



Jiangxi Copper Company Limited

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

Stock Code · H Share: 0358 · A Share: 600362



2012 Interim Report

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Important Notice

- (1) The board of directors (the "Board") and the supervisory committee (the "Supervisory Committee") of Jiangxi Copper Company Limited (the "Company") and its directors (the "Directors"), supervisors (the "Supervisors") and senior management warrant that there are no false representations, misleading statements contained in or material omissions from this report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein.
- (2) The Director, Mr. Liang Qing was unable to attend the Board meeting due to a business trip, but has appointed the Chairman, Mr. Li Yihuang, to attend the Board meeting and to vote on his behalf. Except Mr. Liang Qing, all other Directors attended the Board meeting.
- (3) The interim financial report of the Company and its subsidiaries (the "Group") has not been audited, but the interim financial information prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" and other relevant provisions (collectively referred to as "IFRS") has been reviewed by Deloitte Touche Tohmatsu and considered and approved by the independent audit committee (the "Audit Committee") of the Company.
- (4) No non-operational funding appropriation by controlling shareholder and its connected parties was found in the Group.
- (5) The Group did not provide third-party guarantees in violation of stipulated decision-making procedures.
- (6) The Company's Chairman, Mr. Li Yihuang, the principal accounting responsible person, Mr. Gan Chengjiu, and Head of Financial Department (accounting chief), Mr. Jiang Liehui, warrant the truthfulness and completeness of the financial report set out in the interim report.

Corporate Profile

(I) CORPORATE INFORMATION

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

(II) CONTACT PERSONS AND CONTACT METHOD

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

(III) BASIC INFORMATION

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

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

Corporate Profile

(V) INFORMATION ON THE COMPANY'S SECURITIES

Class of shares	Stock exchange of listing shares	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited (the "Stock Exchange")	Jiangxi Copper	0358

(VI) MAJOR FINANCIAL DATA AND INDICATORS

1. CONSOLIDATED ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH IFRS

	For the six months ended 30 June		
	2012 (Unaudited) (RMB'000)	2011 (Unaudited) (RMB'000)	Increase/ (decrease) (%)
Revenue	66,781,647	59,062,247	13.07
Profit before taxation	3,269,530	5,161,931	(36.66)
Profit for the period attributable to owners of the Company	2,668,949	4,313,216	(38.12)
Basic earnings per share (RMB)	0.77	1.25	(38.12)

	As at 30 June 2012		
	As at 30 June 2012 (Unaudited) (RMB'000)	As at 31 December 2011 (Audited) (RMB'000)	Increase/ (decrease) (%)
Total assets	77,999,600	68,149,629	14.45
Total liabilities	36,740,012	28,343,634	29.62
Net assets attributable to owners of the Company	40,316,247	39,302,921	2.58
Net assets per share attributable to owners of the Company (RMB)	11.64	11.35	2.56

Corporate Profile

2. CONSOLIDATED ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING PRINCIPLES AND STANDARDS (“PRC GAAP”)

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000	Increase/ (decrease) (%)
Total assets	77,999,600	68,149,629	14.45
Equity attributable to owners of the Company	40,316,247	39,302,921	2.58
Net assets per share attributable to owners of the Company (RMB)	11.64	11.35	2.56

	For the six months ended 30 June 2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	Increase/ (decrease) (%)
Operating profit	3,144,181	5,062,701	(37.90)
Total profit	3,176,169	5,076,434	(37.43)
Net profit attributable to owners of the Company	2,576,181	4,228,577	(39.08)
Net profit after non-recurring profit and loss items attributable to owners of the Company	2,132,313	3,780,273	(43.59)
Basic earnings per share (RMB)	0.74	1.22	(39.08)
Basic earnings per share after non-recurring profit and loss items (RMB)	0.62	1.09	(43.12)
Diluted earnings per share (RMB)	0.74	1.22	(39.08)
Weighted average return on net assets (%)	6.47	11.69	Decreased by 5.22 percentage points
Net cash inflow from operating activities	1,377,486	4,471,397	(69.19)
Net cash inflow from operating activities per share (RMB)	0.40	1.29	(68.99)

Corporate Profile

Net profit after non-recurring profit and loss items attributable to shareholders of the Company (prepared under the PRC GAAP):

	For the six months ended 30 June 2012 (Unaudited) <i>RMB'000</i>
Non-recurring profit and loss items	
Profit and loss on disposal of non-current assets	4,075
Government grant as included in profit and loss of the current period (other than those closely relating to business of enterprises and subject to a fixed amount or quantity under certain standard required by relevant national policies)	26,645
Net fair value gains from financial assets and financial liabilities held for trading, and net investment gains from disposal of financial assets and liabilities held for trading and available-for-sale financial assets, excluding effective portion of normal transactions qualified for hedge accounting	460,262
Other non-recurring items included in non-operating income and expenses	1,268
Impact of income tax	(23,724)
Impact on minority interests (after tax)	(24,658)
Total	443,868

Corporate Profile

3. RECONCILIATION BETWEEN IFRS AND PRC GAAP

Discrepancies between net profit and net assets in the financial report disclosed under IFRS and under PRC GAAP

	Net profit attributable to owners of the Company For the six months ended 30 June		Equity attributable to owners of the Company	
	2012	2011	As at	As at
	(Unaudited)	(Unaudited)	30 June 2012	31 December
	RMB'000	RMB'000	(Unaudited) RMB'000	2011 (Audited) RMB'000
Financial statements prepared in accordance with PRC GAAP	2,576,181	4,228,577	40,316,247	39,302,921
Adjustments to items and amounts under IFRS:				
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the period	92,768	84,639	—	—
Financial statements prepared in accordance with IFRS	2,668,949	4,313,216	40,316,247	39,302,921

Note: Difference between PRC GAAP and IFRS refers to reversal of the safety fund expenses provided but not used for the period under PRC GAAP in the consolidated income statement for the period under IFRS.

Changes in Share Capital and Shareholders

(I) STATEMENT OF CHANGES IN SHARES

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

(II) SHAREHOLDERS AND ULTIMATE CONTROLLER

1. The number of shareholders and shareholdings

The number of shareholders at the end of the reporting period 209,516 shareholders, of which: 208,467 were holders of A shares and 1,049 were holders of H shares

Unit: Share

Shareholdings of the top ten shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/ (decrease) during the reporting period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Jiangxi Copper Corporation ("JCC")	State-owned legal person	38.70	1,339,904,607	-2,575,286	0	Nil
HKSCC Nominees Limited ("HKSCC")	Unknown	37.64	1,303,528,605	57,704,993	0	Unknown
Industrial and Commercial Bank of China — Guang Fa Large-cap Growth Mixed Securities Investment Fund (中國工商銀行 — 廣發大盤成長混合型證券投資基金)	Unknown	0.41	14,300,000	-299,757	0	Unknown
DA ROSA JOSE AUGUSTO MARIA	Unknown	0.29	10,000,000	0	0	Unknown
Industrial and Commercial Bank of China — SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	Unknown	0.22	7,658,093	-880,624	0	Unknown

Changes in Share Capital and Shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/ (decrease) during the reporting period	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Agricultural Bank of China — Dacheng Innovation Growth Mixed Securities Investment Fund (中國農業銀行 — 大成創新成長混合型證券投資基金)	Unknown	0.19	6,530,737	3,245,198	0	Unknown
Bank of Communications — E Fund 50 Index Securities Investment Fund (交通銀行 — 易方達50指數證券投資基金)	Unknown	0.18	6,343,175	280,394	0	Unknown
China Construction Bank — China AMC Advantage Growth Stock Fund (中國建設銀行 — 華夏優勢增長股票型證券投資基金)	Unknown	0.14	4,999,913	4,999,913	0	Unknown
Industrial and Commercial Bank of China — Nanfang Longyuan Industry Stock Securities Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	Unknown	0.14	4,999,883	4,999,883	0	Unknown
Bank of China — Harvest Shanghai Shenzhen 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	Unknown	0.13	4,380,245	-161,900	0	Unknown

Changes in Share Capital and Shareholders

Shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of shares
JCC	1,339,904,607	Ordinary shares denominated in RMB (A Shares) 1,279,499,607 Overseas listed foreign shares (H Shares) 60,405,000
HKSCC	1,303,528,605	Overseas listed foreign shares (H Shares)
Industrial and Commercial Bank of China — Guang Fa Large-cap Growth Mixed Securities Investment Fund (中國工商銀行 — 廣發大盤成長混合型證券投資基金)	14,300,000	Ordinary shares denominated in RMB (A Shares)
DA ROSA JOSE AUGUSTO MARIA	10,000,000	Overseas listed foreign shares (H Shares)
Industrial and Commercial Bank of China — SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	7,658,093	Ordinary shares denominated in RMB (A Shares)
Agricultural Bank of China — Dacheng Innovation Growth Mixed Securities Investment Fund (中國農業銀行 — 大成創新成長混合型證券投資基金)	6,530,737	Ordinary shares denominated in RMB (A Shares)
Bank of Communications — E Fund 50 Index Securities Investment Fund (交通銀行 — 易方達50指數證券投資基金)	6,343,175	Ordinary shares denominated in RMB (A Shares)

Changes in Share Capital and Shareholders

Name of shareholder	Number of shares held not subject to trading moratorium	Class and number of shares
China Construction Bank — China AMC Advantage Growth Stock Fund (中國建設銀行 — 華夏優勢 增長股票型證券投資基金)	4,999,913	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China — Nanfang Longyuan Industry Stock Securities Investment Fund (中國工商銀行 — 南方隆元 產業主題股票型證券投資基金)	4,999,883	Ordinary shares denominated in RMB (A Shares)
Bank of China — Harvest Shanghai Shenzhen 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深 300指數證券投資基金)	4,380,245	Ordinary shares denominated in RMB (A Shares)

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

- (1) JCC, the controlling shareholder of the Company, and the other top ten shareholders are neither connected persons nor parties acting in concert. The Company is not aware of the existence of such relationship amongst any other top ten shareholders.
- (2) HKSCC held 1,303,528,605 H shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 37.64% of the issued share capital of the Company. HKSCC is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.
- (3) At the end of the reporting period, JCC held 60,405,000 H shares of the Company, which have been registered with HKSCC and were separately listed from shares held by HKSCC as nominee when disclosed by the Company. Taking into account the H shares held by JCC, HKSCC held 1,363,933,605 shares as nominee, representing approximately 39.39% of the issued share capital of the Company.

Changes in Share Capital and Shareholders

Interests and short positions of shareholders

As at 30 June 2012, the interests and short positions of the shareholders, other than the Directors, Supervisors and chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Approximate percentage of total number of the relevant class of shares (%)	Approximate percentage of total issued share capital (%)
JCC (Note 2)	Domestic shares	Beneficial owner	1,279,499,607(L)	61.66%(L)	36.95%(L)

Note 1: "L" means long positions in the shares;

Note 2: JCC also held 60,405,000 H shares, representing approximate 4.35% and 1.74% of the total number of H shares and total issued shares of the Company, respectively, and such shares have been registered with HKSCC.

Save as disclosed above, the register required to be kept under Section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 June 2012.

2. Changes in controlling shareholder and ultimate controller

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

Directors, Supervisors and Senior Management

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

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

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

The sixth session of the Board and Supervisory Committee were elected at the 2011 annual general meeting convened by the Company on 19 June 2012.

1. The members of the sixth session of the Board are: Li Yihuang, Li Baomin, Gan Chengjiu, Hu Qingwen, Shi Jialiang, Gao Jianmin, Liang Qing, Wu Jianchang, Gao Dezhu, Zhang Weidong and Deng Hui. Among them, Mr. Zhang Weidong and Mr. Deng Hui were elected as the independent Directors of the Company for the first time. For members of the fourth and fifth session of the Board, Ms. Zhang Rui and Mr. Tu Shutian had served as independent Directors of the Board for two consecutive terms, and accordingly, they can no longer be appointed again in accordance with the relevant regulations.
2. The members of the sixth session of the Supervisory Committee are: Hu Faliang, Lin Jinliang, Wu Jinxing, Xie Ming and Wan Sujuan.

(III) SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at 30 June 2012, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Report Of The Board

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

During the reporting period, in face of the grim and complex economic situation in the PRC and abroad, the Group, revolving around its development strategy, continued to intensify the internal management to prevent operational risks, thus managed to complete the production volume of principal products on schedule. However, the serious reversion in price parity between domestic and foreign copper cathodes, inevitable increase in the costs and a decrease in the consumption of copper processing products had prompted the Company's profit to drop.

1. Industry overview

In the reporting period, as European debt crisis continued to spread and flare up, the world economy still hardly saw a sign of recovery and the domestic and foreign copper market was shrouded in depression. The average monthly closing price of copper futures on the London Metal Exchange ("LME") was US\$8,146 per tonne, representing a decrease of US\$1,262 per tonne or 13.41% as compared to the same period last year. Monthly average closing price of copper futures on the Shanghai Futures Exchange (inclusive of tax) was RMB58,336 per tonne, representing a decrease of RMB11,789 per tonne or 16.81% as compared to the same period last year.

As to joint-products, silver price registered a substantial decrease from the same period last year, while the gold price basically leveled off with the same period last year. Sulphuric acid, sulphuric concentrate and rare metals all recorded decrease in prices to various degrees as compared to the same period last year.

The copper smelting processing fee still lingered around the lowest level in history, basically on a par with the level for the same period last year.

The slowdown in the domestic economic growth and the continuous decline in commodity price brought a more severe challenge in aspects such as financing, sales and risk control for the down-stream processing enterprises of the Group.

Report Of The Board

2. Business review

During the reporting period, according to the unaudited consolidated financial statements prepared under PRC GAAP, the operating revenue of the Group amounted to RMB67,068.15 million, representing an increase of RMB7,749.72 million or a growth of 13.06% over the same period last year. Operating profit amounted to RMB3,144.18 million, representing a decrease of RMB1,918.52 million or a drop of 37.90% from the same period last year. Net profit attributable to shareholders of the Company amounted to RMB2,576.18 million, representing a decrease of RMB1,652.4 million or a drop of 39.08% from the same period last year. Basic earnings per share was RMB0.74, representing a decrease of RMB0.48 or a decline of 39.08% from the same period last year.

During the reporting period, the Group fulfilled the production volume as planned. The Group produced 500,200 tonnes of copper cathodes (including processed copper cathodes), representing a growth of 3.13% over the same period last year (2011 interim: 485,000 tonnes). Compared to the same period last year, the production of gold decreased by 0.34% to 12,796 kg (2011 interim: 12,840 kg), while the production of silver increased by 1.01% to 301 tonnes (2011 interim: 298 tonnes). The production of copper rods and wires decreased by 1.46% to 202,000 tonnes as compared to the same period last year (2011 interim: 205,000 tonnes). Sulphuric acid increased by 5.00% to 1,260,000 tonnes as compared to the same period last year (2011 interim: 1,200,000 tonnes). The production of sulphuric concentrate reached 917,900 tonnes, representing an increase of 10.59% over the same period last year (2011 interim: 830,000 tonnes). Copper concentrates (containing copper) increased by 5.21% to 101,000 tonnes as compared to the same period last year (2011 interim: 96,000 tonnes). Production of molybdenum concentrate (45%) was 3,239 tonnes, representing an increase of 36.84% as compared to the same period last year (2011 interim: 2,367 tonnes). Production of copper processing products other than copper rods and wires increased by 2.46% to 33,300 tonnes from the same period last year (2011 interim: 32,500 tonnes).

