this interim report, the paid-up capital of North Cement is RMB3.6 billion, among which RMB2.8 billion, representing 77.78% of the paid-up capital of North Cement, was paid by the Company and RMB800 million, representing 22.22% of the paid-up capital of North Cement, was paid by Jingang Group. According to the capital contribution agreement, Shanghai Zhentong shall contribute RMB500 million before 31 December 2012.

MATERIAL TRANSACTIONS *(CONTINUED)*

3. Acquisition of Sichuan Coal Cement, Panzhihua Coal Cement and Guangwang Machinery

Pursuant to the Non-Competition Agreement dated 28 February 2006 entered into between the Parent and the Company, the Company decided to exercise the pre-emption rights granted under the Non-Competition Agreement. As at 24 July 2012, through the Shanghai United Assets and Equity Exchange, Southwest Cement and Chongqing Southwest Cement, being subsidiaries of the Company, were granted via the Parent and BNBMG's open tender: (1) 99% equity interests in Sichuan Coal Cement held by the Parent and 1% equity interest in Sichuan Coal Cement held by BNBMG; (2) 100% equity interests in Panzhihua Coal Cement held by the Parent; (3) 100% equity interests in Guangwang Machinery held by the Parent; and (4) a loan of RMB1 billion from the Parent to Sichuan Coal Cement.

Details of the transaction were disclosed in the announcement dated on 24 July 2012. As at the date of this interim report, the transactions of the acquisition of Sichuan Coal Cement, Panzhihua Coal Cement and Guangwang Machinery have not been concluded.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Particulars of connected transactions are set out in Note 26 to the interim financial statements. For details of connected transactions and relevant exemptions, please see the Company's 2010 Annual Report and 2011 Annual Report.

For the six months ended 30 June 2012, the Group's income from its supply of products and services to Parent Group amounted to approximately RMB363.6 million, representing approximately 1.0% of the total revenue of the Group for the same period. The Group's expenses incurred from its receipt of products and services from Parent Group amounted to RMB221.5 million, representing approximately 0.7% of its total cost of sales for the same period.

CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2012, the Board is not aware of any information which would indicate that the Company did not comply with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "Code") as set out in Appendix 14 to the Listing Rules.

SPECIAL COMMITTEES OF THE BOARD

NOMINATION COMMITTEE

The Company has established a nomination committee which comprises of three Directors, including two independent non-executive Directors and one executive Director. The terms of reference adopted by the nomination committee are in line with the provisions of the Code. The nomination committee is responsible for the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience), providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and carry out research into the selection criteria and procedures for Directors and senior management. The nomination committee has reviewed the structure, size and composition of the Board.

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

The Company has established a remuneration and performance appraisal committee which comprises of three Directors, including two independent non-executive Directors and one executive Director. The terms of reference adopted by the remuneration and performance appraisal committee are in line with the provisions of the Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. The remuneration and performance appraisal committee has considered and approved the remuneration proposals for senior management members for 2011.

AUDIT COMMITTEE

The Company has established the audit committee. The audit committee of the Company comprises three non-executive Directors, including two independent non-executive Directors, with appropriate professional qualification or accounting or related financial management experience. The terms of reference adopted by the audit committee complied with the requirements of the Code. The principal duties of the audit committee include reviewing the Company's financial reporting procedures, internal control and risk management. The audit committee has reviewed the 2011 annual report and the 2012 interim report of the Company.

INTERNAL CONTROL

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

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

MODEL CODE

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

SHARE CAPITAL STRUCTURE

	As at 30 June 2012	
	Number of shares	*Percentage of issued share capital*
Domestic Shares	2,519,854,366	46.67%
H Shares	2,879,171,896	53.33%
Total share capital	5,399,026,262	100%

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2012, neither the Company nor its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

MATERIAL LITIGATION AND ARBITRATION

The Group was not involved in any material litigation and arbitration during the six months ended 30 June 2012.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2012, the Group had approximately 95,687 employees.

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

SHARE APPRECIATION RIGHTS PLAN

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

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

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

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

	Units of SA Rights granted
Directors and Supervisors of the Company	2,680,000
Other senior managements	3,200,000
	5,880,000

As the SA Rights vest at different amounts until the grantees have completed a specified period of service, the Company recognised the services received and a liability of RMB838,782 (2011: RMB1,438,680) during the Reporting Period, being the estimated compensation for service rendered by the grantee during the Reporting Period.

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

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

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

So far as was known to directors or supervisors of the Company, as at 30 June 2012, the shareholders (other than the directors or supervisors of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name	Class of shares	Number of shares held	Percentage in the relevant class of share capital (%)[2, 7]	Percentage in total share capital (%)[2, 7]
Parent[1,6]	Domestic Shares	2,381,422,058[3]	94.50	44.10
BNBMG[1]	Domestic Shares	1,485,566,956[3]	58.95	27.52
CNBM Trading[1]	Domestic Shares	227,719,530[3]	9.04	4.22
Cinda[6]	Domestic Shares	138,432,308[3]	5.49	2.56
JPMorgan Chase & Co.	H Shares	554,772,538[3]	19.27	10.27
	H Shares	2,925,153[5]	0.10	0.05
	H Shares	308,933,183[4]	10.73	5.72
Deutsche Bank Aktiengesellschaft	H Shares	212,908,938[3]	7.39	3.94
	H Shares	176,555,405[5]	6.13	3.27
	H Shares	1,156,000[4]	0.04	0.02
Morgan Stanley	H Shares	178,811,811[3]	6.21	3.31
	H Shares	161,706,241[5]	5.62	2.99
Citigroup Inc.	H Shares	167,999,297[3]	5.83	3.11
	H Shares	147,421,092[5]	5.12	2.73
	H Shares	51,790,277[4]	1.79	0.95
Plowden Charles	H Shares	64,274,000[3]	5.35	1.19
Warden Alison	H Shares	64,274,000[3]	5.35	1.19
Norges Bank	H Shares	151,064,000[3]	5.25	2.79
BlackRock, Inc.	H Shares	144,080,380[3]	5.00	2.66
	H Shares	43,856,994[5]	1.52	0.81

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

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

Notes:

1. *Of these 2,381,422,058 shares, 666,962,522 shares are directly held by Parent, the remaining 1,714,459,536 shares are deemed corporate interest indirectly held through BNBMG, CNBM Trading and Building Materials Academy. CNBM Trading and Building Materials Academy are wholly owned subsidiaries of Parent. BNBMG is a subsidiary of Parent which directly and indirectly holds 100% of its equity interests, of which 69.45% is directly held and 30.55% is indirectly held through CNBM Trading. Under the SFO, Parent is deemed to own the shares directly held by BNBMG (1,485,566,956 shares), CNBM Trading (227,719,530 shares) and Building Materials Academy (1,173,050 shares).*