Report Of The Board

(II) PRINCIPAL OPERATIONS AND PERFORMANCE

1. Principal operation by industry and products

Unit: 0'000 Currency: RMB

By products	Operating revenue	Operating cost	Operating profit margin (%)	Increase/decrease in operating revenue over the same period last year (%)	Increase/decrease in operating cost over the same period last year (%)	Increase/decrease in operating profit margin over the same period last year (%)
Copper cathodes	4,070,085	3,923,751	3.60	16.47	19.73	Decreased by 2.63 percentage points
Copper rods and wires	1,262,270	1,178,640	6.63	-3.91	-2.07	Decreased by 1.75 percentage points
Copper processing products	237,761	233,087	1.97	9.93	12.45	Decreased by 2.20 percentage points
Precious metals (gold and silver)	703,544	617,602	12.22	12.03	29.92	Decreased by 12.08 percentage points
Chemical products	100,078	45,371	54.66	-17.28	-18.15	Increased by 0.47 percentage point

Report Of The Board

By products	Operating revenue	Operating cost	Operating profit margin (%)	Increase/decrease in operating revenue over the same period last year (%)	Increase/decrease in operating cost over the same period last year (%)	Increase/decrease in operating profit margin over the same period last year (%)
Rare metals and other non-ferrous metals	283,298	253,088	10.66	135.54	132.84	Increased by 1.03 percentage points
Other products	31,760	19,056	40.00	20.44	112.86	Decreased by 26.05 percentage points
Sub-total	6,688,796	6,270,595	6.25	12.98	17.50	Decreased by 3.61 percentage points
Other operations	18,020	12,015	33.32	54.50	131.11	Decreased by 22.10 percentage points
Total	6,706,816	6,282,610	6.32	13.06	17.61	Decreased by 3.62 percentage points

Among which the total amount of connected transactions arising from sales of products and providing services by the Company to the controlling shareholder and its subsidiaries was RMB825.28 million.

Report Of The Board

(1) Copper cathodes

During the reporting period, operating revenue from copper cathodes increased by RMB5,754.27 million or a growth of 16.47% as compared with the same period last year, mainly resulting from the increase in trading volume of copper cathodes as compared with the same period last year. Operating costs of copper cathodes increased by RMB6,465.14 million or a growth of 19.73% as compared with the same period last year, due to the increase in sales volume. The operating profit of copper cathodes decreased by RMB710.87 million or a drop of 32.70% as compared with the same period last year, while the operating profit margin decreased from 6.22% for the same period last year to 3.60% for the period.

(2) Copper rods and wires

During the reporting period, operating revenue from copper rods and wires decreased by RMB513.42 million or 3.91% from the same period last year, mainly due to the decrease in selling price of copper rods and wires as compared with the same period last year. Operating costs of copper rods and wires decreased by RMB249.25 million or a drop of 2.07% as compared with the same period last year, mainly due to the decrease in purchase prices of outsourced raw materials. Operating profit of copper rods and wires decreased by RMB264.17 million or a drop of 24% as compared with the same period last year, while operating profit margin decreased from 8.38% for the same period last year to 6.63% for the period.

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

During the reporting period, following the expansion in the Group's processing capacity and the increase in sales volume of copper processing products, operating revenue of copper processing products other than copper rods and wires increased by RMB214.79 million or a growth of 9.93% for the period as compared with the same period last year. Operating costs increased by RMB258.14 million or a growth of 12.45% as compared with the same period last year. Operating profit decreased by RMB43.35 million or a drop of 48.12% as compared with the same period last year, while the operating profit margin decreased from 4.17% for the same period last year to 1.97% for the period.

Report Of The Board

(4) Precious metals (gold and silver)

During the reporting period, operating revenue of precious metals increased by RMB755.50 million or a growth of 12.03% as compared with the same period last year due to the increase in sales volume. Operating costs of precious metals increased by RMB1,422.24 million or a growth of 29.92% as compared with the same period last year due to the increase in the sales volume of outsourced precious metals. Operating profit of precious metals decreased by RMB666.74 million or a drop of 43.69% as compared with the same period last year while operating profit margin decreased from 24.30% for the same period last year to 12.22% for the period.

(5) Chemical products (sulphuric acid and sulphuric concentrate)

During the reporting period, operating revenue from chemical products decreased by RMB209.12 million or a drop of 17.28%, mainly due to the decrease in the selling prices as compared with the same period last year. Operating costs of chemical products decreased by RMB100.60 million or a drop of 18.15%. Operating profit of chemical products decreased by RMB108.51 million or a drop of 16.55% as compared with the same period last year while operating profit margin increased from 54.19% for the same period last year to 54.66%.

(6) Rare metals and other non-ferrous metals

During the reporting period, the surge in the sales volume of rare metals and other non-ferrous metals resulted in an increase of RMB1,630.22 million or an increase of 135.54% in the operating revenue of rare metals as compared with the same period last year. Operating costs of rare metals and other non-ferrous metals increased by RMB1,443.92 million or an increase of 132.84%. Operating profit of rare metals increased by RMB186.31 million or an increase of 160.90% as compared with the same period last year while operating profit margin increased from 9.63% for the same period last year to 10.66% for the period.

(7) Other products

During the reporting period, the operating revenue of other products increased by RMB53.90 million or an increase of 20.44% as compared with the same period last year. Operating costs increased by RMB101.03 million or a growth of 112.86%. Operating profit decreased by RMB47.13 million or 27.06% as compared with the same period last year; and operating profit margin decreased from 66.05% for the same period last year to 40.00% for the period.

Report Of The Board

(8) Other business

During the reporting period, the operating revenue of other businesses increased by RMB63.56 million or an increase of 54.50% as compared with the same period last year. Operating costs increased by RMB68.16 million or an increase of 131.11%. Operating profit decreased by RMB4.60 million or a drop of 7.12% as compared with the same period last year while operating profit margin decreased from 55.42% for the same period last year to 33.32% for the period.

2. Principal operations by geographical areas

Unit: 0'000 Currency: RMB

Geographical areas	Revenue from principal operations	Increase/ (decrease) in revenue from operations over the same period last year (%)
Mainland China	6,198,552	14.41
Hong Kong	223,724	-46.94
Others	266,520	229.69
Total	6,688,796	12.98

Report Of The Board

(III) INVESTMENT

1. Use of raised proceeds

Unit: 0'000 Currency: RMB

Year of fund raising	Method of fund raising	Total proceeds	Total utilised proceeds during the reporting period	Accumulative total utilised proceeds	Total unutilised proceeds	Use and allocation of unutilised proceeds
2007	Non-public issuance	396,474	2,211	362,422	34,052	To be allocated to projects undertaken, balance of funds of the projects and interest of deposits in designated account are intended to be permanently allocated to supplement the working capital.
2010	Warrants	674,360	48,286	588,648	85,712	To be allocated to projects undertaken by the Group during the fund raising
Total	/	1,070,834	50,497	951,070	119,764	/

2. Use of proceeds in projects undertaken

Unit: 0'000 Currency: RMB

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
1) Projects financed by proceeds from non-public issue of A Shares								
JCC's subscription of non-public issue of 57,039,479 ordinary A shares of the Company by non-cash assets amounting to RMB1,785.34 million	No	178,534	178,534	Yes	Not applicable	Increase resource reserves of the Company and perfect the industrial chain of the Company	Not applicable	Not applicable
Expansion project of Phase II Chengmenshan Copper Mine	No	49,800	35,312	Yes	70.9%	Chengmenshan Copper Mine can increase its mining and milling capacity to 7,000 tonnes of ores per day, and can produce copper concentrates containing 14,816.93 tonnes of copper, 25,814.42 tonnes of sulfur, 232 kg of gold and 15,142kg of silver and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,541.55 tonnes) per annum.	Not applicable	Not applicable

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Name of projects undertaken	Any change in the project	Amount of		On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
		proceeds to be applied	Actual utilised proceeds					
Technology renovation project for conversion of the open-pit mining to underground mining of Yongqing Copper Mine	No	37,852	36,788	Yes	97.2%	As Yongqing Copper Mine has proven reserve of 65.80 million tonnes of ores, average copper grade of 0.59%, and copper metal of 390,000 tonnes, the implementation of the project could fully recycle and utilise such resources.	Not applicable	Not applicable
Renovation project of open-pit mining technology for Fujian Copper Mine	No	30,056	24,059	Yes	80.0%	The service life of Dexing Copper Mine can be extended	Not applicable	Not applicable
Project for remaining heat re-cycling and comprehensive utilisation of Jiangxi Copper	No	27,261	25,133	Yes	100%	Steam load in engineering boiler utilisation plant will decrease and emissions of off-gas, dust and sulfur dioxide will also be reduced	Not applicable	Not applicable
Expansion project of anode mud comprehensive utilisation of Jiangxi Copper	No	19,427	10,013	Yes	100%	Increase the production of gold and silver	Not applicable	Not applicable
Stove mining project expansion of Jiangxi Copper	No	18,953	18,687	Yes	100%	Increase the rate of copper recovery by nearly 1% and approximately 2,000 tonnes of additional copper can be recovered from slag per annum	Not applicable	Not applicable
Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day	No	12,024	11,329	Yes	100%	Produce copper concentrates containing 12,800 tonnes of copper, 171,000 tonnes of sulfur, 218 kg of gold and 7,512 kg of silver per annum	Not applicable	Not applicable
Raising supplemental working capital	No	22,567	22,567	Yes	100%	Can be allocated flexibly with working capital	Not applicable	Not applicable
Permanently allocated to supplement the working capital	No	/	0	Yes	/	Balance of funds of projects and interest of deposits in designated account were amounted to RMB278.64 million	Not applicable	Not applicable
Total	/	396,474	362,422	/	/ /		/	/
2) Projects financed by proceeds from exercise of warrants								
Technical renovation engineering of enlarging production scale of Dexing Copper Mine	No	258,000	203,775	Yes	79.0%	Upon completion of the expansion, Dexing Copper Mine can increase its mining and milling capacity of ores from 100,000 tonnes per day to 130,000 tonnes per day. There will be additional output of copper concentrates containing 41,000 tonnes of copper, 61kg of gold and 25.3 tonnes of silver, 1,614 tonnes of molybdenum and 87,597 tonnes of sulfur per annum. The completion of the project can increase the self-sufficiency rate of raw materials of the Group and bode well for investment benefits.	Not applicable	Not applicable
Tender and development of the exploration rights of copper mine in Afghanistan	No	120,000	58,513	Yes	48.8%	Upon completion of the project construction, the Company's control and profitability over copper resources will be strengthened.	Not applicable	Not applicable
Acquisition of equity interests in Northern Peru Copper Corp. in Canada	No	130,000	130,000	Yes	100%	Upon completion of the project construction, the Company's control and profitability over copper resources will be strengthened.	Not applicable	Not applicable
Supplemental working capital	No	166,360	166,360	Yes	100%	Adjust the corporate liability structure, strengthen the capability against risks, reduce financial cash flow expenditure, and improve the corporate operating benefits.	Not applicable	Not applicable
Total	/	674,360	588,648	/	/ /		/	/

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1) Expansion project of Phase II of Chengmenshan Copper Mine

The Company intended to invest RMB498 million in the project, all of which will be financed through proceeds from non-public issue of A Shares. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB15.13 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB353.12 million, representing 70.9% of the planned investment amount in the project.

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

The Company intended to invest a total of RMB387.54 million in the project, of which RMB378.52 million would be financed through proceeds from non-public issue of A shares, RMB9.02 million would be invested by internal resources. During the reporting period, the amount invested by proceeds from non-public issue of A Shares in the project was RMB3.33 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB367.88 million, completed total investment of RMB376.90 million, representing 97.3% of the planned investment amount in the project.

3) Renovation project of open-pit mining technology for Fujiawu Copper Mine

The Company intended to invest a total of RMB1,052.54 million in the project, of which RMB300.56 million would be financed through proceeds from non-public issue of A shares and RMB751.98 million would be invested by internal resources. During the reporting period, RMB3.65 million financed by raised proceeds from non-public issue of A shares was used in the project. As at the end of the reporting period, the accumulated amount financed by the raised proceeds from non-public issue of A shares amounted to RMB240.59 million, the accumulated investment amount was RMB899.41 million, representing 85.5% of the planned investment amount in the project.

4) Project for remaining heat re-cycling and comprehensive utilisation of Jiangxi Copper

The Company intended to invest RMB272.61 million in the project, of which RMB251.33 million from proceeds from non-public issue of A Shares has been used. The project was completed in 2008.

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5) Expansion project of anode mud comprehensive utilisation of Jiangxi Copper

The Company intended to invest a total of RMB195.74 million in the project, of which RMB194.27 million would be financed through raised proceeds from non-public issue of A shares, the accumulated amount of RMB100.17 million was financed through raised proceeds from non-public issue of A shares. The project completed construction in 2010.

6) Stove mining project expansion of Jiangxi Copper

The Company intended to invest a total of RMB212.14 million in the project, of which RMB189.53 million would be financed through raised proceeds from non-public issue of A shares and the accumulated amount financed by the raised proceeds in the project amounted to RMB186.87 million. Such project was completed in 2010.

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

The Company intended to invest a total of RMB257.32 million in the project, of which RMB120.24 million would be financed through raised proceeds from non-public issue of A shares and RMB137.08 million would be contributed through internal resources. As at the end of the reporting period, the accumulated amount financed by the raised proceeds from non-public issue of A shares amounted to RMB113.29 million. The construction of the project was completed.

8) Pursuant to the Proposal on Permanent Replenishment of Working Capital by Surplus Capital Raised from Previous Non-public Issue of A Shares of the Company which was considered and approved at the 2011 annual general meeting of the Company, in order to avoid funds being idle and to fully exploit the utilisation efficiency of funds, the Company may allocate the balance of funds used for project investments and interest from deposits in designated account, both being funds raised from previous non-public issue of A shares, to supplement the working capital permanently, provided that the Company will ensure that construction of the investment project and the planned utilisation of the raised proceeds will not be affected. The Company did not supplement its working capital for the period.

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- 9) Technical renovation engineering of enlarging production scale of Dexing Copper Mine

The Company intended to invest a total of approximately RMB2,580.00 million in the project completely by proceeds from exercise of warrants. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB68.59 million. As at the end of the reporting period, the accumulated investment of the project amounted to RMB2,037.75 million, accounting for 79% of the planned investment amount.

- 10) Tender and development of the exploration rights of copper mine in Afghanistan

The Company had joined with China Metallurgical Group Corporation and successfully bid the exploration rights of Aynak Copper Mine in Afghanistan, and invested RMB58.13 million to establish MCC-JCC Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司) in which the Company holds 25% equity interest. During the reporting period, the actual additional amount invested in the project by proceeds amounted to RMB114.27 million. As at the end of the reporting period, the accumulated amount invested in such project amounted to RMB585.13 million. At present, the preparation work for the development of the copper mine is in progress. However, due to reasons including relocation of historical relics, there was extension from the expected commissioning date.

- 11) Acquisition of the equity interests in Northern Peru Copper Corp. in Canada

The Company had joined with China Minmetals Non-ferrous Metals Company Limited and invested RMB460 million to establish the Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司). They jointly acquired 100% equity interest in Northern Peru Copper Corp.. As at the end of the reporting period, the accumulated amount invested by proceeds from exercise of warrants in such project amounted to RMB1,300 million. Due to reasons such as environmental assessment and land procurement, there was extension from the expected commissioning date.

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3. Progress of projects financed by non-raised proceeds

Unit: 0'000 Currency: RMB

Project name	Proceeds for project	Progress of project	Earnings from project
Level 31 to 33, Dongfang Xintiandi Building A	30,149	98%	Under construction
Newly-established gangue reservoir for Wushan Copper Mine	32,778	77%	Under construction
Liujigou Gangue Reservoir for Chengmenshan Copper Mine	31,831	63%	Under construction
Phase II of Longchang Copper Pipe Project	102,448	28%	Under construction
No.5 Mine Exploitation Project	13,000	90%	Under construction
400,000-Tonne Copper Wires and Rods Project	43,000	75%	Under construction
Dexing 600,000 Tonne Pyritic Project	33,318	38%	Under construction
Donggou Dump Pit Project for Chengmenshan Copper Mine	19,707	64%	Under construction
300,000 Tonne Copper Smelting Improvement Project (Reformation project of smelting capacity of system two)	13,656	61%	Under construction
Renovation at Part of the Sizhou Plant's Floatation Equipments	15,807	40%	Under construction
Comprehensive Management Project for Water Usage, Emission Reduction and Water Waste	19,050	29%	Under construction
Renovation project of environment protection and energy saving technology	31,700	59%	Under construction
Qingyuan Jiangxi Copper Electrolysis Project Construction	46,040	72%	Under construction
Total	432,484	/ /	

1) Level 31 to 33, Dongfang Xintiandi Building A

The Company intended to invest a total of RMB301.49 million in the project. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB295.46 million, representing 98% of the planned investment amount in the project. Dongfang Xintiandi Building A is a commercial building located in Shenzhen. It is the office building of members of the group, namely Jiangxi Copper Shenzhen Trading Company Limited (深圳江銅營銷有限公司) and Loyal Sky Industrial Company Limited (鴻天實業有限公司).