2. *As at 30 June 2012, the Company's total issued share capital was 5,399,026,262 shares, comprising 2,519,854,366 Domestic Shares and 2,879,171,896 H Shares.*

3. *Long position.*

4. *Lending pool.*

5. *Short position.*

6. *Pursuant to a share transfer agreement dated 31 December 2009 entered into between Parent and Cinda, Cinda agreed to transfer 49,000,000 Domestic Shares of the Company to Parent ("First Transfer of Shares"). Pursuant to another share transfer agreement dated 15 December 2010 entered into between Parent and Cinda, Cinda agreed to transfer 12,800,137 Domestic Shares of the Company to Parent ("Second Transfer of Shares"). Consequently, under the SFO, Parent was deemed to own 2,443,222,195 Domestic Shares (representing 96.95% in the domestic share capital and 45.25% in the total share capital) and Cinda was deemed to own 76,632,171 Domestic Shares (representing 3.04% in the domestic share capital and 1.41% in the total share capital). As at 30 June 2012, the formalities in respect of the share transfer registration of the First Transfer of Shares and Second Transfer of Shares with the China Securities Depository and Clearing Corporation Limited had not yet been completed. As at the date of this interim report, the formalities in respect of the said registrations of the transfer of shares are still under process and are yet to complete.*

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

Save as disclosed above, as at 30 June 2012, the Company has not been notified by any persons who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(2) Interests and Short Positions of Directors and Supervisors

As at 30 June 2012, as far as the Company is aware, none of the Directors nor Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
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TO THE BOARD OF DIRECTORS OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
(a joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the accompanying interim financial statements set out on pages 45 to 88, which comprises the condensed consolidated statement of financial position of China National Building Material Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Andrew David Ross
Practising Certificate Number P01183

Hong Kong, 23 August 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June 2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Revenue	5	**37,938,345**	34,559,199
Cost of sales		**(29,684,232)**	(24,531,147)
Gross profit		**8,254,113**	10,028,052
Selling and distribution costs		**(1,117,074)**	(982,308)
Administrative expenses		**(2,589,096)**	(2,271,149)
Investment and other income	6	**1,460,885**	1,120,163
Finance costs — net	7	**(2,624,198)**	(1,703,308)
Share of profit of associates		**169,329**	261,902
Profit before income tax	8	**3,553,959**	6,453,352
Income tax expenses	9	**(839,899)**	(1,727,146)
Profit for the period		**2,714,060**	4,726,206
Attributable to:			
Owners of the Company		**1,900,728**	3,605,784
Non-controlling interests		**813,332**	1,120,422
		2,714,060	4,726,206
Earnings per share — basic and diluted	11	**RMB0.352**	RMB0.668

Details of dividends payable to shareholders of the Company are set out in Note 10.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**2,714,060**	4,726,206
Other comprehensive income/(expense):		
— Currency translation differences	**11,613**	21,991
— Changes in the fair value of available-for sale financial assets, net of tax	**(10,532)**	—
— Shares of associates' other comprehensive expense	**(97)**	—
Other comprehensive income for the period, net of tax	**984**	21,991
Total comprehensive income for the period	**2,715,044**	4,748,197
Total comprehensive income attributable to:		
Owners of the Company	**1,904,097**	3,627,104
Non-controlling interests	**810,947**	1,121,093
Total comprehensive income for the period	**2,715,044**	4,748,197

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	**30 June 2012 *RMB'000* (unaudited)**	31 December 2011 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	12	**80,551,425**	71,161,140
Prepaid lease payments		**9,098,769**	7,898,822
Investment properties		**278,575**	282,461
Goodwill	13	**19,771,193**	14,901,036
Intangible assets		**2,396,217**	2,147,433
Interests in associates	14	**5,510,595**	4,787,838
Investments	17	**551,916**	503,062
Deposits	15	**10,840,315**	6,914,437
Deferred income tax assets		**1,236,533**	906,210
		130,235,538	109,502,439
Current assets			
Inventories		**11,331,606**	9,677,220
Trade and other receivables	16	**37,011,128**	22,924,382
Investments	17	**130,968**	299,402
Amounts due from related parties	26(b)	**3,411,753**	2,988,867
Pledged bank deposits	18	**3,876,565**	3,264,655
Cash and cash equivalents		**13,547,730**	9,738,253
		69,309,750	48,892,779

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 JUNE 2012

	Note	**30 June 2012 *RMB'000* (unaudited)**	31 December 2011 *RMB'000* (audited)
Current liabilities			
Trade and other payables	19	**34,048,006**	25,800,429
Amounts due to related parties	26(b)	**1,398,291**	1,286,664
Borrowings	20	**73,048,249**	53,117,981
Derivative financial instruments		**—**	464
Obligations under finance leases		**1,211,617**	873,537
Current income tax liabilities		**1,171,776**	2,108,342
Financial guarantee contracts due within one year		**—**	158
Dividend payable to non-controlling interests		**1,011,527**	163,112
		111,889,466	83,350,687
Net current liabilities		**(42,579,716)**	(34,457,908)
Total assets less current liabilities		**87,655,822**	75,044,531
Non-current liabilities			
Borrowings	20	**42,179,482**	32,748,245
Deferred income		**1,027,626**	1,098,749
Obligations under finance leases		**3,355,456**	2,096,773
Financial guarantee contracts due after one year		**64,000**	64,000
Deferred income tax liabilities		**1,722,066**	1,425,602
		48,348,630	37,433,369
Net assets		**39,307,192**	37,611,162
Capital and reserves			
Share capital	21	**5,399,026**	5,399,026
Reserves		**21,616,617**	20,932,742
Equity attributable to			
Owners of the Company		**27,015,643**	26,331,768
Non-controlling interests		**12,291,549**	11,279,394
Total equity		**39,307,192**	37,611,162

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserves *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2012 (audited)	5,399,026	4,824,481	281,282	925,123	11,435	26,249	14,864,172	26,331,768	11,279,394	37,611,162
Profit for the period	—	—	—	—	—	—	1,900,728	1,900,728	813,332	2,714,060
Other comprehensive (expense)/income for the period										
— Currency translation differences	—	—	—	—	—	11,892	—	11,892	(279)	11,613
— Changes in the fair value of available-for sale financial assets, net of tax	—	—	—	—	(8,426)	—	—	(8,426)	(2,106)	(10,532)
— Shares of associates' other comprehensive expense	—	—	(97)	—	—	—	—	(97)	—	(97)
Total comprehensive income for the period	—	—	(97)	—	(8,426)	11,892	1,900,728	1,904,097	810,947	2,715,044
Transactions with owners in their capacity as owners:										
Dividends *(Note 10)*	—	—	—	—	—	—	(1,160,791)	(1,160,791)	—	(1,160,791)
Dividends paid to the non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	(1,171,939)	(1,171,939)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	1,260,700	1,260,700
Increase in non-controlling interests as a result of acquisition of new subsidiaries *(Note 22(a))*	—	—	—	—	—	—	—	—	187,966	187,966
Changes of ownership interests of subsidiaries without change of control *(Note 23)*	—	—	(59,431)	—	—	—	—	(59,431)	(75,519)	(134,950)
Appropriation to statutory reserve	—	—	—	173,610	—	—	(173,610)	—	—	—
At 30 June 2012 (unaudited)	5,399,026	4,824,481	221,754	1,098,733	3,009	38,141	15,430,499	27,015,643	12,291,549	39,307,192

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company								
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Capital reserves** *RMB'000*	**Statutory surplus reserve fund** *RMB'000*	**Exchange reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2011 (audited)	2,699,513	7,523,994	666,110	658,077	(3,467)	7,618,253	19,162,480	8,735,906	27,898,386
Profit for the period	—	—	—	—	—	3,605,784	3,605,784	1,120,422	4,726,206
Other comprehensive income for the period									
— Currency translation differences	—	—	—	—	21,320	—	21,320	671	21,991
Total comprehensive income for the period	—	—	—	—	21,320	3,605,784	3,627,104	1,121,093	4,748,197
Transactions with owners in their capacity as owners:									
Issue of bonus shares *(Note 21)*	2,699,513	(2,699,513)	—	—	—	—	—	—	—
Dividends *(Note 10)*	—	—	—	—	—	(502,109)	(502,109)	—	(502,109)
Dividends paid to the non-controlling interests of subsidiaries	—	—	—	—	—	—	—	(352,094)	(352,094)
Contribution from non-controlling interests	—	—	—	—	—	—	—	185,497	185,497
Increase in non-controlling interests as a result of acquisition of new subsidiaries	—	—	—	—	—	—	—	144,700	144,700
Decrease in non-controlling interests as a result of disposal of a subsidiary	—	—	—	—	—	—	—	(1,503)	(1,503)
Changes of ownership interests of subsidiaries without change of control	—	—	(278,352)	—	—	—	(278,352)	(379,839)	(658,191)
Share of reserves of associates	—	—	6,563	—	—	—	6,563	4,325	10,888
Appropriation to statutory reserve	—	—	—	18,813	—	(18,813)	—	—	—
At 30 June 2011 (unaudited)	5,399,026	4,824,481	394,321	676,890	17,853	10,703,115	22,015,686	9,458,085	31,473,771

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**4,065,226**	4,884,188
Investing activities		
Purchases of property, plant and equipment	**(2,819,709)**	(4,900,369)
Purchases of intangible assets	**(80,625)**	(202,471)
Payments for acquisition of subsidiaries, net of cash and cash equivalent acquired	**(5,090,554)**	(212,954)
Deposits paid	**(10,840,315)**	(3,429,230)
Other investing cash flows — net	**1,715,351**	(437,851)
Net cash used in investing activities	**(17,115,852)**	(9,182,875)
Financing activities		
Interest paid	**(3,074,470)**	(1,930,787)
Dividends paid to shareholders	**(1,160,791)**	(502,109)
Dividends paid to non-controlling interests of subsidiaries	**(323,523)**	(205,630)
Repayment of borrowings	**(31,042,063)**	(18,381,121)
New bank borrowings raised	**59,334,935**	27,089,167
Other financing cash flows — net	**(6,885,877)**	955,107
Net cash generated from financing activities	**16,848,211**	7,024,627
Net increase in cash and cash equivalents	**3,797,585**	2,725,940
Cash and cash equivalents at 1 January	**9,738,253**	7,971,737
Effect of foreign exchange rate changes	**11,892**	21,991
Cash and cash equivalents at 30 June	**13,547,730**	10,719,668

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company is located at No.A-11 Sanlihe Road, Haidian district, Beijing, the PRC.

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

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in manufacturing and trading of building materials. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

This condensed consolidated interim financial statements are presented in Renminbi (“RMB”), which is the same as functional currency of the Company, unless otherwise stated.

The condensed consolidated interim financial statements has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

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

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the accounting period beginning on or after 1 January 2012:

IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets

The adoption of these new and amended standards had no material effect on the amounts reported and disclosures set out in the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on or after 1 January 2012, and have not been adopted early by the Group:

IFRS 7 (Amendments)	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive income[1]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[2]
IAS 32 (Amendments)	Presentation - Offsetting Financial Assets and Financial Liabilities[3]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvements Project	Annual Improvements 2009 - 2011 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 July 2012.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2014.*
[4] *Effective for annual periods beginning on or after 1 January 2015.*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

3. ESTIMATES

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management 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 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

4.2 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

4. FINANCIAL RISK MANAGEMENT

4.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2012:

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Assets				
Held-for-trading investments	130,968	—	—	130,968
Available-for-sale financial assets	226,585	—	—	226,585
Total assets	357,553	—	—	357,553
Liabilities				
Derivative financial instruments	—	—	—	—
Total liabilities	—	—	—	—

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Assets				
Held-for-trading investments	299,402	—	—	299,402
Available-for-sale financial assets	237,117	—	—	237,117
Total assets	536,519	—	—	536,519
Liabilities				
Derivative financial instruments	—	464	—	464
Total liabilities	—	464	—	464

In 2012, there were no significant transfers between levels of these financial assets/liabilities.