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2) Newly-established gangue reservoir for Wushan Copper Mine

The Company intended to invest a total of RMB327.78 million in the project. During the reporting period, the actual investment in the project amounted to RMB62.28 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB252.39 million, representing 77% of the planned investment amount in the project.

3) Liujiagou Gangue Reservoir for Chengmenshan Copper Mine

The Company intended to invest a total of RMB318.31 million in the project. During the reporting period, the actual investment in the project amounted to RMB12.73 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB200.53 million, representing 63% of the planned investment amount in the project.

4) Phase II of Longchang Copper Pipe Project

The Company intended to invest a total of RMB1,024.48 million in the project. During the reporting period, the actual investment in the project amounted to RMB153.67 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB286.85 million, representing 28% of the planned invested amount in the project. Upon completion of the project, the production capacity of copper pipes will be increased by 38,000 tonnes per year.

5) No.5 Mine Exploitation Project

The Company intended to invest a total of RMB130.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB7.80 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB117.00 million, representing 90% of the planned investment amount in the project.

6) 400,000-Tonne Copper Wires and Rods Project

The Company intended to invest a total of RMB430.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB227.90 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB322.50 million, representing 75% of the planned investment amount in the project. Upon completion of the project in Zengcheng, Guangdong, the production capacity of copper rods will be increased by 400,000 tonnes per year.

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7) Dexing 600,000 Tonne Pyritic Project

The Company intended to invest a total of RMB333.18 million in the project. During the reporting period, the actual investment in the project amounted to RMB33.32 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB126.61 million, representing 38% of the planned investment amount in the project.

8) Donggou Dump Pit Project for Chengmenshan Copper Mine

The Company intended to invest a total of RMB197.07 million in the project. During the reporting period, the actual investment in the project amounted to RMB1.97 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB126.12 million, representing 64% of the planned investment amount in the project.

9) 300,000 Tonne Copper Smelting Improvement Project

The Company intended to invest a total of RMB136.56 million in the project. During the reporting period, the actual investment in the project amounted to RMB12.29 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB83.30 million, representing 61% of the planned investment amount in the project.

10) Renovation at Part of the Sizhou Plant's Floatation Equipments

The Company intended to invest a total of RMB158.07 million in the project. During the reporting period, the actual investment in the project amounted to RMB4.73 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB63.22 million, representing 40% of the planned investment amount in the project.

11) Comprehensive Management Project for Water Usage, Emission Reduction and Water Waste

The Company intended to invest a total of RMB190.50 million in the project. During the reporting period, the actual investment in the project amounted to RMB28.58 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB55.25 million, representing 29% of the planned investment amount in the project.

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- 12) Renovation project of environment protection and energy saving technology

The Company intended to invest a total of RMB317.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB174.35 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB187.03 million, representing 59% of the planned investment amount in the project.

- 13) Qingyuan Jiangxi Copper Electrolysis Project Construction

The Company intended to invest a total of RMB460.40 million in the project. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB331.49 million, representing 72% of the planned investment amount in the project.

(IV) ANALYSIS ON FINANCIAL POSITION

1. Financial Position

As at the end of the reporting period, the total assets of the Group amounted to RMB77,999.60 million, representing an increase of RMB9,849.97 million or 14.45% as compared with the beginning of the period, in which:

- (1) the balance of cash and bank amounted to RMB20,404.45 million, representing an increase of RMB4,558.15 million or a growth of 28.76% as compared with the beginning of the period, primarily due to earnings and the increase in bank borrowings;
- (2) Held-for-trading financial assets increased by RMB296.18 million mainly due to an increase in the amount of hedging contracts of commodity derivative contracts;
- (3) the balance of notes receivable amounted to RMB4,390.83 million, representing a decrease of RMB973.53 million or a drop of 18.15% as compared with the beginning of the period, primarily due to a lower discount interest rate of notes, resulting in an increase in discounted notes;
- (4) the balance of available-for-sale financial assets (including current and non-current portions) amounted to RMB3,100.08 million, representing a decrease of RMB180.01 million or a drop of 5.49% as compared with the beginning of the period, primarily due to the decrease in short-term investments of JCC Finance Company Limited ("Finance Company") of the Group;

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- (5) the balance of interest receivables amounted to RMB224.88 million, representing an increase of RMB79.74 million or a growth of 54.94% as compared with the beginning of the period, primarily due to the notable increase in interest receivables arising from the increase in time deposits;
- (6) the balance of accounts receivable amounted to RMB3,969.48 million, representing an increase of RMB1,736.95 million or a growth of 77.80% as compared with the beginning of the period, primarily attributable to the increase in sales revenue during the period;
- (7) the balance of advances to suppliers amounted to RMB5,097.61 million, representing an increase of RMB2,212.90 million or a growth of 76.71% as compared with the beginning of the period, primarily attributable to the increase in amount for procurement during the period.

As at the end of the reporting period, the balance of the total liabilities of the Group amounted to RMB36,740.01 million, representing an increase of RMB8,396.38 million or 29.62% as compared with the beginning of the period, in which:

- (1) the balance of short-term borrowings amounted to RMB15,168.15 million, representing an increase of RMB6,037.42 million or a growth of 66.12% as compared with the beginning of the period, primarily due to the increase in foreign currency borrowings;
- (2) held-for-trading financial liabilities decreased by RMB180.85 million, mainly due to the decrease in certain liabilities arising from the lease of gold measured at fair value;
- (3) the balance of advances from customers amounted to RMB1,956.17 million, representing an increase of RMB1,171.52 million or a growth of 149.30% as compared with the beginning of the period, primarily due to the increase in sales volume and the expansion of trading scale;
- (4) the balance of tax payable amounted to RMB703.56 million, representing a decrease of RMB832.60 million or a decrease of 54.20% as compared with the beginning of the period, primarily due to the payment of income tax for last year settled in the first half of the year;
- (5) the balance of interest payables amounted to RMB146.14 million, representing an increase of RMB76.67 million or a growth of 110.35% as compared with the beginning of the period, primarily due to the increase in provisions made for unpaid interest at the end of the reporting period arising from the increase in borrowings;

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- (6) the balance of dividend payable amounted to RMB1,731.36 million, representing an increase of RMB1,731.36 million as compared with the beginning of the period, primarily due to the unpaid final cash dividend for year 2011 as at the end of the current period;
- (7) the balance of other current liabilities amounted to RMB618.30 million, representing a decrease of RMB797.99 million or a decrease of 56.34% as compared with the beginning of the period, primarily due to the decrease in deposits placed by related parties with Finance Company, a subsidiary of the Group.

During the reporting period, the net profit of the Group attributable to owners of the Company amounted to RMB2,576.18 million, representing a decrease of RMB1,652.40 million or a drop of 39.08% as compared with the same period last year, in which:

- (1) the operating revenue amounted to RMB67,068.15 million, representing an increase of RMB7,749.72 million or a growth of 13.06% as compared with the same period last year. Please refer to the analysis in the sub-section headed "Principal Operations and Performance" in this report;
- (2) the operating costs amounted to RMB62,826.10 million, representing an increase of RMB9,408.79 million or a growth of 17.61% as compared with the same period last year, primarily due to the increase in sales volume during the first half of the year;
- (3) operating taxes and surcharges amounted to RMB286.51 million, representing an increase of RMB30.32 million or a growth of 11.84% as compared with the same period last year, primarily due to the increase in cities construction tax, education supplementary tax and resources tax as compared with the same period last year;
- (4) administrative expenses amounted to RMB796.17 million, representing an increase of RMB32.26 million or a growth of 4.22% as compared with the same period last year, primarily due to the increase in employee benefits arising from the rise in labor costs;
- (5) provision for impairment of assets amounted to RMB94.00 million, representing an increase of RMB90.12 million or 2,323.48% as compared with the same period last year, primarily due to the decrease in market prices of products, leading to the increase in loss of value of the inventories;
- (6) gain from changes in fair value amounted to RMB175.71 million, representing a decrease of RMB158.60 million or a drop of 47.44% as compared with the same period last year, primarily due to reversal of unrealised gains from outstanding commodity derivative contracts which were not qualified for hedge accounting carried forward from the end of last year;

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- (7) investment income amounted to RMB290.22 million, representing an increase of RMB15.12 million or a growth of 5.49% as compared with the same period last year, primarily due to the increase in gains from settlement of commodity derivative contracts which are not qualified for hedge accounting and the increase in investment income arising from financial products of banks;
- (8) non-operating income amounted to RMB39.71 million, representing an increase of RMB19.16 million or a growth of 93.28% as compared with the same period last year, primarily due to the increase in government grants;
- (9) non-operating expenses amounted to RMB7.72 million, representing an increase of RMB0.91 million or 13.33% as compared with the same period last year, primarily due to the increase in disposal of fixed assets in the first half of the year.

2. Capital structure

As at the end of the reporting period, the total assets of the Group increased to RMB77,999.60 million from RMB68,149.63 million as at the beginning of the period, while the total liabilities increased to RMB36,740.01 million from RMB28,343.63 million as at the beginning of the period. Gearing ratio was 47.10%, representing an increase of 5.51 percentage points as compared to the beginning of the period. Capital-liabilities ratio (liabilities/shareholders' equity) was 89.05%, representing an increase of 17.84 percentage points as compared to the beginning of the period.

3. Cash flow

- (1) The net cash flow from operating activities amounted to RMB1,377.49 million, representing a decrease of RMB3,093.91 million as compared to the same period last year, primarily due to (1) a year-on-year decrease of RMB1,654.55 million in net profit; (2) an increase of RMB66.72 million in inventories over the beginning of the year, compared to a decrease of RMB2,396.43 million during the same period last year from the beginning of last year, representing a decrease of RMB2,463.15 million in net cash inflow in aggregate; (3) an increase of RMB2,891.34 million in operating receivables as compared to the beginning of the year, compared to an increase of RMB3,567.32 million in the same period last year, posting an increase of RMB675.97 million in the net operating cash flow.

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- (2) The net cash flow from investing activities amounted to RMB-1,788.12 million, representing a decrease of RMB1,920.05 million in the net cash outflow as compared to the same period last year, of which the cash inflows from investing activities decreased by RMB4,050.99 million, mainly due to a decrease of RMB4,320.35 million from recovery of short-term investments by the Finance Company during the year; the cash outflow from the investing activities decreased by RMB5,971.04 million, mainly due to a decrease of RMB6,527.21 million in short-term investment expenditure of the Finance Company during the year.
- (3) The net cash flow from financing activities amounted to RMB5,343.73 million, representing a decrease of RMB1,284.32 million as compared to the same period last year, primarily due to a decrease of RMB1,467.78 million in borrowings and an increase of RMB538.35 million in debt repayment during the reporting period as compared to last year.

(V) PROSPECT IN THE SECOND HALF OF THE YEAR

The fermenting European debt crisis and the uncertainties during the recovery of global economies remain unsettled in the second half of this year. Given a possible downturn in China's real economies, the industry restructuring will continue to persist. The prices of the Group's products, including copper, gold, silver and sulphuric acid may be unlikely to pick up. In the second half of this year, the Group will continue to refine internal management, strengthen cost control, prevent operating risks and improve operating efficiencies, and use its best endeavours to improve the Company's operating result.

1. The Group will strive to complete projects under construction, aspiring to commence construction of Yinshan Mining's deep mining production-expansion renovation project within the year; complete construction and commence production of Dexing 600,000 tonne pyrite-based sulfuric acid project and Guangzhou 400,000 tonne copper rod project in the second half of 2012. In addition, the Group endeavors to assist in the construction of the Aynak Copper Mine project in Afghanistan and the copper mine construction project of Northern Peru Copper Corp.
2. The Group will adjust its business concept and deepen internal reforms. Through reintegrating enterprises of the Company in Nanchang area, being manufacturers of copper foil, enameled wires and copper pipes, the Company will build a new processing business segment and a new management and control pattern. It will explore a flexible operating mechanism in which responsibilities, rights and interests are closely integrated, which can optimize allocation of internal resources and improve its competitiveness in the copper processing market.

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3. The Group will intensify cost control. Further exploiting its internal potential, it will prioritize costs reduction and efficiency enhancement in the Company's development in the second half of this year. With the promulgation of "Assessment Plan for Costs Reduction Award" (成本節約獎考核方案), mechanisms such as direct connection between employees' income growth and cost reduction as well as efficiency enhancement will be established.
4. Strengthen risk control and prevention: risk control is to be strengthened and management over receivables is to be tightened to maintain a reasonable scale of receivables. A more stringent credit monitoring of major customers will be exercised, together with an economic management over the inventories scale. With these initiatives, the Group aims to lower risks due to price fluctuations and optimize the efficiency of capital utilisation.

(VI) FORMULATION AND IMPLEMENTATION OF THE CASH DIVIDEND DISTRIBUTION POLICY

On 3 August 2012, the Board considered and approved the Dividend Policy and 3-Year Plan of Shareholders' Return of Jiangxi Copper Company Limited. The plan will become effective subject to the consideration and approval at the general meeting of the Company. For details, please refer to the announcement of the Company entitled the "Dividend Policy and 3-Year Plan of Shareholders' Return of Jiangxi Copper Company Limited" dated 3 August 2012.

Significant Events

(I) CORPORATE GOVERNANCE

During the reporting period, in strict compliance with the requirements of laws and regulations such as the Company Law, Securities Law and Rules Governing the Listing of Securities, the Company standardised its operation. The general meeting, Board, Supervisory Committee, and special committees under the Board duly performed their duties and operated in accordance with the laws. The Company implemented relevant procedures and disclosure in respect of matters including use of proceeds, significant investments and connected transaction according to relevant rules.

During the reporting period, the Company formulated the Management System of Registration of the Holders of Insider Information and perfected the corporate governance of the Company.

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

At annual general meeting of the Company held on 19 June 2012, the distribution of 2011 final dividend of RMB0.5 per share (including tax) to all the shareholders of the Company was considered and approved. The Company has completed this dividend distribution in July 2012.

(III) MATERIAL LITIGATIONS AND ARBITRATIONS

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

(IV) MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

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

Significant Events

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

1. Investment in securities

No.	Securities type	Securities code	Securities abbreviation	Initial investment Cost (RMB)	Number of securities held (share)	Book value at the end of the period (RMB)	As a percentage of the investment in securities as at the end of the period (%)	Profit and loss occurred in the reporting period (RMB)
1	Stock	002405	NAVINFO	1,705,651	95,944	1,145,571	61.24	-560,080
2	Stock	002393	LISHENG PHARMA	1,050,075	23,335	725,019	38.76	-325,056
Profit and loss on securities disposed during the reporting period					/			
Total				2,755,726	/	1,870,590	100	-885,136

2. Equity interests in non-listed financial enterprises

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

Significant Events

(VI) THE COMPANY'S ACQUISITION AND DISPOSAL OF ASSETS AND MERGERS BY ABSORPTION DURING THE REPORTING PERIOD

The Company did not have any material acquisition or disposal of assets or merger by absorption during the reporting period.

(VII) MATERIAL CONNECTED TRANSACTIONS OF THE COMPANY DURING THE REPORTING PERIOD

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

Unit: '000 Currency: RMB

Related party	Connection	Connected transaction types	Content of connected transaction	Pricing policy of connected transaction	Amount of connected transaction ('000)	Settlement method of connected transaction
JCC	Controlling shareholder	Sales of goods	Copper rods and wire	Market price	291,710	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Copper cathode	Market price	338,534	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Ancillary industrial products	Market price	7,367	Monthly settlement
JCC	Controlling shareholder	Sales of goods	By-products	Market price	52,890	Monthly settlement
JCC	Controlling shareholder	Sales of goods	Lead concentrate	Market price	37,761	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Copper sulfate	Market price	303	Payment upon acceptance

Significant Events

Related party	Connection	Connected transaction types	Content of connected transaction	Pricing policy of connected transaction	Amount of connected transaction ('000)	Settlement method of connected transaction
JCC	Controlling shareholder	Purchase of products	Auxiliary industrial products and other products	Market price	92,157	Monthly settlement
JCC	Controlling shareholder	Provision of services	Construction services	Contract price	30,453	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity services	Contract price	8,392	Monthly settlement
JCC	Controlling shareholder	Loans	Interest income on loans	Contract price	21,130	Monthly settlement
JCC	Controlling shareholder	Provision of services	Vehicle transportation services	Contract price	3,802	Monthly settlement
JCC	Controlling shareholder	Provision of services	Repair and maintenance services	Contract price	30,550	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Hydropower services	Contract price	460	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Gas	Contract price	10	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Rental income for public facilities and others	Contract price	1,918	
JCC	Controlling shareholder	Acceptance of agency services	Pension contributions	Contract price	50,768	Monthly settlement

Significant Events

Related party	Connection	Connected transaction types	Content of connected transaction	Pricing policy of connected transaction	Amount of connected transaction ('000)	Settlement method of connected transaction
JCC	Controlling shareholder	Acceptance of use of rights of patent and trademark	Rental expense for land use rights	Contract price	80,930	Annual settlement
JCC	Controlling shareholder	Acceptance of services	Acceptance of repair and maintenance services	Contract price	17,829	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Acceptance of construction services	Contract price	1,669	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Acceptance of brokerage agency services for commodity derivative contracts	Contract price	16,647	Payment upon completion of transaction
JCC	Controlling shareholder	Acceptance of services	Acceptance of sanitation and greening service	Contract price	2,297	Monthly settlement
JCC	Controlling shareholder	Borrowings	Interest paid for deposits from controlling shareholder	Contract price	4,798	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Rentals for public facilities	Contract price	6,146	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Acceptance of labour service	Contract price	6,596	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Processing charges	Contract price	5,160	Payment upon acceptance
JCC	Controlling shareholder	Acceptance of services	Welfare and medical services	Contract price	45,410	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Technical training services	Contract price	2,028	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Water	Contract price	4	Monthly settlement
Total				/	1,157,719	/

Significant Events

(VIII) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, contracts and leases contributing more than 10% (including 10%) to the total profit of the Company for the period

(1) Custody

The Company did not have custody during the reporting period.

(2) Contracts

The Company did not have contracts during the reporting period.

(3) Leases

The Company did not have leases during the reporting period.

2. Guarantees

The Company did not have guarantees during the reporting period.

3. Asset management on trust and entrusted loans

(1) Asset Management on Trust

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

(2) Entrusted loans

The Company was not involved in any entrusted loans during the reporting period.

4. Other material contracts

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

Significant Events

(IX) PERFORMANCE OF UNDERTAKINGS

1. Undertakings given by the Company, controlling shareholder and de facto controller during or subsisted to the reporting period

Background of Undertakings	Types of Undertakings	Party of undertakings	Contents of undertakings	Whether there is time limit of performance	Whether it was fulfilled strictly in a timely manner
Undertakings in relation to initial public offering	Resolve inter- competitions	JCC	So far as JCC holds 30% or more of the voting rights of the Company, JCC and its subsidiaries and associated companies (except for those controlled through the Company) shall not engage in any business or activities which may directly or indirectly compete with the Company's business.	No	Yes

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

(X) APPOINTMENT AND TERMINATION OF APPOINTMENT OF THE AUDITORS

Unit: 0'000 Currency: RMB

Whether changed the auditors: Yes

	Original auditors	Current auditors
Name of the domestic auditors	Ernst & Young Hua Ming	Deloitte Touche Tohmatsu CPA Ltd.
Remuneration for domestic auditors	—	550
Years of audit services provided by the domestic auditors	5	1
Name of overseas auditors	Ernst & Young Certified Public Accountants	Deloitte Touche Tohmatsu
Remuneration for overseas auditors	—	240
Years of audit services provided by the overseas auditors	5	1

Significant Events

(XI) CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and establishing high level of corporate governance. The Company has complied with the code provisions of the Code on Corporate Governance Practices and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the period from 1 January 2012 to 31 March 2012 and from 1 April 2012 to 30 June 2012, respectively.

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

At any time during the six months ended 30 June 2012, the Company did not repurchase any of its shares. Neither the Company nor any of its subsidiaries purchased or disposed of any shares of the Company during the six months ended 30 June 2012.

(XIII) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

(XV) EXPLANATION ON OTHER SIGNIFICANT EVENTS

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

(XVI) AUDIT COMMITTEE

The Company has convened Audit Committee meeting at which the unaudited interim condensed consolidated financial statements and the interim results report for the six months ended 30 June 2012 were considered and approved.

Significant Events

(XVII) ASSETS PLEDGED OF THE GROUP

As at 30 June 2012, assets of the Group amounting to the net book value of RMB3,993.21 million were pledged for securing certain bank loans, including the restricted deposits for securing borrowings of RMB2,486.24 million (as of 31 December 2011: RMB1,318.18 million), the discounted but undue bank and commercial accepted notes of RMB1,356.67 million (as of 31 December 2011: RMB33.15 million), inventories with net value of RMB68.00 million (as of 31 December 2011: RMB68.00 million), machineries and equipments with nil net carrying value (as of 31 December 2011: RMB35.76 million) and buildings with net carrying value of RMB82.30 million (as of 31 December 2011: RMB35.00 million).

(XVIII) FOREIGN EXCHANGE RISK

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

Although currently RMB is not a freely convertible currency in the PRC, the Chinese government is taking initiatives for exchange reform and to adjust exchange rates. Therefore, exchange rate fluctuations will have an impact on the Group's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Group believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange spending.

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

(XIX) DETAILS OF EMPLOYEES

As at 30 June 2012, the Group had 24,819 employees in total, of whom 3,498 were management personnel, 1,321 were technicians, 17,930 were production personnel and 2,070 were supporting staff.

(XX) CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any material contingent liabilities.

Significant Events

(XXI) INFORMATION DISCLOSURE INDEX

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
2011 Annual Report	Shanghai Securities News B228	28 March 2012	http://www.jxcc.com , http://www.sse.com.cn , http://www.hkex.com.hk
2012 First Quarterly Report	Shanghai Securities News B117	26 April 2012	
Notice of 2011 Annual General Meeting	Shanghai Securities News 36	5 May 2012	
Supplemental Notice of 2011 Annual General Meeting	Shanghai Securities News B32	5 June 2012	
Announcement on the Resolutions of the 2011 Annual General Meeting and the Distribution of H Share Dividend	Shanghai Securities News B32	20 June 2012	

Report on Review of Condensed Consolidated Financial Statements



To The Board of Directors of 江西銅業股份有限公司

JIANGXI COPPER COMPANY LIMITED

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

Introduction

We have reviewed the condensed consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 73, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated 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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

Conclusion

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

Other Matter

The condensed consolidated financial statements of the Group for the six-month period ended 30 June 2011 were reviewed by another auditor who expressed an unmodified conclusion on those statements on 25 August 2011. The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by the same auditor who expressed an unmodified opinion on those statements on 27 March 2012.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2012

Condensed Consolidated Income Statement

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

	NOTES	Six months ended 30 June	
		2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Revenue	3	66,781,647	59,062,247
Cost of sales		(62,820,213)	(53,326,442)
Gross profit		3,961,434	5,735,805
Other income, gains and losses	4	734,641	715,562
Selling and distribution expenses		(173,262)	(194,012)
Administrative expenses		(829,620)	(815,787)
Finance costs		(414,456)	(310,879)
Share of results of associates		(13,603)	27,196
Share of results of a jointly controlled entity		4,396	4,046
Profit before taxation		3,269,530	5,161,931
Taxation	5	(567,883)	(813,597)
Profit for the period	6	2,701,647	4,348,334
Profit for the period attributable to:			
Owners of the Company		2,668,949	4,313,216
Non-controlling interests		32,698	35,118
		2,701,647	4,348,334
Earnings per share			
Basic	8	RMB0.77	RMB1.25

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Profit for the period	2,701,647	4,348,334
Other comprehensive income		
Fair value change on hedging instruments designated in cash flow hedges	9,050	13,351
Reclassification adjustments relating to transfer of cash flow hedges	2,141	103,214
Income tax relating to components of other comprehensive income	(2,485)	(21,217)
Exchange differences arising on translation	34,505	(64,296)
Other comprehensive income for the period (net of tax)	43,211	31,052
Total comprehensive income for the period	2,744,858	4,379,386
Total comprehensive income attributable to:		
Owners of the Company	2,712,123	4,344,268
Non-controlling interests	32,735	35,118
	2,744,858	4,379,386

Condensed Consolidated Statement of Financial Position

At 30 June 2012
(Prepared in accordance with IFRS)

		At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
	NOTES		
Non-current assets			
Property, plant and equipment	9	19,196,703	18,092,411
Prepaid lease payments		469,953	428,375
Intangible assets		830,316	847,411
Exploration and evaluation assets		213,681	206,367
Interests in a jointly controlled entity		31,128	26,732
Interests in associates		1,664,816	1,530,574
Available-for-sale investments	10	410,080	510,080
Deferred tax assets		265,762	306,088
Deposit for property, plant and equipment	9	490,566	218,096
		23,573,005	22,166,134
Current assets			
Inventories		14,077,332	14,097,061
Trade and bills receivables	11	8,360,317	7,596,894
Prepayments, deposits and other receivables		7,818,912	4,744,573
Prepaid lease payments		12,740	10,103
Loans to fellow subsidiaries		390,614	842,510
Available-for-sale investments	10	2,690,000	2,770,006
Held-for-trading financial assets		1,871	2,331
Derivative financial instruments	12	370,364	73,723
Deposit in domestic financial institution	13	300,000	—
Pledged bank deposits		4,425,600	4,763,826
Bank balances and cash		15,978,845	11,082,468
		54,426,595	45,983,495

Condensed Consolidated Statement of Financial Position

At 30 June 2012

(Prepared in accordance with IFRS)

		At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
	NOTES		
Current liabilities			
Trade and bills payables	14	6,486,796	5,576,402
Other payables and accruals		4,269,702	3,233,579
Deposits from holding company and fellow subsidiaries		614,177	1,416,294
Dividend payable		1,731,365	—
Deferred revenue — government grants		23,173	33,170
Derivative financial instruments	12	126,138	152,404
Held-for-trading financial liabilities	15	791,685	946,260
Tax payable		406,282	886,062
Bank and other borrowings	16	16,000,993	9,809,366
		30,450,311	22,053,537
Net current assets		23,976,284	23,929,958
Total assets less current liabilities		47,549,289	46,096,092
Non-current liabilities			
Bonds payable	17	5,551,637	5,422,250
Bank and other borrowings	16	19,250	173,622
Provision for rehabilitation		133,676	129,531
Employee benefit liability		291,510	291,510
Deferred revenue — government grants		232,913	244,499
Other long term payables		11,305	14,447
Deferred tax liabilities		49,410	14,238
		6,289,701	6,290,097
		41,259,588	39,805,995
Capital and reserves			
Share capital	18	3,462,729	3,462,729
Reserves		36,853,518	35,840,192
Equity attributable to owners of the Company		40,316,247	39,302,921
Non-controlling interests		943,341	503,074
		41,259,588	39,805,995

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

	Attributable to owners of the Company													
	Share capital	Share premium	Capital reserves	Other reserve	Statutory surplus reserve	Discretionary surplus reserve	Safety funds			Proposed dividends	Retained profits	Total	Non-controlling interests	
							surplus reserves	Hedging reserve	Translation reserve				Total	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2012 (audited)	3,462,729	12,647,502	(934,681)	(92,506)	3,259,295	7,866,667	276,627	(4,686)	(255,149)	1,731,365	11,345,758	39,302,921	503,074	39,805,995
Profit for the period	—	—	—	—	—	—	—	—	—	—	2,668,949	2,668,949	32,698	2,701,647
Fair value change														
on hedging instruments designated in cash flow hedges	—	—	—	—	—	—	—	9,050	—	—	—	9,050	—	9,050
Reclassification adjustment relating to transfer of cash flow hedges	—	—	—	—	—	—	—	2,141	—	—	—	2,141	—	2,141
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	—	(2,485)	—	—	—	(2,485)	—	(2,485)
Exchange differences arising on translation	—	—	—	—	—	—	—	—	34,468	—	—	34,468	37	34,505
Total comprehensive income for the period	—	—	—	—	—	—	—	8,706	34,468	—	2,668,949	2,712,123	32,735	2,744,858
Partial disposal of a subsidiary without losing control	—	—	14,126	—	—	—	—	—	—	—	—	14,126	385,874	400,000
Acquisition of additional interest in a subsidiary	—	—	18,442	—	—	—	—	—	—	—	—	18,442	31,558	50,000
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(9,900)	(9,900)
Dividends declared	—	—	—	—	—	—	—	—	—	(1,731,365)	—	(1,731,365)	—	(1,731,365)
Transfer between categories	—	—	—	—	—	—	92,768	—	—	—	(92,768)	—	—	—
At 30 June 2012 (unaudited)	3,462,729	12,647,502	(902,113)	(92,506)	3,259,295	7,866,667	369,395	4,020	(220,681)	—	13,921,939	40,316,247	943,341	41,259,588

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012

(Prepared in accordance with IFRS)

	Attributable to owners of the Company																
	Share capital	Share premium	Capital reserves	Other reserve	Statutory surplus		Discretionary surplus		Safety funds		Proposed dividends	Retained profits	Total	Non-controlling interests	Total		
					reserve	reserve	reserve	reserve	reserve	reserve						reserve	reserve
					RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000						RMB'000	RMB'000
			(Note a)	(Note b)	(Note c)	(Note c)											
At 1 January 2011 (audited)	3,462,729	12,647,502	(934,681)	(92,506)	2,670,179	6,099,320	239,154	(101,967)	(135,745)	692,546	9,576,695	34,123,226	414,180	34,537,406			
Profit for the period	—	—	—	—	—	—	—	—	—	—	4,313,216	4,313,216	35,118	4,348,334			
Fair value change on hedging instruments designated in cash flow hedges	—	—	—	—	—	—	—	13,351	—	—	—	13,351	—	13,351			
Reclassification adjustment relating to transfer of cash flow hedges	—	—	—	—	—	—	—	103,214	—	—	—	103,214	—	103,214			
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	—	(21,217)	—	—	—	(21,217)	—	(21,217)			
Exchange differences arising on translation	—	—	—	—	—	—	—	—	(64,296)	—	—	(64,296)	—	(64,296)			
Total comprehensive income for the period	—	—	—	—	—	—	—	95,348	(64,296)	—	4,313,216	4,344,268	35,118	4,379,386			
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	3,366	3,366			
Acquisition of non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(30,534)	(30,534)			
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(8,153)	(8,153)			
Dividends declared	—	—	—	—	—	—	—	—	—	(692,546)	—	(692,546)	—	(692,546)			
Dividends proposed	—	—	—	—	—	—	—	—	—	692,546	(692,546)	—	—	—			
Transfer between categories	—	—	—	—	—	—	84,639	—	—	—	(84,639)	—	—	—			
As at 30 June 2011 (unaudited)	3,462,729	12,647,502	(934,681)	(92,506)	2,670,179	6,099,320	323,793	(6,619)	(200,041)	692,546	13,112,726	37,774,948	413,977	38,188,925			

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012

(Prepared in accordance with IFRS)

Notes:

- (a) Capital reserves arise from (i) the difference between the amount by which the non-controlling interests are adjusted and the consideration paid and received for the acquisition of additional interest in a subsidiary and the partial disposal of a subsidiary without losing control; (ii) the difference between the cash consideration paid, shares issued by the Company and the amount of the registered capital of the combined entities under group reorganisations; and (iii) the excess of the value of the net assets immediately before the establishment of the Company injected into the Company by Jiangxi Copper Corporation, a holding company of the Company, as part of group reorganisations which was determined by the People's Republic of China ("PRC") valuer and was approved by the State Assets Administration Bureau over the nominal value of the shares issued upon establishment of the Company.
- (b) Other reserve represents the difference in value of certain assets and liabilities included in the net assets injected into the Company pursuant to group reorganisations calculated in accordance with International Financial Reporting Standards ("IFRSs") and the valuation of assets and liabilities performed by the PRC valuer in accordance with relevant PRC standards and regulations, which valuation was confirmed by the State Assets Administration Bureau.
- (c) The Company shall appropriate to the statutory surplus reserve at 10% of its profit after taxation calculated in accordance with the PRC accounting standards and regulations and the articles of association of the Company. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. In addition, the Company's articles of association also allow the Company to transfer a certain amount of profit after taxation and after appropriations to the statutory surplus reserve, subject to shareholders' approval, to the discretionary surplus reserve. According to the Company's articles of association, the statutory surplus reserve and discretionary surplus reserve can be used to make up prior year losses, to expand production operation or to increase share capital. The Company may capitalise the statutory surplus reserve and discretionary surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such an appropriation shall not be less than 25% of the original registered capital of the Company.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