In 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2012, there were no reclassification of financial assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION

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

Principal activities are as follows:

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

More than 90% of the Group's operations and assets are located in the PRC for the period ended 30 June 2012 and year ended 31 December 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION *(Continued)*

Information regarding the Group's reportable segments is presented as below:

For the six months ended 30 June 2012

	Lightweight building materials *RMB'000*	Cement *RMB'000*	Engineering *RMB'000*	Glass fiber and composite materials *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
INCOME STATEMENT							
Revenue							
External sales	2,997,723	28,631,358	2,011,529	1,041,330	3,256,405	—	37,938,345
Inter-segment sales *(Note)*	—	—	314,487	—	120,890	(435,377)	—
	2,997,723	28,631,358	2,326,016	1,041,330	3,377,295	(435,377)	37,938,345
Adjusted EBITDA (unaudited)	562,572	7,069,062	172,112	103,056	76,025	—	7,982,827
Depreciation and amortisation	(125,619)	(1,701,990)	(26,953)	(44,724)	(12,098)	(6,369)	(1,917,753)
Unallocated other income							42,371
Unallocated other expenses							(5,727)
Unallocated administrative expenses							(92,890)
Share of profit / (loss) of associates	(244)	134,551	(334)	36,698	(1,342)	—	169,329
Finance costs — net							(2,624,198)
Profit before income tax							3,553,959
Income tax expenses							(839,899)
Profit for the period (unaudited)							2,714,060

The segment result is disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortization, other expenses, central administration costs, net finance costs, other income, share of profit/(loss) of associates and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*
FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION *(Continued)*

Information regarding the Group's reportable segments is presented as below: *(Continued)*

As at 30 June 2012

	Lightweight building materials *RMB'000*	Cement *RMB'000*	Engineering *RMB'000*	Glass fiber and composite materials *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Segment assets	8,252,832	149,696,960	5,664,714	5,187,038	4,589,307	—	173,390,851
Interests in associates	192,419	3,622,941	41,283	1,606,412	47,540	—	5,510,595
Unallocated assets							20,643,842
Total consolidated assets (unaudited)							199,545,288
LIABILITIES							
Segment liabilities	953,626	27,532,728	2,699,944	1,410,489	609,019	—	33,205,806
Unallocated liabilities							127,032,290
Total consolidated liabilities (unaudited)							160,238,096

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION *(Continued)*

Information regarding the Group's reportable segments is presented as below: *(Continued)*

For the six months ended 30 June 2011

	Lightweight building materials *RMB'000*	Cement *RMB'000*	Engineering *RMB'000*	Glass fiber and composite materials *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
INCOME STATEMENT							
Revenue							
External sales	2,513,684	26,438,298	2,404,157	976,324	2,226,736	—	34,559,199
Inter-segment sales *(Note)*	—	—	587,201	—	27,339	(614,540)	—
	2,513,684	26,438,298	2,991,358	976,324	2,254,075	(614,540)	34,559,199
Adjusted EBITDA (unaudited)	468,708	8,055,312	168,776	153,590	310,377	—	9,156,763
Depreciation and amortisation	(116,689)	(1,044,665)	(15,291)	(50,285)	(13,731)	288	(1,240,373)
Unallocated other income							51,300
Unallocated other expenses							(8,302)
Unallocated administrative expenses							(64,630)
Share of profit / (loss) of associates	(990)	143,826	—	108,087	10,979	—	261,902
Finance costs — net							(1,703,308)
Profit before income tax							6,453,352
Income tax expenses							(1,727,146)
Profit for the period (unaudited)							4,726,206

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION *(Continued)*

Information regarding the Group's reportable segments is presented as below: *(Continued)*

As at 31 December 2011

	Lightweight building materials	Cement	Engineering	Glass fiber and composite materials	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Segment assets	7,564,762	115,349,936	5,519,099	5,029,393	3,945,018	—	137,408,208
Interests in associates	193,137	2,904,747	41,617	1,596,035	52,302	—	4,787,838
Unallocated assets							16,199,172
Total consolidated assets (audited)							158,395,218
LIABILITIES							
Segment liabilities	994,978	19,455,604	3,114,021	1,422,934	446,069	—	25,433,606
Unallocated liabilities							95,350,450
Total consolidated liabilities (audited)							120,784,056

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

5. SEGMENT INFORMATION *(Continued)*

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**7,906,802**	8,846,386
Adjusted EBITDA for other segment	**76,025**	310,377
Total segments	**7,982,827**	9,156,763
Depreciation of property, plant and equipment	**(1,708,078)**	(1,096,006)
Amortisation of intangible assets	**(110,605)**	(54,756)
Prepaid lease payments released to the condensed consolidated income statement	**(99,070)**	(89,611)
Corporate items	**(56,246)**	(21,632)
Operating profit	**6,008,828**	7,894,758
Finance costs — net	**(2,624,198)**	(1,703,308)
Share of profit of associates	**169,329**	261,902
Profit before income tax	**3,553,959**	6,453,352

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

6. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other investments income	**100**	12,814
Changes in fair value of held-for-trading investments	**131,051**	205,317
Financial guarantee income	**158**	3,430
Government subsidies		
VAT refunds *(Note a)*	**611,741**	404,462
Government grants *(Note b)*	**539,819**	343,333
Interest subsidy	**2,019**	4,748
Net rental income	**22,225**	23,657
Discount on acquisition of interests in subsidiaries	**4,270**	51,842
Claims received	**7,413**	3,793
Waiver of payables	**108,771**	15,128
Others	**33,318**	51,639
	1,460,885	1,120,163

Notes:

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

7. FINANCE COSTS — NET

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings and other borrowings		
— wholly repayable within five years	**2,980,079**	1,870,338
— not wholly repayable within five years	**69,620**	56,361
	3,049,699	1,926,699
Less: Interest capitalised to construction in progress	**(149,170)**	(148,834)
	2,900,529	1,777,865
Interest income	**(276,331)**	(74,557)
Finance costs — net	**2,624,198**	1,703,308

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment and investment properties	**1,711,994**	1,110,400
Amortisation of intangible assets	**110,605**	54,756
Prepaid lease payments released to condensed consolidated income statement	**99,070**	89,611
Allowance for bad and doubtful debts	**150,251**	188,005
Write down of inventories	**4,878**	982
Impairment loss on property, plant and equipment	**4,604**	96,848
Impairment loss on goodwill of subsidiaries	**—**	49,450
Staff costs	**2,378,366**	1,862,243
Net exchange (gain)/losses	**(8,947)**	18,874
Loss on disposal of subsidiaries	**—**	863

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,084,377**	1,697,721
Deferred income tax	**(244,478)**	29,425
	839,899	1,727,146

PRC income tax is calculated at 25% (2011: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rule and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

10. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends *(Note a)*	**1,160,791**	502,109

Notes:

(a) During the period, a dividend amounting to approximately RMB1,160.79 million (Six months ended 30 June 2011: approximately RMB502.11 million) was announced as the final dividend for the immediate preceding financial year end.