	NOTE	Six months ended 30 June	
		2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Net cash from operating activities		1,377,486	4,471,397
Investing activities			
Proceeds on disposal of available-for-sale investments		11,750,006	16,522,200
Repayment of loans from (loans to) fellow subsidiaries		451,896	(655,942)
Interest received		242,893	45,673
Income received from available-for-sale investments		110,000	72,885
Proceeds on disposal of property, plant and equipment		35,726	702
Purchase of available-for-sale investments		(11,570,000)	(18,322,200)
Purchase of property, plant and equipment		(1,601,667)	(1,043,424)
Purchase of debt investments which are subject to repurchase agreements		(750,006)	—
Deposit in domestic financial institution		(300,000)	—
Investments in associates		(114,269)	(311,050)
Acquisition of a subsidiary	19	(27,707)	—
Other investing cash flows (net)		(14,987)	(17,009)
Net cash used in investing activities		(1,788,115)	(3,708,165)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Financing activities		
New bank and other borrowings raised	10,923,393	12,300,043
Proceeds from partial disposal of a subsidiary without losing control	400,000	—
Repayment of bank and other borrowings	(4,897,075)	(5,160,841)
Capital contribution from non-controlling shareholders	50,000	3,366
Increase of pledged deposits to secure bank borrowings and gold lease	30,001	(498,563)
(Decrease) increase in deposits from holding company and fellow subsidiaries	(802,117)	91,125
Interest paid	(204,256)	(71,185)
Repayment of held-for-trading financial liabilities	(146,321)	—
Dividends paid to non-controlling shareholders	(9,900)	(5,368)
Acquisition of non-controlling shareholders	—	(30,534)
Net cash from financing activities	5,343,725	6,628,043
Net increase in cash and cash equivalents	4,933,096	7,391,275
Cash and cash equivalents at 1 January	11,082,468	3,864,368
Effect of foreign exchange rate changes	(36,719)	(1,150)
Cash and cash equivalents at the end of the period, representing bank balances and cash	15,978,845	11,254,493

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with IFRS)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim financial reporting” (“IAS 34”) issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to IFRSs issued by the IASB that are mandatorily effective for the current interim period. While the application of these amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements, the directors of the Company considers that the application of amendments to IFRS 7 may increase the disclosure requirements for transactions involving transfers of financial assets in its 2012 annual financial statements. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

3. REVENUE AND SEGMENT INFORMATION

The Group’s operating activities are attributable to a single operating segment focusing on production and sale of copper and other related products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to IFRSs, that is regularly reviewed by the General Manager of the Group, the chief operating decision maker of the Group. The General Manager of the Group regularly reviews revenue analysis by products. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The General Manager of the Group reviews the revenue and the operating results of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the General Manager of the Group. Accordingly, no analysis of this single operating segment is presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Sales of goods		
— copper cathodes	40,526,980	34,760,386
— copper rods	12,568,779	13,066,130
— copper processing products	2,367,455	2,162,818
— gold	5,059,458	4,202,211
— silver	1,945,923	2,077,721
— sulphuric and sulphuric concentrate	996,505	1,209,896
— rare and other non-ferrous metals	2,820,877	1,202,754
— others	495,670	380,331
	66,781,647	59,062,247

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with IFRS)

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Other income:		
Interest income	322,631	45,673
Government grants recognised	23,679	13,396
	346,310	59,069
Other gains and losses:		
Fair value change on derivative financial instruments		
Transactions not qualifying for hedge accounting	348,803	488,627
Transactions qualifying as fair value hedges		
— Inventory hedged	(155,494)	(33,649)
— Fair value gains of hedging instrument	162,504	41,287
Ineffective portion of cash flow hedges	1,331	5,646
Fair value change on held-for-trading financial assets	(426)	(1,336)
Fair value change on held-for-trading financial liabilities	8,254	—
Gain on disposal of available-for-sale investments	110,000	72,885
Gain (loss) on disposal of property, plant and equipment	4,074	(102)
Foreign exchange (losses) gains, net	(83,279)	85,831
Impairment losses on trade and other receivables	(7,552)	(4,548)
Others	116	1,852
	388,331	656,493
	734,641	715,562

Note: Government grants recognised represents compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, and government subsidies granted to the Group in relation to its production facilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

5. TAXATION

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The charge comprise:		
Current taxation		
— PRC Enterprise Income Tax	510,779	769,169
— Hong Kong Profits Tax	14,289	10,764
	525,068	779,933
Deferred taxation	42,815	33,664
	567,883	813,597

Hong Kong profits tax on three (2011: two) of the Group's subsidiaries has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The provision for PRC Enterprise Income Tax is based on a statutory rate of 25% (2011: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Enterprise Income Tax Law except for those high technology companies may be entitled to a lower PRC Enterprise Income Tax rate of 15%, which are according to the PRC Enterprise Income Tax Law. In November 2010, the Company obtained a High-Tech Enterprise Certificate jointly issued by the Jiangxi Provincial Department of Science and Technology, the Jiangxi Provincial Department of Finance, the Jiangxi Provincial State Taxation Bureau and the Jiangxi Provincial Local Taxation Bureau. The Company is entitled to relevant preferential policies relating to High-Tech Enterprises for three consecutive years from 2010 to 2012 with a PRC Enterprise Income Tax rate of 15%.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	565,851	538,661
Amortisation of prepaid lease payments	9,323	3,209
Amortisation of intangible assets	17,289	18,481
Allowance for inventories, included in cost of sales	86,445	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

7. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend of RMB0.5 per share for 2011		
(2011: final dividend of RMB0.2 per share for 2010)	1,731,365	692,546

No dividends were paid or proposed during the six months ended 30 June 2012. The directors recommended the payment of interim dividend of RMB0.2 per share for the six months ended 30 June 2011.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of RMB2,668,949,000 (2011: RMB4,313,216,000) and on the number of 3,462,729,405 (2011: 3,462,729,405) ordinary shares in issue during the period.

No diluted earnings per share has been presented because there is no outstanding potential dilutive ordinary shares as at 30 June 2012 and 2011 and during the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group spent approximately RMB1,102,885,000 (2011: RMB781,094,000) on construction in process and RMB226,312,000 (2011: RMB7,348,000) on buildings and mining infrastructure, machinery and office equipment. Property, plant and equipment with carrying value of approximately RMB372,598,000 (2011: nil) was acquired from the acquisition of a subsidiary. Property, plant and equipment with carrying value of approximately RMB31,652,000 (2011: RMB806,000) was disposed by the Group. During the six months ended 30 June 2012, the Group paid deposits for property, plant and equipment of RMB490,566,000 (2011: RMB218,096,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

10. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Unlisted equity investments, at cost (Note a)	410,080	410,080
Portfolio fund investments, at fair value (Note b)	2,690,000	2,870,006
	3,100,080	3,280,086
Non-current assets	410,080	510,080
Current assets	2,690,000	2,770,006
	3,100,080	3,280,086

Notes:

- (a) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investee.
- (b) The portfolio fund investments represent financial products issued by PRC financial institutions. The due dates of the investments are from 3 July 2012 to 30 May 2013 (31 December 2011: 13 January 2012 to 22 February 2013) and the target annual yield rate is 3.5% to 10.5% (31 December 2011: 5.9% to 10.2%). The directors consider that the fair value of the portfolio fund investment approximates to its cost.

11. TRADE AND BILLS RECEIVABLES

The Group normally allows credit period of no longer than 90 days to its trade customers. The aged analysis of trade and bills receivables, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period as follows:

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Within 1 year	8,354,391	7,580,802
1 to 2 years	4,394	14,809
2 to 3 years	1,532	1,283
	8,360,317	7,596,894

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

12. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2012		As at 31 December 2011	
	Fair value		Fair value	
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)
Net settlement:				
Commodity derivative contracts	149,361	(106,505)	54,058	(119,481)
Forward currency contracts and interest rate swaps	44,229	(19,633)	1,489	(32,789)
Provisional price arrangement	176,774	—	18,176	(134)
	370,364	(126,138)	73,723	(152,404)
			At 30 June 2012	At 31 December 2011
			RMB'000	RMB'000
			(unaudited)	(audited)
Derivatives under hedge accounting:				
Cash flow hedges				
— Commodity derivative contracts			5,397	(5,690)
Fair value hedges				
— Commodity derivative contracts			(12)	(241)
— Provisional price arrangement			168,118	18,176
			173,503	12,245
Derivatives not under hedge accounting:				
— Commodity derivative contracts			37,471	(59,492)
— Provisional price arrangement			8,656	(134)
— Forward currency forward contracts and interest rate swaps			24,596	(31,300)
			70,723	(90,926)
			244,226	(78,681)

The Group uses commodity derivative contracts and provisional price arrangement to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are mainly standardised copper cathode future contracts in Shanghai Futures Exchange and London Metal Exchange.

The fair value of the commodity derivative contracts represents the difference between the quoted market price of commodity derivative contracts at the end of the reporting period and the quoted price at inception of the contracts. The fair value of the provisional price arrangement is estimated by reference to the difference between the quoted market price of commodity derivative contracts at the end of the reporting period with similar maturity and the quoted price at inception of the contracts.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

12. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Derivatives under hedge accounting:

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

— Cash flow hedge

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 30 June 2012, the expected delivery period of the forecasted sales for copper related products was from July to September 2012 (31 December 2011: from January to March 2012).

— Fair value hedge

The Group utilises commodity derivative contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories. In addition, the Group utilises commodity derivative contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with unrecognised firm commitment to sell copper rods.

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

(b) Derivatives not under hedge accounting:

The Group utilises commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper component within copper concentrate, and forecasted sales of copper wires and rods. These arrangements are designed to address significant fluctuations in the prices of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

The Group utilises gold commodity derivative contracts to manage the fair value change risk of the obligation to return gold with same quantity and quality to banks under gold lease contracts. These arrangements are designed to address significant fluctuation in the fair value of the obligation which move in line with the prevailing price of gold.

In addition, the Group has entered into various forward currency contracts and interest rate swaps to manage its exposures on exchange rate and interest rate.

However, these commodity derivative contracts, forward currency contracts and interest rate swaps are not designated as hedging instruments or not qualified for hedging accounting.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

13 DEPOSIT IN DOMESTIC FINANCIAL INSTITUTION

The maturity date of the deposit in domestic financial institution is 24 July 2012 (31 December 2011: nil) and the target annual yield rate is 5.4%.

14 TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables is presented based on the invoice date at the end of the reporting period as follows:

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Within 1 year	6,312,503	5,506,083
1 to 2 years	139,845	33,459
2 to 3 years	9,346	3,056
Over 3 years	25,102	33,804
	6,486,796	5,576,402

The trade payables are normally settled on 60-day terms.

15. HELD-FOR-TRADING FINANCIAL LIABILITIES

The Group entered into certain gold lease contract with banks. During the lease period, the Group might sell the leased gold to independent third parties. When the lease period expires, the Group shall return the gold with the same quantity and quality to the banks. The obligation to return the gold is recognised as held-for-trading financial liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

16. BANK AND OTHER BORROWINGS

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Bank and other borrowings, secured	4,111,883	4,373,746
Bank and other borrowings, unsecured	11,908,360	5,609,242
	16,020,243	9,982,988
The Group's bank and other borrowings are repayable as follows:		
On demand or within one year	15,610,747	9,809,366
More than one year, but not exceeding two years	—	154,372
More than five years	19,250	19,250
	15,629,997	9,982,988
Carrying amount of bank borrowing that is repayable more than one year but not exceeding two years from the end of reporting period but contains a repayable on demand clause (shown under current liabilities)	390,246	—
	16,020,243	9,982,988
Less: Amount due within one year shown under current liabilities	(16,000,993)	(9,809,366)
Amount due after one year shown as non-current liabilities	19,250	173,622

The effective annual interest rates on the Group's bank and other borrowings range from 0.94% to 7.87% (31 December 2011: 0.94% to 7.87%) per annum.

17. BONDS PAYABLE

The bonds are listed on the Shanghai Stock Exchange. The fair value of the bonds at 30 June 2012 was estimated at approximately RMB5,892,880,000 (31 December 2011: RMB5,679,360,000), which was determined based on the closing market price as at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

18. SHARE CAPITAL

	Number of shares	Amount RMB'000
Balance at 1 January 2011, 30 June 2011, 1 January 2012 and 30 June 2012		
H shares	1,387,482,000	1,387,482
A shares	2,075,247,405	2,075,247
	<hr/>	
	3,462,729,405	3,462,729
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19. ACQUISITION OF A SUBSIDIARY

On 22 February 2012, the Group acquired equity interest in Jiangxi Copper (Qingyuan) Co., Ltd ("Jiangxi Qingyuan"), which is principally engaged in the manufacturing and sale of copper products, at a cash consideration of approximately RMB56,000,000. Upon the completion of the acquisition, Jiangxi Qingyuan became a wholly owned subsidiary of the Company. Jiangxi Qingyuan was acquired so as to continue the expansion of the Group's business of manufacturing and sale of copper products in Southern PRC and acquire the production line of electrolytic copper.

Consideration

	RMB'000
Cash consideration paid	54,000
Deferred consideration	2,000
	<hr/>
	56,000
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Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

19. ACQUISITION OF A SUBSIDIARY (Continued)

Assets and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Property, plant and equipment (Note)	372,598
Prepaid lease payment (Note)	46,025
Inventories	1,634
Prepayments, deposit and other receivables	
Other taxes recoverable	33,789
Prepayments	42,860
Other receivables	636
Bank balance and cash	26,293
Trade and bill payables	(19,478)
Other payables and accruals	(418,159)
Deferred tax liabilities (Note)	(30,198)
	<hr/>
	56,000
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Note: On the date of acquisition, fair value adjustments of RMB106,304,000 and RMB14,490,000 have been made to property, plant and equipment and prepaid lease payments, with the recognition of a corresponding adjustment to deferred tax liabilities amounting to RMB30,198,000.

Result arising on acquisition

	<i>RMB'000</i>
Consideration	56,000
Less: Net assets acquired	(56,000)
	<hr/>
	—
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Net cash outflow on acquisition of Jiangxi Qingyuan

	<i>RMB'000</i>
Cash consideration paid	(54,000)
Less: Cash and cash equivalents acquired	26,293
	<hr/>
	(27,707)
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Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

19. ACQUISITION OF A SUBSIDIARY (Continued)

Impact of acquisition on the results of the Group

Jiangxi Qingyuan contributed approximately RMB753,000 to the Group's turnover and a loss for the period of RMB5,954,000 between the date of acquisition and the end of the reporting period, respectively.

Had the acquisition been completed on 1 January 2012, total group turnover and profit for the period would have been approximately RMB66,781,647,000 and RMB2,699,384,000, respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is intended to be a projection of future results.

20. RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

During the six months ended 30 June 2012 and 2011, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Sales to holding company and fellow subsidiaries		
Sales of copper cathode	338,534	106,950
Sales of copper rods and wire	291,710	350,452
Sales of by-products	52,891	45,626
Sales of lead concentrate	37,761	52,504
Sales of auxiliary industrial products	7,367	7,085
Sales of copper sulfate	303	—
Sales of brass wires	—	24,788
	728,566	587,405
Sales to associates		
Sales of auxiliary industrial products	1,339	—
Sales of sulfuric acid	—	475
Sales of copper rods	—	104
	1,339	579
Sales to a jointly controlled entity		
Sales of auxiliary industrial products	46	1,135
Sales of copper sulfate	97	—
	143	1,135

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

20. RELATED PARTY TRANSACTIONS (Continued)

(a) Transaction with related parties (Continued)

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Purchases from holding company and fellow subsidiaries		
Purchases of sulfuric acid	23,036	—
Purchases of auxiliary industrial products	69,121	106,668
Purchases of crude copper	—	24,480
	92,157	131,148
Purchases from a jointly controlled entity		
Purchases of cupric sulfide	22,187	18,178
Service fees paid to holding company and fellow subsidiaries		
Pension contributions	50,768	97,999
Rental expense	80,930	18,336
Repair and maintenance services	17,829	17,371
Construction services	1,669	4,069
Brokerage agency services for commodity derivative contracts	16,647	22,900
Sanitation and greening service	2,297	4,692
Interest paid for deposits made	4,798	5,068
Rentals for public facilities	6,146	5,258
Other management fee	—	111
Labour service	6,596	7,985
Processing charges	5,160	3,974
Social welfare and support services:		
— welfare and medical services	45,410	28,430
— technical training services	2,028	2,698
Supply of water	4	—
	240,282	218,891

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

20. RELATED PARTY TRANSACTIONS (Continued)

(a) Transaction with related parties (Continued)

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Service fees paid to associates		
Processing charges	—	28,131
Service fees received from holding company and fellow subsidiaries		
Construction services	30,453	19,758
Supply of electricity	8,392	13,924
Interest charges for loan provided	21,130	12,778
Vehicle transportation services	3,802	1,280
Repair and maintenance services	30,549	931
Other management income	46	—
Rentals for public facilities	1,872	—
Supply of water	460	362
Supply of gas	10	10
	96,714	49,043
Service fees received from a jointly controlled entity		
Supply of electricity	401	—
Construction services	—	1,911
	401	1,911
Loans to fellow subsidiaries	—	877,000

(b) Compensation of key management personnel of the Group

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

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Short-term benefits	5,582	41,180
Post-employment benefits	191	201
	5,773	41,381

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

20. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

At the end of the reporting period, the Group have the following balances with related parties:

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Trade and bills receivables due from holding company	2,265	3,231
Trade and bills receivables due from fellow subsidiaries	693,659	403,906
Trade and bills receivables due from an associate	744	744
Prepayments and other receivables due from holding company	453	572
Prepayments and other receivables due from fellow subsidiaries	687,667	579,200
Prepayments and other receivables due from associates	2,166	211,609
Loans to fellow subsidiaries (Note)	390,614	842,510
Trade and bills payable due to holding company	3,642	1,231
Trade and bills payable due to fellow subsidiaries	24,452	22,822
Trade and bills payable due to associates	9	—
Other payables and accruals due to holding company	162,043	47,111
Other payables and accruals due to fellow subsidiaries	37,715	39,505
Other payables and accruals due to an associate	—	16,259
Other payables and accruals due to a jointly controlled entity	5,926	671
Deposits from holding company	250,021	688,122
Deposits from fellow subsidiaries	364,156	728,172
Long term payables due to holding company	13,140	16,457

Note: The loans to fellow subsidiaries are interest bearing and repayable within 1 year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Transaction/balances with other state-controlled entities

The Group itself is part of a larger group of companies under the State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province which is controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the condensed consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significant influence by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank and other borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products.

21. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments contracted for but not provided:

	At 30 June 2012 RMB'000 (unaudited)	At 31 December 2011 RMB'000 (audited)
Acquisition of property, plant and equipment and exploration rights	1,047,127	291,658
Investments in associates (Note a and b)	1,867,860	1,615,414
	2,914,987	1,907,072

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with IFRS)

21. CAPITAL COMMITMENTS (Continued)

Notes:

- (a) In June 2012, the Company entered into a sale and purchase agreement for the acquisition of 40% equity interest in Zhejiang Heding Copper Co., Ltd (“Zhejiang Heding”) at a consideration of approximately RMB360,000,000. Zhejiang Heding is principally engaged in the business of manufacturing and sale of copper products. Up to the date of approval of the condensed consolidated financial statements, the acquisition has not yet been completed.
- (b) The Company and China Metallurgical Group Corporation (“CMCC”) incorporated MCC-JCL Aynak Minerals Company Limited (“MCC-JCL”), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholder of the Company and CMCC in the MCC-JCL shall be 25% and 75%, respectively. The principal business of MCC-JCL is the exploration and exploitation of minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing. During the six months ended 30 June 2012, the Company totally injected RMB114,269,000 (equivalent to USD18,088,000) into MCC-JCL. Up to 30 June 2012, the total investment in MCC-JCL amounted to approximately RMB585,129,000 (equivalent to USD90,912,000) (31 December 2011: RMB470,860,000 (equivalent to USD72,824,000)).

Consolidated Balance Sheet

30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	30 June 2012 (Unaudited)	31 December 2011
Current Assets:			
Cash and bank	(V)1	20,404,445,212.95	15,846,293,599.45
Held-for-trading financial assets	(V)2	372,234,952.38	76,052,816.04
Notes receivable	(V)3	4,390,831,969.22	5,364,361,561.46
Accounts receivable	(V)4	3,969,484,936.24	2,232,532,084.52
Prepayments	(V)5	5,097,605,784.24	2,884,705,469.55
Interest receivable		224,876,713.19	145,137,759.73
Other receivables	(V)6	1,968,436,526.21	1,794,930,767.75
Inventories	(V)7	14,077,331,637.64	14,097,060,597.96
Available-for-sale financial assets	(V)8	2,690,000,000.00	2,770,005,500.00
Other current assets	(V)9	1,709,172,591.57	980,405,090.30
Total current Assets		54,904,420,323.64	46,191,485,246.76
Non-current Assets:			
Available-for-sale financial assets	(V)8	410,080,000.00	510,080,000.00
Long-term equity investments	(V)10, 11	1,695,944,156.89	1,557,306,680.24
Fixed assets	(V)12	14,592,437,888.75	14,792,339,191.22
Construction in progress	(V)13	4,601,604,796.85	3,300,071,456.01
Fixed assets to be disposed of		2,660,355.85	—
Intangible assets	(V)14	1,311,260,151.22	1,285,889,337.36
Exploration costs	(V)15	213,680,719.90	206,367,369.93
Long-term prepaid expenses		1,749,735.00	—
Deferred tax assets	(V)16	265,762,233.98	306,089,392.49
Total Non-current Assets		23,095,180,038.44	21,958,143,427.25
TOTAL ASSETS		77,999,600,362.08	68,149,628,674.01

Consolidated Balance Sheet

30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	30 June 2012 (Unaudited)	31 December 2011
Current Liabilities:			
Short-term borrowings	(V)18	15,168,145,587.31	9,130,730,768.48
Held-for-trading financial liabilities	(V)19	917,822,663.89	1,098,665,094.64
Notes payable	(V)20	52,635,731.94	3,300,143,866.17
Accounts payable	(V)21	6,434,160,455.11	2,276,258,139.51
Receipts in advance	(V)22	1,956,174,236.62	784,651,943.49
Employee benefits payable	(V)23	855,806,967.46	895,179,464.53
Taxes payable	(V)24	703,562,910.81	1,536,161,215.84
Interest payable		146,143,884.87	69,475,724.78
Dividends payable	(V)37	1,731,364,702.50	—
Other payables	(V)25	1,008,159,000.44	832,160,732.85
Non-current liabilities due within one year	(V)26	834,856,835.83	680,644,925.62
Other current liabilities	(V)27	618,304,535.14	1,416,294,455.09
Total Current Liabilities		30,427,137,511.92	22,020,366,331.00
Non-current Liabilities:			
Long-term borrowings	(V)28	19,250,000.00	173,622,050.00
Employee benefits payable	(V)23	291,510,030.00	291,510,030.00
Bonds payable	(V)29	5,551,637,343.00	5,422,250,407.00
Long-term payables	(V)30	11,305,076.94	14,446,807.44
Provision	(V)31	133,676,350.16	129,530,868.56
Deferred tax liabilities	(V)16	49,409,892.66	14,237,895.54
Other non-current liabilities	(V)32	256,085,942.83	277,669,327.49
Total Non-current Liabilities		6,312,874,635.59	6,323,267,386.03
TOTAL LIABILITIES		36,740,012,147.51	28,343,633,717.03

Consolidated Balance Sheet

30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	30 June 2012 (Unaudited)	31 December 2011
SHAREHOLDERS' EQUITY:			
Share capital	(V)33	3,462,729,405.00	3,462,729,405.00
Capital reserve	(V)34	11,689,913,891.68	11,648,640,617.39
Special reserve	(V)35	369,395,399.12	276,626,509.63
Surplus reserve	(V)36	11,125,960,052.98	11,125,960,052.98
Retained earnings	(V)37	13,888,927,956.87	13,044,111,354.99
Translation differences arising on translation of financial statements denominated in foreign currencies		(220,679,097.77)	(255,147,259.50)
Total shareholders' equity attributable to owners of the Company		40,316,247,607.88	39,302,920,680.49
Minority interests		943,340,606.69	503,074,276.49
TOTAL SHAREHOLDERS' EQUITY		41,259,588,214.57	39,805,994,956.98
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		77,999,600,362.08	68,149,628,674.01

The accompanying notes form part of the financial statements.

The financial statements on pages 74 to 237 were signed by the following:

Legal Representative:

*Person in Charge of
the Accounting Body:*

Chief Accountant:

Balance Sheet of the Company

30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	30 June 2012 (Unaudited)	31 December 2011
Current Assets:			
Cash and bank		18,914,204,187.11	14,786,585,445.62
Held-for-trading financial assets		214,503,486.39	27,353,254.00
Notes receivable		2,491,144,058.33	2,126,578,772.64
Accounts receivable	(XI)1	1,552,261,236.66	1,649,126,323.88
Prepayment		3,010,583,542.39	1,378,051,991.32
Interest receivable		131,873,551.33	77,630,516.71
Other receivables	(XI)2	1,031,137,405.71	825,879,476.33
Inventories		10,530,663,841.85	10,603,730,184.00
Other current assets		419,800,000.00	916,782,327.00
Total Current Assets		38,296,171,309.77	32,391,718,291.50
Non-current Assets:			
Available-for-sale financial assets		398,080,000.00	398,080,000.00
Long-term equity investments	(XI)3, 4	9,938,485,415.32	7,742,374,938.67
Fixed assets		11,617,897,426.73	11,956,366,295.57
Construction in progress		2,185,337,855.25	1,876,246,564.66
Fixed assets to be disposed of		2,210,874.25	—
Intangible assets		1,200,212,140.08	1,220,470,981.31
Exploration costs		213,680,719.90	206,367,370.40
Deferred tax assets		205,808,809.64	202,331,791.74
Total Non-current Assets		25,761,713,241.17	23,602,237,942.35
TOTAL ASSETS		64,057,884,550.94	55,993,956,233.85

Balance Sheet of the Company

30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	30 June 2012 (Unaudited)	31 December 2011
Current Liabilities:			
Short-term borrowings		5,804,688,816.64	3,605,638,319.89
Held-for-trading financial liabilities		2,529,928.65	9,254,986.87
Notes payable		4,282,280,863.68	3,059,183,180.41
Accounts payable		3,887,828,308.97	2,041,457,718.65
Receipts in advance		188,444,009.61	201,994,718.58
Employee benefits payable		775,086,121.70	731,132,105.07
Taxes payable		298,662,225.81	1,160,846,855.46
Interest payable		82,885,696.42	25,838,426.79
Dividends payable		1,731,364,702.50	—
Other payables		1,687,141,362.25	780,875,653.20
Non-current liabilities due within one year		294,019,378.00	292,009,689.00
Total Current Liabilities		19,034,931,414.23	11,908,231,653.92
Non-current Liabilities:			
Employee benefits payable		224,569,519.90	224,569,519.90
Bonds payable		5,551,637,343.00	5,422,250,407.00
Long-term payables		11,130,389.89	14,446,807.14
Provision		118,942,346.29	114,892,345.99
Deferred tax liabilities		3,182,580.00	1,376,640.00
Other non-current liabilities		187,103,508.90	207,436,586.36
Total Non-current Liabilities		6,096,565,687.98	5,984,972,306.39
TOTAL LIABILITIES		25,131,497,102.21	17,893,203,960.31
SHAREHOLDERS' EQUITY:			
Share capital		3,462,729,405.00	3,462,729,405.00
Capital reserve		12,450,068,516.86	12,416,493,303.98
Special reserve		322,759,531.41	247,964,598.15
Surplus reserve		11,003,094,636.55	11,003,094,636.55
Retained earnings		11,687,735,358.91	10,970,470,329.86
TOTAL SHAREHOLDERS' EQUITY		38,926,387,448.73	38,100,752,273.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		64,057,884,550.94	55,993,956,233.85

Consolidated Income Statement

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
I. Total operating income		67,068,151,639.46	59,318,431,017.77
Including: Operating income	(V)38	67,068,151,639.46	59,318,431,017.77
II. Total operating cost		64,389,896,088.68	54,865,137,425.06
Including: Operating costs	(V)38	62,826,104,283.83	53,417,315,593.84
Business taxes and levies	(V)39	286,505,785.79	256,184,145.40
Selling expenses	(V)40	173,261,701.50	194,011,928.94
Administrative expenses	(V)41	796,165,752.51	763,902,968.90
Financial expenses	(V)42	213,862,075.80	229,844,209.44
Impairment losses of assets	(V)43	93,996,489.25	3,878,578.54
Add:			
Gains from changes in fair values (Losses are indicated by “—”)	(V)44	175,708,192.70	334,304,642.24
Investment income (Losses are indicated by “—”)	(V)45	290,217,616.11	275,103,260.61
Including: Income from investments in associates and joint ventures		(9,206,932.39)	31,241,753.00
III. Operating profit (Losses are indicated by “—”)		3,144,181,359.59	5,062,701,495.56
Add: Non-operating income	(V)46	39,707,968.68	20,544,622.89
Less: Non-operating expenses	(V)47	7,720,178.55	6,812,199.57
Including: Losses from disposal of non-current assets		75,896.08	358,149.00
IV. Total profit (Losses are indicated by “—”)		3,176,169,149.72	5,076,433,918.88
Less: Income tax expenses	(V)48	567,882,515.68	813,597,412.75
V. Net profit (Losses are indicated by “—”)		2,608,286,634.04	4,262,836,506.13
Net profit attributable to owners of the Company		2,576,181,304.38	4,228,577,337.90
Profit or loss attributable to minority interests		32,105,329.66	34,259,168.23

Consolidated Income Statement

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

<i>RMB</i>			
Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
VI. Earnings per share:			
(I) Basic earnings per share	(V)49	0.74	1.22
<hr/>			
VII. Other comprehensive income	(V)50	43,209,891.80	31,052,314.00
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VIII. Total comprehensive income:		2,651,496,525.84	4,293,888,820.13
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Total comprehensive income attributable to owners of the Company		2,619,354,251.63	4,259,629,651.90
<hr/>			
Total comprehensive income attributable to minority interests		32,142,274.21	34,259,168.23
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Income Statement of the Company

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
I. Operating income	(XI)5	34,959,607,905.48	37,782,592,724.92
Less: Operating costs	(XI)5	31,079,540,598.07	32,585,919,651.19
Business taxes and levies		252,383,395.61	225,828,062.37
Selling expenses		107,020,786.42	113,347,242.42
Administrative expenses		603,175,877.62	588,120,308.83
Financial expenses		133,765,332.95	66,125,708.91
Impairment losses of assets		42,740,958.61	3,821,743.82
Add: Gains from changes in fair values (Losses are indicated by "—")		49,853,541.03	184,309,000.91
Investment income (Losses are indicated by "—")	(XI)6	68,124,303.52	46,483,592.00
Including: Income from investments in associates and joint ventures		(9,206,932.39)	31,241,753.00
II. Operating cost		2,858,958,800.75	4,430,222,600.29
Add: Non-operating income		26,345,233.24	6,481,446.21
Less: Non-operating expenses		5,395,210.80	5,104,015.61
Including: Losses on disposal of non-current assets		—	—
III. Total profit(Losses are indicated by "—")		2,879,908,823.19	4,431,600,030.89
Less: Income tax expenses		431,279,091.64	659,942,403.99
IV. Net profit(Losses are indicated by "—")		2,448,629,731.55	3,771,657,626.90
V. Other comprehensive income (Losses are indicated by "—")		33,575,212.88	(30,746,355.00)
VI. Total comprehensive income		2,482,204,944.43	3,740,911,271.90

Consolidated Cash Flow Statements

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		81,499,702,309.15	72,261,117,358.00
Receipts of tax refunds		—	6,241,956.00
Other cash receipts relating to operating activities	(V)51(1)	551,110,407.56	502,278,605.00
Sub-total of cash inflows from operating activities		82,050,812,716.71	72,769,637,919.00
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Cash payments for goods purchased and services received		76,141,997,045.36	65,070,650,,820.00
Cash payments to and on behalf of employees		1,219,920,161.06	936,784,774.00
Payments of all types of taxes		2,793,477,153.99	1,967,544,038.00
Other cash payments relating to operating activities	(V)51(2)	517,932,832.77	323,260,962.00
Sub-total of cash outflows from operating activities		80,673,327,193.18	68,298,240,594.00
Net Cash Flows from Operating Activities		1,377,485,523.53	4,471,397,325.00
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II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		12,201,902,000.00	16,522,248,400.00
Cash receipts from investment income		352,927,000.00	118,593,870.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		35,726,000.00	702,733.00
Sub-total of cash inflows from investing activities		12,590,555,000.00	16,641,545,003.00
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Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		1,616,688,000.00	1,060,517,368.00
Cash payments to acquire investments		12,761,982,000.00	19,289,192,755.00
Sub-total of cash outflows from investing activities		14,378,670,000.00	20,349,710,123.00
Net Cash Flows from Investing Activities		(1,788,115,000.00)	(3,708,165,120.00)

Consolidated Cash Flow Statements

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		450,000,000.00	3,365,500.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		450,000,000.00	3,365,500.00
Cash receipts from borrowings		10,923,393,000.00	12,391,168,214.00
Other cash receipts relating to financing activities	(V)51(3)	30,001,000.00	930,167,465.00
Sub-total of cash inflows from financing activities		11,403,394,000.00	13,324,701,179.00
Cash repayments of borrowings		5,699,192,000.00	5,160,840,579.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		214,156,000.00	76,553,464.00
Including: payments for distribution of dividends or profits to minority owner of subsidiaries		9,900,000.00	5,368,024.00
Cash payments for recovery of investments of minority owners of subsidiaries		—	30,534,187.00
Other cash payments relating to financing activities	(V)51(4)	146,321,000.00	1,428,729,981.00
Sub-total of cash outflow from financing activities		6,059,669,000.00	6,696,658,211.00
Net Cash Flows from Financing Activities		5,343,725,000.00	6,628,042,968.00
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(36,718,317.12)	(1,149,627.00)
V. Net Increase in Cash and Cash Equivalents		4,896,377,206.41	7,390,125,546.00
Add: Opening balance of Cash and Cash Equivalents	(V)52(1)	11,082,467,747.00	3,864,367,814.00
VI. Closing Balance of Cash and Cash Equivalents	(V)52(1)	15,978,844,953.41	11,254,493,360.00

Cash Flow Statement of the Company

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
VI. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		43,772,120,615.92	44,067,387,621.00
Other cash receipts relating to operating activities		198,467,911.01	157,405,621.00
Sub-total of cash inflows from operating activities		43,970,588,526.93	44,224,793,242.00
Cash payments for goods purchased and services received		36,025,649,560.08	34,083,415,234.00
Cash payments to and on behalf of employees		906,995,699.00	687,922,188.00
Payments of all types of taxes		2,319,995,369.16	1,674,514,210.00
Other cash payments relating to operating activities		296,451,748.02	89,554,723.00
Sub-total of cash outflows from operating activities		39,549,092,376.26	36,535,406,355.00
Net Cash Flows from Operating Activities	(XI)7	4,421,496,150.67	7,689,386,887.00
VII. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		530,312,887.06	17,499,932.00
Cash receipts from investment income		44,000,675.85	18,700,245.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		—	588,902.00
Sub-total of cash inflows from investing activities		574,313,562.91	36,789,079.00
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		835,366,037.99	794,851,622.00
Cash payments to acquire investments		2,171,742,196.16	1,517,331,089.00
Sub-total of cash outflows from investing activities		3,007,108,234.15	2,312,182,711.00
Net Cash Flows from Investing Activities		(2,432,794,671.24)	(2,275,393,632.00)

Cash Flow Statement of the Company

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)
VIII. Cash Flows from Financing Activities:			
Cash receipts from borrowings		9,730,256,563.52	5,454,046,885.00
Sub-total of cash inflows from financing activities		9,730,256,563.52	5,454,046,885.00
Cash repayments of borrowings		7,531,206,066.46	224,458,534.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		60,133,235.00	20,974,599.00
Other cash payments relating to financing activities		—	6,420,000.00
Sub-total of cash outflow from financing activities		7,591,339,301.46	251,853,133.00
Net Cash Flows from Financing Activities		2,138,917,262.06	5,202,193,752.00
IX. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
			—
X. Net Increase in Cash and Cash Equivalents		4,127,618,741.49	10,616,187,007.00
Add: Opening balance of Cash and Cash Equivalents		14,786,585,445.62	4,779,877,828.00
VI. Closing Balance of Cash and Cash Equivalents		18,914,204,187.11	15,396,064,835.00

Consolidated Statement of Changes in Owners' Equity

For The Six Months Ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the current period (Unaudited)										
	Attributable to owners of the Company										
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Subtotal	Minority interest	Total owners' equity
I. Balance at 1 January 2012	3,462,729,405.00	11,648,640,617.39	—	276,626,509.63	11,125,960,052.98	—	13,044,111,354.99	(255,147,259.50)	39,302,920,680.49	503,074,276.49	39,805,994,956.98
Prior period adjustments											
II. Balance at 1 January 2012	3,462,729,405.00	11,648,640,617.39	—	276,626,509.63	11,125,960,052.98	—	13,044,111,354.99	(255,147,259.50)	39,302,920,680.49	503,074,276.49	39,805,994,956.98
III. Changes for the period	—	41,273,274.29	—	92,768,889.49	—	—	844,816,601.88	34,468,161.73	1,013,326,927.39	440,266,330.20	1,453,593,257.59
(i) Net profit	—	—	—	—	—	—	2,576,181,304.38	—	2,576,181,304.38	32,105,329.67	2,608,286,634.05
(ii) Other comprehensive income	—	8,704,785.52	—	—	—	—	—	34,468,161.73	43,172,947.25	36,944.55	43,209,891.80
Subtotal of (i) and (ii)	—	8,704,785.52	—	—	—	—	2,576,181,304.38	34,468,161.73	2,619,354,251.63	32,142,274.22	2,651,496,525.85
(iii) Owner's contributions and reduction in capital											
1. Capital contribution from owners	—	—	—	—	—	—	—	—	—	—	—
2. Capital contribution from minority interests	—	14,126,543.87	—	—	—	—	—	—	14,126,543.87	385,873,456.13	400,000,000.00
3. Purchase of shares from minority interests	—	18,441,944.90	—	—	—	—	—	—	18,441,944.90	31,558,055.10	50,000,000.00
4. Others	—	—	—	—	—	—	—	—	—	—	—
(iv) Profit distribution											
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—	—	—
2. Distribution to owners of the company	—	—	—	—	—	—	—	(1,731,364,702.50)	(1,731,364,702.50)	(9,900,000.00)	(1,741,264,702.50)
3. Distribution to minority interests	—	—	—	—	—	—	—	—	—	—	—
(v) Special reserve											
1. Transfer to special reserve in the period	—	—	—	152,286,425.72	—	—	—	—	152,286,425.72	930,024.25	153,216,449.97
2. Amount utilised in the period	—	—	—	(59,517,536.23)	—	—	—	—	(59,517,536.23)	(337,479.50)	(59,855,015.73)
IV. Balance at 30 June 2012	3,462,729,405.00	11,689,913,891.68	—	369,395,399.12	11,125,960,052.98	—	13,888,927,956.87	(220,679,097.77)	40,316,247,607.88	943,340,606.69	41,259,588,214.57

Consolidated Statement of Changes in Owners' Equity

For The Six Months Ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the current period (Unaudited)										
	Attributable to owners of the Company										
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Subtotal	Minority interest	Total owners' equity
I. Balance at 1 January 2011	3,462,729,405.00	11,551,359,186.00	—	239,154,624.00	8,769,497,778.00	—	10,236,227,824.00	(135,742,768.00)	34,123,226,049.00	414,179,866.00	34,537,405,915.00
II. Changes for the period	—	95,348,424.00	—	84,638,870.00	—	—	3,536,031,456.90	(64,296,110.00)	3,651,722,640.90	(203,218.00)	3,651,519,422.90
(i) Net profit	—	—	—	—	—	—	4,228,577,337.90	—	4,228,577,337.90	34,259,168.00	4,262,836,505.90
(ii) Other comprehensive income	—	95,348,424.00	—	—	—	—	—	(64,296,110.00)	31,052,314.00	—	31,052,314.00
Subtotal of (i) and (ii)	—	95,348,424.00	—	—	—	—	4,228,577,337.90	(64,296,110.00)	4,259,629,651.90	34,259,168.00	4,293,888,819.90
(iii) Owner's contributions and reduction in capital											
1. Capital contribution from owners	—	—	—	—	—	—	—	—	—	3,365,500.00	3,365,500.00
2. Capital contribution from minority interests	—	—	—	—	—	—	—	—	—	(30,534,187.00)	(30,534,187.00)
3. Purchase of shares from minority interests	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—	—
(iv) Profit distribution											
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—	—	—
2. Distribution to owners of the company	—	—	—	—	—	—	(692,545,881.00)	—	(692,545,881.00)	(8,153,024.00)	(700,698,905.00)
3. Distribution to minority interests	—	—	—	—	—	—	—	—	—	—	—
(v) Special reserve											
1. Transfer to special reserve in the period	—	—	—	106,542,279.00	—	—	—	—	106,542,279.00	859,325.00	107,401,604.00
2. Amount utilised in the period	—	—	—	(21,903,409.00)	—	—	—	—	(21,903,409.00)	—	(21,903,409.00)
III. Balance at 30 June 2011	3,462,729,405.00	11,646,707,610.00	—	323,793,494.00	8,769,497,778.00	—	13,772,259,280.90	(200,038,878.00)	37,774,948,689.90	413,976,648.00	38,188,925,337.90

Statement of Changes in Owners' Equity of the Company

For The Six Months Ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the current period (Unaudited)							
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General reserve	Retained earnings	Total owners' equity
I. Balance at 1 January 2012	3,462,729,405.00	12,416,493,303.98	—	247,964,598.15	11,003,094,636.55	—	10,970,470,329.86	38,100,752,273.54
Prior period adjustments	—	—	—	—	—	—	—	—
II. Opening balance of the current period	3,462,729,405.00	12,416,493,303.98	—	247,964,598.15	11,003,094,636.55	—	10,970,470,329.86	38,100,752,273.54
III. Changes for the period	—	33,575,212.88	—	74,794,933.26	—	—	717,265,029.05	825,635,175.19
(I) Net profit	—	—	—	—	—	—	2,448,629,731.55	2,448,629,731.55
(II) Other comprehensive income	—	33,575,212.88	—	—	—	—	—	33,575,212.88
Subtotal of (I) and (II)	—	33,575,212.88	—	—	—	—	2,448,629,731.55	2,482,204,944.43
(III) Owner's contributions and reduction in capital								
1. Capital contribution from owners	—	—	—	—	—	—	—	—
2. Others	—	—	—	—	—	—	—	—
(IV) Profit distribution								
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distribution to owners	—	—	—	—	—	—	(1,731,364,702.50)	(1,731,364,702.50)
(V) Special reserve								
1. Transfer to special reserve in the period	—	—	—	129,979,568.88	—	—	—	129,979,568.88
2. Amount utilised in the period	—	—	—	(55,184,635.62)	—	—	—	(55,184,635.62)
IV. Balance at 30 June 2012	3,462,729,405.00	12,450,068,516.86	—	322,759,531.41	11,003,094,636.55	—	11,687,735,358.91	38,926,387,448.73

Statement of Changes in Owners' Equity of the Company

For The Six Months Ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the current period (Unaudited)							
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General reserve	Retained earnings	Total owners' equity
I. Balance at 1 January 2011	3,462,729,405.00	12,497,857,494.00	—	217,210,378.00	8,646,632,361.00	—	8,820,868,676.00	33,645,298,314.00
II. Changes for the year	—	(22,653,793.00)	—	76,471,835.00	—	—	3,079,111,745.90	3,132,929,787.90
(I) Net profit	—	—	—	—	—	—	3,771,657,626.90	3,771,657,626.90
(II) Other comprehensive income	—	(30,746,355.00)	—	—	—	—	—	(30,746,355.00)
Subtotal of (I) and (II)	—	(30,746,355.00)	—	—	—	—	3,771,657,626.90	3,740,911,271.90
(III) Owner's contributions and reduction in capital								
1. Capital contribution from owners	—	8,092,562.00	—	—	—	—	—	8,092,562.00
2. Others	—	—	—	—	—	—	—	—
(IV) Profit distribution								
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distribution to owners	—	—	—	—	—	—	(692,545,881.00)	(692,545,881.00)
(V) Special reserve								
1. Transfer to special reserve in the period	—	—	—	94,080,059.00	—	—	—	94,080,059.00
2. Amount utilised in the period	—	—	—	(17,608,224.00)	—	—	—	(17,608,224.00)
IV. Balance at 30 June 2011	3,462,729,405.00	12,475,203,701.00	—	293,682,213.00	8,646,632,361.00	—	11,899,980,421.90	36,778,228,101.90

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(I) Company Profile

Jiangxi Copper Company Limited (the "Company") was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Kan Zong Zi No.003556. On 24 January 1997, the company was established by Jiangxi Copper Corporation ("JCC"), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

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

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

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

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

According to the approval of the Company's annual general meeting of 2008 and pursuant to the sanction document of ZhengJianGuoHeZi (2008)1102 issued by the CSRC, the Company issues 68,000,000 detachable convertible bonds of per value of RMB100 each on 22 September 2008. The bonds and warrants were listed on Shanghai Stock Exchange. As of the end of exercise period, 8 October 2010, an aggregate of 1,759,615,512 warrants attached to bonds payable were successfully exercised, resulting in increase of tradable A shares by 439,895,678 shares with par value of RMB1.00 each. Accordingly, paid-in capital of the Company increased from RMB3,022,823,727 to RMB3,462,729,405. More details are given in Note (V) 29.

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

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(I) Company Profile (Continued)

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

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company and its subsidiaries (the "Group") have adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF") on 15 February 2006. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting (Revised in 2010).

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

2. Statement of compliance with the ASBE

The financial statements have been prepared in accordance with ASBE, and present truly and completely, the Company's and the Group's financial position as of 30 June 2012, and the Company's and the Group's results of operations and cash flows for the period then ended.

3. Accounting year

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose their functional currencies on the basis of the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combination involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to the capital premium in capital reserve. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 Business combination involving enterprises not under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (Continued)

5.2 Business combination involving enterprises not under common control (Continued)

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is re-measured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

The acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, which are acquired in a business combination not involving enterprises under common control, are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill as an asset and measured at cost. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is accounted for as follows: firstly, the acquirer reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination; then, if after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the functional currency rates ruling at the market exchange rates prevailing on the first day of the month in which the transactions take place.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. Translation of transactions and financial statements denominated in foreign currencies (Continued)

8.2 Translation of financial statements denominated in foreign currencies

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "exchange differences arising on translation of financial statements denominated in foreign currencies" in owners' equity, and in profit and loss for the period upon disposal of the foreign operation.

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rate of the transaction period; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate in the period of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

9.1 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

9.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Classification, recognition and measurement of financial assets

On initial recognition, financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

9.3.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Classification, recognition and measurement of financial assets (Continued)

9.3.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

9.3.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, other receivables, placements with banks and other financial institutions, financial assets purchased under resale agreements, deposit in the central bank, disbursement of loans and advances.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognised in profit or loss for the current period.