(b) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**1,900,728**	3,605,784

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Issued ordinary shares at 1 January	**5,399,026,262**	2,699,513,131
Effect of capitalisation issue	**—**	2,699,513,131
Weighted average number of ordinary shares at 30 June	**5,399,026,262**	5,399,026,262

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

12. PROPERTY, PLANT AND EQUIPMENT

As at six months ended 30 June 2012

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2012 (audited)	7,198,862	29,583,146	33,369,045	1,010,087	71,161,140
Additions	3,098,492	167,962	421,408	100,964	3,788,826
Acquisition of subsidiaries and business *(Note 22(a))*	236,757	3,711,341	3,047,549	1,070,203	8,065,850
Transfer from construction in progress	(3,719,956)	1,292,575	2,422,861	4,520	—
Transfer to construction in progress for reconstruction	33,343	(10,017)	(23,326)	—	—
Disposals	(5,996)	(154,924)	(557,442)	(33,347)	(751,709)
Depreciation and impairment	(4,604)	(449,757)	(1,189,427)	(68,894)	(1,712,682)
Net book value as at 30 June 2012 (unaudited)	6,836,898	34,140,326	37,490,668	2,083,533	80,551,425

As at 31 December 2011

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2011 (audited)	5,364,126	20,524,149	25,093,509	739,867	51,721,651
Additions	8,883,612	901,169	897,346	186,706	10,868,833
Acquisition of subsidiaries and business *(Note 22(a))*	1,447,993	5,843,481	4,459,506	173,263	11,924,243
Transfer from construction in progress	(8,377,869)	3,379,223	4,987,460	11,186	—
Transfer to construction in progress for reconstruction	20,954	(10,060)	(10,894)	—	—
Disposals	(32,359)	(240,032)	(57,928)	(11,726)	(342,045)
Disposal of subsidiaries	(54,886)	(156,595)	(97,419)	(4,754)	(313,654)
Depreciation and impairment	(52,709)	(658,189)	(1,902,535)	(84,455)	(2,697,888)
Net book value as at 31 December 2011 (audited)	7,198,862	29,583,146	33,369,045	1,010,087	71,161,140

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

13. GOODWILL

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At the beginning of the period/year	**14,901,036**	9,034,431
Arising from acquisition of subsidiaries and business *(Note 22(a))*	**4,870,157**	6,072,390
Disposal of subsidiaries *(Note 22(b))*	**—**	(156,332)
Impairment loss recognised	**—**	(49,453)
At the end of the period/year	**19,771,193**	14,901,036

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

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Lightweight building materials	**87,205**	87,205
Cement	**19,602,057**	14,762,309
Engineering services	**30,471**	62
Glass fiber and composite materials	**32,690**	32,690
Others	**18,770**	18,770
	19,771,193	14,901,036

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

14. INTERESTS IN ASSOCIATES

	30 June 2012 **_RMB'000_** **(unaudited)**	31 December 2011 *RMB'000* (audited)
Cost of investments in associates		
— listed in the PRC	**666,838**	666,838
— unlisted	**3,209,105**	2,632,258
Share of post-acquisition profit, net of dividend received	**1,634,652**	1,488,742
	5,510,595	4,787,838
Fair value of listed investments in associates	**2,665,789**	3,599,604

As at 30 June 2012, the cost of investments in associates included goodwill of associates of approximately RMB973.35 million (31 December 2011: approximately RMB1,027.63 million).

15. DEPOSITS

	30 June 2012 **_RMB'000_** **(unaudited)**	31 December 2011 *RMB'000* (audited)
Investment deposits for acquisition of subsidiaries	**7,487,858**	3,570,249
Deposits paid to acquire property, plant and equipment	**2,978,612**	2,831,245
Deposits paid to acquire intangible assets	**134,320**	200,657
Deposits paid in respect of prepaid lease payments	**239,525**	312,286
	10,840,315	6,914,437

Note: The carrying amounts of the deposits approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

16. TRADE AND OTHER RECEIVABLES

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**11,741,644**	7,701,660
Bills receivable	**4,450,831**	5,448,855
Amounts due from customers for contract work	**762,190**	797,032
Loans receivable	**14,089**	49,893
Prepaid lease payments	**209,647**	194,434
Other receivables, deposits and prepayments	**19,832,727**	8,732,508
	37,011,128	22,924,382

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

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables		
Within two months	**5,770,590**	3,893,745
More than two months but within one year	**4,320,626**	2,647,746
Between one and two years	**1,268,498**	848,928
Between two and three years	**232,378**	238,291
Over three years	**149,552**	72,950
	11,741,644	7,701,660

The carrying amounts of trade and other receivables approximate to their fair values. Bills receivable is aged within six months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

17. INVESTMENTS

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Available-for-sale financial assets		
Unlisted equity shares	**325,331**	265,945
Listed equity shares listed outside Hong Kong	**226,585**	237,117
	551,916	503,062
Held-for-trading investments at market value:		
Quoted investment funds listed outside Hong Kong	**668**	8,250
Quoted listed equity shares listed outside Hong Kong	**130,300**	291,152
	130,968	299,402

18. PLEDGED BANK DEPOSITS

At 30 June 2012, the Group pledged approximately RMB3,876.57 million bank deposits (31 December 2011: approximately RMB3,264.66 million) to bankers of the Group to secure the banking borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The pledged bank deposits carry interest at market rates which range from 0.36% to 3% (31 December 2011: 0.36% to 3.6%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

19. TRADE AND OTHER PAYABLES

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**13,173,097**	11,886,993
Bills payable	**4,478,129**	2,261,775
Provision for share appreciation rights	**5,070**	4,231
Amounts due to customers for contract work	**772,646**	34,945
Other payables	**15,619,064**	11,612,485
	34,048,006	25,800,429

The ageing analysis of trade payables are as follows:

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables		
Within two months	**6,373,546**	5,927,990
More than two months but within one year	**4,897,454**	4,704,366
Between one and two years	**1,305,732**	834,683
Between two and three years	**340,098**	188,261
Over three years	**256,267**	231,693
	13,173,097	11,886,993

The carrying amounts of trade and other payables approximate to their fair values. Bills payable is aged within six months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

20. BORROWINGS

	30 June 2012 *RMB'000* (unaudited)	31 December 2011 *RMB'000* (audited)
Bank borrowings:		
— Secured	**9,859,943**	8,776,637
— Unsecured	**88,827,788**	65,607,489
	98,687,731	74,384,126
Bonds	**16,540,000**	11,052,000
Other borrowings from non-financial institutions	**—**	430,100
	115,227,731	85,866,226

Analysed for reporting purposes:

	30 June 2012 *RMB'000* (unaudited)	31 December 2011 *RMB'000* (audited)
Non-current	**42,179,482**	32,748,245
Current	**73,048,249**	53,117,981
	115,227,731	85,866,226

The effective interest rates of the borrowings are ranging from 2% to 14% per annum during the period (2011: 2% to 12%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

20. BORROWINGS *(Continued)*

Movement in borrowings is analysed as follows:

Six months ended 30 June 2012	***RMB'000***
Opening amount at 1 January 2012 (audited)	**85,866,226**
Additions during the period	**59,334,935**
Acquisition of subsidiaries *(Note 22(a))*	**1,068,633**
Repayments of borrowings	**(31,042,063)**
Closing amount at 30 June 2012 (unaudited)	**115,227,731**

Six months ended 30 June 2011	*RMB'000*
Opening amount at 1 January 2011 (audited)	**59,118,465**
Additions during the period	**27,089,167**
Acquisition of subsidiaries	**465,630**
Repayments of borrowings	**(18,381,121)**
Closing amount at 30 June 2011 (unaudited)	**68,292,141**

Note:

At the end of the reporting period, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	30 June 2012 ***RMB'000*** **(unaudited)**	31 December 2011 *RMB'000* (audited)
Property, plant and equipment	**7,273,253**	5,110,539
Prepaid lease payments	**701,102**	573,095
Investment properties	**212,909**	216,298
Mining rights	**13,905**	14,989
Pledged bank deposits	**3,876,565**	3,264,655
Trade receivables	**84,006**	66,965
Bill receivables	**1,682,114**	1,524,082
	13,843,854	10,770,623

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

21. SHARE CAPITAL

	Domestic Shares *(Note (a))*		*H Shares (Note (b))*		
	Number of shares	Amount	Number of shares	Amount	Total capital
		RMB'000		*RMB'000*	*RMB'000*
Registered shares of RMB1.0 each					
As at 1 January 2011	1,259,927,183	1,259,927	1,439,585,948	1,439,586	2,699,513
Bonus shares issue *(Note (c))*	1,259,927,183	1,259,927	1,439,585,948	1,439,586	2,699,513
As at 31 December 2011, 1 January 2012 and 30 June 2012	2,519,854,366	2,519,854	2,879,171,896	2,879,172	5,399,026

There are no movements in share capital during the six months period ended 30 June 2012.

Notes:

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

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

(c) *The 2010 annual general meeting held on 3 June 2011 approved the bonus issue of 10 shares for every 10 shares held by shareholders as at 3 June 2011. As a result, the issued share capital of the Company increased from RMB2,699,513,131 to RMB5,399,026,262, through capitalisation of share premium of RMB2,699,513,131.*

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS

(a) Acquisition of subsidiaries and business

During the period, the Group acquired 40 subsidiaries and certain business. The acquired subsidiaries and business are principally engaged in the production and sale of cement and concrete.

These acquisitions have been accounted for using the purchase method.

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

	30 June 2012 Fair value *RMB'000* (unaudited)	31 December 2011 Fair value *RMB'000* (audited)
Net assets acquired:		
Property, plant and equipment *(Note 12)*	**8,065,850**	11,924,243
Investment properties	**—**	4,148
Intangible assets	**281,182**	532,034
Interests in associates	**92**	—
Prepaid lease payments	**1,135,865**	1,220,942
Available-for-sale financial assets	**59,226**	40,000
Deferred income tax assets	**180,936**	218,747
Inventories	**838,306**	899,743
Trade and other receivables	**1,311,591**	5,001,428
Amounts due from the related parties	**190,406**	65,689
Held-for-trading investments	**399**	350
Pledged bank deposits	**178,742**	22,419
Cash and cash equivalents	**291,658**	1,374,026
Trade and other payables	**(6,055,549)**	(12,138,353)
Current income tax liabilities	**(160,443)**	(15,120)
Dividend payable to non-controlling interest	**(33,000)**	—
Amounts due to the related parties	**(212,065)**	(132,878)
Borrowings *(Note 20)*	**(1,068,633)**	(4,132,104)
Obligation under finance leases	**(68,254)**	—
Deferred income tax liabilities	**(391,556)**	(428,728)
Net assets	**4,544,753**	4,456,586

The acquisition-related costs of approximately RMB5.46 million (Six months ended 30 June 2011: RMB1.96 million) have been recognised in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*
FOR THE SIX MONTHS ENDED 30 JUNE 2012

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(Continued)*

(a) Acquisition of subsidiaries and business *(Continued)*

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

	30 June 2012 Fair value *RMB'000* (unaudited)	31 December 2011 Fair value *RMB'000* (audited)
Net assets acquired	**4,544,753**	4,456,586
Non-controlling interests	**(187,966)**	(252,711)
Interests transferred from associated companies	**(111,790)**	(265,695)
Discount on acquisition of interests in subsidiaries	**(4,270)**	(49,850)
Goodwill *(Note 13)*	**4,870,157**	6,072,390
Total consideration	**9,110,884**	9,960,720

	30 June 2012 *RMB'000* (unaudited)	31 December 2011 *RMB'000* (audited)
Total consideration satisfied by:		
Cash	**5,382,212**	6,445,142
Other payables	**3,728,672**	3,515,578
	9,110,884	9,960,720
Net cash outflow arising on acquisition:		
Cash consideration paid	**(5,382,212)**	(6,445,142)
Less: Cash and cash equivalents acquired	**291,658**	1,374,026
	(5,090,554)	(5,071,116)

The non-controlling interests are measured at the value of their proportionate share of the recognised amount of net assets acquired at the acquisition date.

The goodwill arising on the acquisition of these subsidiaries and business is attributable to the benefit of expected revenue growth and future market development in Shandong province, Jiangsu province, Northeast, South and Southwest Regions of China, and the synergies in consolidating the Group's cement operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(Continued)*

(a) Acquisition of subsidiaries and business *(Continued)*

Included in the revenue and profit for the period are approximately RMB1,640.58 million and RMB273.27 million respectively attributable to the additional business generated by these newly acquired subsidiaries and business.

Had these business combinations been effected at 1 January 2012, the revenue of the Group would be approximately RMB38,298.55 million, and profit for the period of the Group would be approximately RMB2,942.73 million. The directors of the Group consider these 'pro-forma' an approximate measure of the performance of the combined group for the interim period and is only the reference point for comparison in future periods.

(b) Disposal of subsidiaries

There is no disposal of subsidiaries for the six months ended 30 June 2012. During the year ended 31 December 2011, the Group disposed of the entire equity interests in 10 subsidiaries of the Group, for the consideration of RMB369.37 million.

(i) Gain for the period/year generated from the disposal of the subsidiaries comprised of:

	30 June 2012 ***RMB'000*** **(unaudited)**	31 December 2011 *RMB'000* (audited)
Gain on disposal of subsidiaries	—	100,825

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

22. ACQUISITION AND DISPOSAL OF SUBSIDIARIES/BUSINESS *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

(ii) Details of the assets and liabilities of disposed of and the gain on disposal during the period/year are as follows:

	30 June 2012 ***RMB'000*** **(unaudited)**	31 December 2011 *RMB'000* (audited)
Assets and liabilities disposed of:		
Property, plant and equipment	—	313,654
Goodwill	—	156,332
Intangible assets	—	1,297
Interests in associates	—	4,425
Prepaid lease payments	—	74,160
Deferred income tax assets	—	3,884
Inventories	—	1,074,881
Trade and other receivables	—	580,217
Cash and cash equivalents	—	37,462
Trade and other payables	—	(1,566,466)
Borrowings	—	(112,580)
Deferred income tax liabilities	—	(10,487)
Non-controlling interests	—	(190,227)
Net assets disposed of	—	366,552
Consideration received:		
Cash received	—	195,369
Fair value of net identifiable assets acquired	—	174,000
Total consideration	—	369,369
Interests in associates retained	—	135,109
Capital reserves	—	(37,101)
Less: Net assets disposed of	—	(366,552)
Gain on disposal of subsidiaries	—	100,825
Inflow of cash arising from disposal of subsidiaries		
Cash consideration	—	195,369
Cash and cash equivalents in subsidiaries disposal	—	(37,462)
Net cash inflow from disposal of subsidiaries	—	157,907

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

23. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

(a) Acquisition of additional interests in subsidiaries

During the six months ended 30 June 2012, the Group injected additional capital in 2 subsidiaries and acquired additional issued shares of 4 subsidiaries for a consideration of approximately RMB118.48 million. The carrying amount of the non-controlling interests in those subsidiaries on the date of acquisition was approximately RMB75.52 million. The Group recognised a decrease in non-controlling interests of approximately RMB75.52 million and a decrease in equity attributable to owners of the Group of approximately RMB42.96 million.

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Carrying amount of non-controlling interests acquired	**75,519**	648,961
Consideration paid to non-controlling interests	**(118,484)**	(1,041,439)
Excess of consideration paid recognised within owner's equity	**(42,965)**	(392,478)

(b) Deemed partial disposal of interests in subsidiaries

On 1 January 2012, the 65% equity interests of 3 subsidiaries previously held by a wholly-owned subsidiary, China United Cement Corporation, namely Anxian China United Cement Company Limited ("Anxian China United"), Beichuan China United Cement Company Limited ("Beichuan China United"), and Chengdu China United Cement Company Limited ("Chengdu China United"), were transferred to Southwest Cement Company Limited, a 82.6% owned subsidiary of the Group. After that, the Group's effective equity interests in Anxian China United, Beichuan China United and Chengdu China United were diluted from 65% to 53.69%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of RMB16.47 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

24. COMMITMENTS

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Capital expenditure of the Group contracted for but not provided in the condensed interim consolidated financial statements in respect of:		
— Acquisition of property, plant and equipment	**1,363,081**	1,356,219
— Acquisition of prepaid lease payments	**46,984**	23,330
— Acquisition of subsidiaries	**—**	84,379
— Acquisition of mining rights	**200,000**	295,200

25. CONTINGENT LIABILITIES

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

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Guarantees given to banks in respect of banking facilities utilised by Independent Third Parties	**283,000**	293,000

26. RELATED PARTY TRANSACTIONS

The Group operates in an economic environment currently, predominated by enterprises directly or indirectly owned or controlled by the PRC government (these enterprises other than the Parent Group, the associates of the Group and the non-controlling interests of the subsidiaries are hereinafter collectively referred to as "state-controlled enterprises"). In accordance with IAS 24 (revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Parent Group, other government-related entities and their subsidiaries ("other state-owned enterprises"), other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and the Parent Company as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that relevant information in respect of related party transactions has been adequately disclosed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties:

(a) During the six months ended 30 June 2012, the Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries (collectively the "Parent Group"), the associates of the Group and the non-controlling interests of the Group's subsidiaries:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Provision of production supplies to		
— the Parent Group	**24,027**	21,550
— Associates	**90,681**	40,769
— Non-controlling interests of subsidiaries	**232,422**	51,623
	347,130	113,942
Provision of support services		
— Parent Group	**231,971**	126,559
— Associates	**34**	—
	232,005	126,559
Rental income in respect of supply of equipment to the Parent Group	**—**	2,572
Rental income received from		
— the Parent Group	**2,907**	379
— Associates	**9,685**	9,411
	12,592	9,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties: *(Continued)*

(a) During the six months ended 30 June 2012, the Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries (collectively the "Parent Group"), the associates of the Group and the non-controlling interests of the Group's subsidiaries: *(Continued)*

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Rendering of engineering services to the Parent Group	**104,658**	—
Supply of raw materials by		
— the Parent Group	**22,221**	50,866
— Associates	**7,253**	22,798
— Non-controlling interests of subsidiaries	**39,995**	16,200
	69,469	89,864
Provision of production supplies by		
— the Parent Group	**134,808**	103,618
— Associates	**14,934**	—
— Non-controlling interests of subsidiaries	**30,012**	36,693
	179,754	140,311
Provision of support services by		
— the Parent Group	**4,122**	3,953
— Non-controlling interests of subsidiaries	**103**	778
	4,225	4,731

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties: *(Continued)*

(a) During the six months ended 30 June 2012, the Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries (collectively the "Parent Group"), the associates of the Group and the non-controlling interests of the Group's subsidiaries: *(Continued)*

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Rental expenses paid to		
— the Parent Group	**368**	—
— Non-controlling interests of subsidiaries	**180**	644
	548	644
Interest income received from associates	**25,257**	2,464
Interest expenses paid to non-controlling interests of subsidiaries	**13,139**	—
Supplying of equipment by the Parent Group	**59,954**	27,970

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties: *(Continued)*

(b) As at 30 June 2012, the Group has the following amounts due from and to related parties:

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Amounts due from related parties		
Trading in nature:		
Fellow subsidiaries	**1,558,687**	1,023,952
Associates	**141,402**	316,961
Immediate holding company	**61**	184
Non-controlling interests of subsidiaries	**363,509**	142,739
	2,063,659	1,483,836
Non-trading in nature:		
Fellow subsidiaries	**202,277**	520,436
Associates	**979,135**	741,350
Immediate holding company	**1,047**	1,134
Non-controlling interests of subsidiaries	**165,635**	242,111
	1,348,094	1,505,031
	3,411,753	2,988,867
Amounts due to related parties		
Trading in nature:		
Fellow subsidiaries	**223,723**	142,781
Associates	**115,358**	21,490
Non-controlling interests of subsidiaries	**229,611**	241,488
	568,692	405,759
Non-trading in nature:		
Fellow subsidiaries	**14,272**	119,361
Associates	**30,265**	5,724
Immediate holding company	**125,219**	100,000
Non-controlling interests of subsidiaries	**659,843**	655,820
	829,599	880,905
	1,398,291	1,286,664

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties: *(Continued)*

(b) As at 30 June 2012, the Group has the following amounts due from and to related parties: *(Continued)*

The carrying amounts of amounts due from and to related parties approximate to their fair values. All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

As at 30 June 2012, amounts due from related parties of approximately RMB104.25 million (31 December 2011 : approximately RMB435.38 million) carry the variable loan interest rate stipulated by the banks for the corresponding period at rate of 6.44% (31 December 2011 : 6.46%) per annum and no amounts due from related parties (31 December 2011 : approximately RMB3.50 million) carry fixed interest rate (31 December 2011 : 5.81% per annum). The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2012, no amounts due to related parties (31 December 2011 : approximately RMB20.15 million stipulated by the banks for the corresponding period at rate of 6.56% per annum) carry the variable loan interests rate and no amounts due to related parties (31 December 2011: approximately RMB15.00 million) carry fixed interest rate (31 December 2011: 6.10% per annum). The remaining balances of amounts due to related parties are interest-free.

(c) Transactions and balances with other state-owned enterprises in the PRC

During the six months ended 30 June 2012, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) comprise a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits, cash and cash equivalents and borrowings as of 30 June 2012 and the relevant interest earned or paid during the period are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

26. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions detailed elsewhere in this condensed consolidated interim financial statements, the Group had the following material transactions with the related parties: *(Continued)*

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2012 are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short term benefits	**4,431**	4,167
Share-based payments	**221**	379
Post-employment benefits	**88**	82
	4,740	4,628

27. EVENTS OCCURRING AFTER THE REPORTING DATE

(a) On 16 September 2011, a special resolution passed at the extraordinary general meeting to allot and issue not more than 1 billion A Shares of RMB1.00 each and to apply for the listing of, and permission to deal in, such A Shares on the Shanghai Stock Exchange at such time as considered appropriate and in the best interest of the Company. The Company proposed to use proceeds raised from proposed A share issue in acquisition, investment in fixed assets, overhaul of the information system, repayment of bank loans and replenishment of cash flows.

As the validity period of the shareholders' approval will expire on 15 September 2012, the Board proposes to hold an Extraordinary General Meeting and Class Meetings on 10 September 2012 to seek the approval of the shareholders to extend the validity period of the shareholders' approval for the Specific Mandate granted to the Board in connection with the proposed A Share Issue for a further period of 12 months commencing from the date of passing the above special resolutions approving the Extension, that is, 10 September 2012.

Details on the A share offering have been disclosed in the Company's announcement dated 20 July 2011, 16 September 2011 and 18 July 2012 and the circulars dated 1 August 2011 and 26 July 2012. As at the date of this report, the Company has received the acknowledgement of receipt from China Securities Regulatory Commission. The A share offering is still under progress.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

27. EVENTS OCCURRING AFTER THE REPORTING DATE *(Continued)*

(b) Pursuant to the Company's announcement dated 3 January, 2012, Parent entered into (1) Sichuan Coal Cement Sale and Purchase Agreement with BNBMG and the existing shareholders of Sichuan Coal Cement Company Limited ("Sichuan Coal Cement") pursuant to which Parent and BNBMG agreed to acquire 99% and 1% equity interest in Sichuan Coal Cement, respectively; and (2) Panzhihua Coal Cement Sale and Purchase Agreement with Panzhihua Coal (Group) Company Limited, pursuant to which Parent agreed to acquire 100% equity interest in Panzhihua Coal Cement Products Company Limited ("Panzhihua Coal Cement"). Each of these transactions will take effect upon the approval of State-owned Assets Supervision and Administration Commission of Sichuan Province.

Pursuant to the Non-Competition Agreement dated 28 February 2006 entered into between the Parent and the Company whereby the Company has option to decide whether to exercise the right of such business opportunity mentioned above. On 24 July 2012, the Company decided to exercise the pre-emption rights granted under the Non-Competition Agreement pursuant to a government monitored transfer of state-owned assets on an equity exchange, Southwest Cement and Chongqing Southwest Cement, being subsidiaries of the Company, became the only intended transferees satisfying the requirements and entered into four separate equity transfer agreements and a debt repayment agreement with the Parent and BNBMG to acquire:

(i) the 99% equity interests held by the Parent in Sichuan Coal Cement and the 1% equity interest held by BNBMG in Sichuan Coal Cement;

(ii) the 100% equity interests held by the Parent in Panzhihua Coal Cement;

(iii) the 100% equity interests held by the Parent in Guangwang Machinery; and

(iv) the loan amounting to RMB1 billion provided by the Parent to Sichuan Coal Cement.

Sichuan Coal Cement and Panzhihua Coal Cement are principally engaged in the production and sales of cement. Guangwang Machinery is principally engaged in the production of and sales of durable alloy casting spheres and casting rod.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

27. EVENTS OCCURRING AFTER THE REPORTING DATE *(Continued)*

(b) *(Continued)*

For the purposes of the sale of such equity interests, the Parent and BNBMG were required under applicable PRC regulations to go through a regulated bidding process on the Shanghai United Assets and Equity Exchange. Southwest Cement and Chongqing Southwest Cement had to pay a refundable deposit of RMB127.1 million and RMB1.2 million respectively, which are equivalent to 30% of the minimum consideration for the respective equity interests, to Shanghai United Assets and Equity Exchange prior to their participation in the auction.

The above acquisitions will be considered as a business combination under common control. Accordingly, the consolidated financial statements present the results, cash flows and financial position of the Group as if the acquisition had occurred at the beginning of the earliest comparative period or, if later, at the date that common control was established.

28. APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements set out on pages 45 to 88 have been approved and authorised for issue by the Board of Directors on 23 August 2012.