9.3.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.3 Classification, recognition and measurement of financial assets (Continued)

9.3.4. Available-for-sale financial assets (Continued)

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

9.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuers or the debtors;
- (2) A breach of contract by the debtors, such as a default or delay in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the debtors' financial difficulty, grants a concession to debtors;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

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(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.4 Impairment of financial assets (Continued)

- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
- Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicates that there is an impairment of a financial asset.
- Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.4 Impairment of financial assets (Continued)

— Impairment of financial assets measured at amortised cost (Continued)

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

— Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

— Impairment of financial assets measure at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.5 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.6.1. Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.6 Classification, recognition and measurement of financial liabilities (Continued)

9.6.2. Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortization recognised in profit or loss.

9.7 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.8 Derivatives and embedded derivatives

Derivative financial instruments mainly include commodity derivative contracts (standardised copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME")) and provisional price arrangement. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.9 Offsetting financial assets and a financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

9.11 Convertible loan notes

The Group confirms whether the issued convertible loan notes contain both liability and conversion option components. Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity instrument, is included in capital reserve (other capital reserve — share conversion option). In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option classified as equity remains in equity. Transaction costs incurred for the issue of convertible loan notes are allocated to the liability component and equity component in proportion to their respective fair values.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

9.11 Convertible loan notes (Continued)

Where the conversion option components remain unexercised at the maturity date of the convertible loan notes issued by the Group, the balance recognised in capital reserve (other capital reserve) will be transferred to capital reserve (capital premium). Once the conversion option components are exercised, the equity component recognised in capital reserve (other capital reserve) will be transferred to capital reserve (capital premium); the aggregate nominal amount of shares are credited to share capital at par value of the stock multiplied by the number of shares; the difference between the total funds raised by conversion option components and share capital is credited to capital reserve (capital premium).

10. Accounts receivable

10.1 Receivables that are individually significant and for which bad debt provision is individually assessed

Basis for determining an individually significant receivable

A receivable that ranks top five largest is deemed as an individually significant receivable by the Group.

Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed

For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Accounts receivable (Continued)

10.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis

Method of determining provision for receivables with credit risk characteristics

When assessed on a collective basis, objective evidence of impairment for a portfolio of receivables could include the structure and similar credit risk characteristics (debtors' capabilities of contractual repayment), as well as the Group's past experience of collecting payments, observable changes in economic conditions, and existed impairment loss.

Bad debt of individually significant or insignificant receivables that can be collected in short term without credit risk is not assessed.

10.2.1 Portfolios that aging analysis is used for bad debt provision:

Aging	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivable (%)
Within 1 year (inclusive)	—	—
More than 1 year but not exceeding 2 years	20%	20%
More than 2 years but not exceeding 3 years	50%	50%
More than 3 years	100%	100%

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Inventories

11.1 Categories of inventories

The Group's inventory includes raw materials, work in progress, finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. The cost of inventory also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items.

11.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

11.3 Basis for determining net realisable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration of the purposes of holding inventories and effect of events after the balance sheet date.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an category basis. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combination basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

11.4 Stock count system

The perpetual inventory system is maintained for stock system.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments

12.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

12.2 Subsequent measurement and recognition of profit or loss

12.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Long-term equity investments (Continued)

12.2 Subsequent measurement and recognition of profit or loss (Continued)

12.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Long-term equity investments (Continued)

12.2 Subsequent measurement and recognition of profit or loss (Continued)

12.2.2. Long-term equity investment accounted for using the equity method (Continued)

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of Accounting Standards for Business Enterprises on 1 January 2007, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortised and is recognised in profit or loss on a straight line basis over the original remaining life.

12.2.3. Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Long-term equity investments (Continued)

12.3 Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee such as convertible loan notes and conversion option components held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

12.4 Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

13. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Investment properties (Continued)

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once an impairment loss is recognised for an investment property, it will not be reversed in any subsequent period.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Fixed assets (Continued)

14.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category of fixed assets	Depreciation period (years)	Residual value (%)	Depreciation rate (%)
Buildings	12-45	3-10	2.00-8.08
Machinery and equipment	8-27	3-10	3.33-12.13
Transportation vehicles	9-13	3-10	6.92-10.78
Office and other equipment	5-10	3-10	9.00-19.40

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Fixed assets (Continued)

14.4 Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end, and accounts for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Borrowing costs

Borrowing costs include interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalisation period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalised. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

Assets eligible for capitalisation refers to the fixed assets, investment properties, inventories and other assets, of which the acquisition, construction and production takes a substantial period of time to get ready for its intended use or for sale.

17. Intangible assets

17.1 Intangible assets

Intangible asset includes land use rights, mining right, trademarks, software, and etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Intangible assets (Continued)

17.1 Intangible assets (Continued)

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

17.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Intangible assets (Continued)

17.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

18. Exploration costs

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

19. Assets transferred under repurchase agreements

19.1 Financial assets purchased under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the balance sheet. The cost of purchasing such assets is presented under "financial assets purchased under resale agreements" in the balance sheet. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Assets transferred under repurchase agreements (Continued)

19.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the balance sheet. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

20. Revenue

20.1 Revenue from sales of goods

Revenue from sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; and the associated costs incurred or to be incurred can be measured reliably.

20.2 Revenue arising from the rendering of services

Revenue from rendering of services is recognised when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be determined reliably; and (4) the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognised using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognised as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognised.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue (Continued)

20.2 Revenue arising from the rendering of services (Continued)

When a contract or agreement signed between the Group and another enterprise contains both sales of goods and rendering of services, the sales of goods and the rendering of services are distinguished from each other and measured separately. If the sales of goods and the rendering of services cannot be distinguished from each other, or when the two can be distinguished from each other but cannot be measured respectively, they are treated as the sales of goods.

20.3 Royalty Revenue

The amount of royalty revenue is measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

20.4 Interest Revenue

The amount of interest revenue is measured and confirmed in accordance with the length of time for which the Group's monetary funds is used by others and the effective interest rates.

21. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Government grants (Continued)

For repayment of a government grant already recognised, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

Relocation compensation received for relocation in the public interests

If the Group relocates for the benefits of the public interests such as overall planning of urban and rural areas and receives relocation compensation appropriated by the government directly from its fiscal budget, it recognises such income as special payable. The income attributable to compensation for losses of fixed assets and intangible assets, related expenses, losses from suspension of production incurred during the relocation and reconstruction period, and purchases of assets after the relocation is transferred from special payable to deferred income and is accounted for as either a government grant related to an asset or a government grant related to income based on its nature. Any surplus of relocation compensation after deducting the amount transferred to deferred income is recognised as capital reserve.

22. Deferred tax assets / deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

22.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

22.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Deferred tax assets / deferred tax liabilities (Continued)

22.2 Deferred tax assets and deferred tax liabilities (Continued)

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Deferred tax assets / deferred tax liabilities (Continued)

22.2 Deferred tax assets and deferred tax liabilities (Continued)

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

23. Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

23.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

23.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Operating leases (Continued)

23.3 The Group as lessor under finance leases

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as a finance lease receivable, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income. Unearned finance income is recognised as finance income for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred.

The net amount of financial lease receivables less unearned finance income is separated into long-term debts receivable and the portion of long-term debts receivable due within one year for presentation.

24. Employee benefit

In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, unemployment insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

An internal retirement plan is accounted for using the same principles as described above. Salaries and social insurance contributions to be paid to the internally retired employees by the Group during the period from the date when the employee ceases to provide services to the normal retirement date, are recognised in profit or loss for the period when the recognition criteria for provisions are met with termination benefits.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Hedge accounting

Some financial instruments are used as hedging instruments by the Group for the purpose of avoiding certain risks. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include fair value hedges and cash flow hedges.

At the inception of a hedge, the Group records the relationship between the hedging instrument and hedged item, risk management objective and strategy for undertaking various hedging transactions. At the inception and in subsequent periods, the hedge is assessed for effectiveness by the Group on an ongoing basis so as to determine whether the hedge is highly effective throughout the accounting periods for which the hedging relationship was designated.

25.1 fair value hedges

A gain or loss arising from a change in the fair value of a derivative that is designated and qualifies as a fair value hedge is recognised in profit or loss. A gain or loss on the hedged item attributable to the hedged risk is recognised in profit or loss, with a corresponding adjustment to the carrying amount of the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

25.2 cash flow hedges

The effective portion of a change in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recognised in other comprehensive income and accumulated under capital reserve, and the gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the financial asset or financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognised in capital reserve will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognised in profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Hedge accounting (Continued)

25.2 cash flow hedges (Continued)

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the non-financial asset or non-financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognised in capital reserve will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognised in profit or loss.

Except as stated above, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the hedged forecast transaction affects profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in capital reserve at that time is reclassified to profit or loss when the forecast transaction occurs and is recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in capital reserve is reclassified immediately to profit or loss.

26. Contingencies

Except for the contingent consideration and contingent liability occurred in business combination, an obligation related to a contingency shall be recognised as a provision when all of the following conditions are satisfied:

- The obligation is a present obligation of the Group;
- It is probable that an outflow of economic benefits will be required to settle the obligation;
- The amount of the obligation can be measured reliably.

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

Notes to the Financial Statements

For the six months ended 30 June 2012
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(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Production Safety Fund (“the Safety Fund”)

According to CaiQi [2012] No.16 “Measures for the deduction and usage management of the Production Safety fund”, issued by Ministry of Finance (“MOF”) and Safety Production General Bureau, the Group is required to accrue a “Production Safety Fund” to improve the production safety.

According to CaiKuai [2010] No. 8 “Accounting Standards for Business Enterprises Interpretation No 3” (“Interpretation 3”) issued by the MOF on 21 June 2010, the Safety Fund and other similar funds accrued by enterprises in accordance with relevant regulations should be charged to the production cost of related products or the income statement and stated as special reserves, a separate account under surplus reserve in owners’ equity. For the utilisation of the fund to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalised expenditure shall be recognised in construction in progress before the asset has been completed and be transferred to fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount. Hence, the asset is not depreciated in the following periods.

28. Related party

When a party controls, jointly controls or exercises significant influence over another party, or when two or more parties are under the control, joint control or significant influence of the same party, the affiliated party relationships are constituted.

29. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the Group’s accounting policies, which are described in Note II, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group’s management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates (Continued)

Key assumptions and uncertainties in accounting estimates

The followings are the key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

29.1 Bad debt provision

The Company makes bad debt provision for receivables when there is clear evidence that the recovery of receivables is uncertain. As the Company's management needs to judge historical record of debt recovery, debt aging, financial status of debtors and overall economic environment when evaluating the provision, the measurement of bad debt provision is uncertain. Although there is no reason to believe significant change will take place on the assumption on which the measurement of receivables is based, the carrying amount and provision of receivables will change when actual results are different from previous assumptions.

29.2 Inventory Provision

Note II (11) describes that inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

Operational procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to inventories. Physical counts on all inventories are carried out by the management on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete and defective inventories identified. This involves comparison of carrying amount of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether provision is required to be made in the financial statements for any obsolete and slow-moving items. In this regard, the management is satisfied that adequate inventory provision has been made for obsolete and slow-moving inventories.

29.3 Deferred tax assets

The recognition of deferred tax assets is primarily subject to actual profit and actual tax rate employed by deductible temporary differences in the future. The recognised deferred tax assets will be reversed and recognised in profit or loss, when the actual profit is less than the expectation, or the actual tax rate is lower than the expectation. Furthermore, due to the uncertainty of whether there is enough taxable profit in the future, carrying forward losses of future years and deductible temporary differences are not fully recognised as deferred tax assets.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates (Continued)

29.4 Mineral reserves

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

29.5 Environment rehabilitation obligations

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

29.6 Exploration cost

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

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(III) TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax	Taxable revenue of goods sales	13% or 17%(except for gold which is free of VAT)
Business tax	Taxable revenue	3% or 5%
City maintenance and construction tax	Actual turnover tax	1%-7%
Educational surtax and surcharge	Actual turnover tax	1%-5%
Enterprise income tax	Taxable income	Note
River way administration charge	Actual turnover tax	Applicable rates set by the government
Property tax	Residual value of the taxable buildings or rental income	Applicable rates set by the government
Resource Tax	according to the quantity of extracted and consumed copper ore	RMB5 to 7 per ton
Mineral Resources Compensation Fee	sales income of mineral products × compensation rate × the mining recovery co-efficiency rate	Applicable rates set by the government
Individual income tax	Taxable individual income	Applicable rates set by the government

Value Added Tax:

According to the Provisional Regulations of PRC on Value Added Tax ("VAT"), sales of goods are subject to VAT. Output VAT is calculated at 17% on revenue from principal operations except for gold (which is free of VAT), sulphuric concentrate, molybdenum and water-supply income (which is at 13% on revenue). The input VAT paid when purchasing raw material, works in progress, heat and power can be credited against the output VAT. The group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.

Business tax:

Business tax is calculated and paid at 3% or 5% of the operating income.

Income Tax- parent company:

The provision for PRC current income tax is based on a statutory rate 15% (15% for 2011) of the assessable profit of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(III) TAXES (Continued)

Major categories of taxes and tax rates (Continued)

Income Tax- subsidiaries:

The income tax rate for the company's subsidiaries, except for Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical"), Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi"), JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy"), Sure Spread Company Limited ("Sure Spread") and Loyal Sky Industrial Company Limited ("Loyal Sky") are 25%.

Sure Spread and Loyal Sky pays profits tax at a rate of 16.5% in Hong Kong (16.5% for 2011).

Resource Tax:

Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. Pursuant to the "Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc." (Cai Shui [2007] No.100), from 1 August 2007, the range of resource tax rate is RMB5 to 7 per ton for Copper Ore.

Mineral Resources Compensation Fee:

Pursuant to the State Council No.150, "Provisions on the Administration of Collection of the Mineral Resources Compensation" and Jiangxi Government No.35, "Provisions on the Administration of Collection of the Mineral Resources Compensation of Jiangxi", the mineral resources compensation fee shall be calculated as follows:

Mineral resources compensation fee = sales income of mineral products × compensation rate × the mining recovery co-efficiency rate

Mining recovery co-efficiency rate = approved mining recovery rate/actual mining recovery rate

Pursuant to the Table for Rates of Mineral Resources, the rate applicable shall be 2%, 2.8% and 4%.

City maintenance and construction tax:

The Group paid city construction tax at a rate of 1%, 5% and 7% of the turnover tax paid.

Educational surtax and surcharge:

The Group paid education supplementary tax at a rate of 3% of the turnover tax paid.

Individual income tax:

The Group is required to withhold individual income tax on salaries paid to its employees.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(III) TAXES (Continued)

Major categories of taxes and tax rates (Continued)

Tax reduction and related approval:

Income Tax- parent company:

Based on the Gangaoqirenfa [2011] No.1 issued by Jiangxi Province high tech enterprise recognition management leader group on Jan 28th 2011, the company was recognised as high tech enterprise. The company received the High Tech Enterprise Certificate issued jointly by Jiangxi Province Science Department, Jiangxi Province Finance Department, Jiangxi Province State Tax Bureau and Jiangxi Province Local Tax Bureau in January 2011. Certificate No. was GR201136000054 and the effective period was 3 years from 2010 to 2012. Based on the New Corporate Income Tax Law and related regulations, the applicable tax rate for the company as high tech enterprise supported by the government is 15% under the condition complying with the relevant requirements.

Income Tax- subsidiaries:

The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income (Tax Guo Fa [2007] No.39) was enacted on 26 December 2007. Based on the New Corporate Income Tax Law and the notification (Guo Fa [2007] No.29), since 1 January 2008 for Shenzhen Trading and Shanghai Trading, which were entitled to lower corporate income tax rates before, their rates are gradually standardised to the new rate of 25% on a 5-year basis. The applicable tax rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012.

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

Since JCAC is a set-up productive foreign-funded enterprise, JCAC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2007. Its first profit-making year was 2007 and JCAC was exempted from income taxation during the years of 2007 and 2008. With a 50% reduction of income tax allowed since 1 January 2009, its applicable income tax rate is 25% for 2012 (12.5% for 2011).

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(III) TAXES (Continued)

Major categories of taxes and tax rates (Continued)

Since Wengfu Chemical is a set-up productive foreign-funded enterprise, Wengfu Chemical shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2008. Wengfu Chemical was exempted from income taxation in 2008 and 2009. With a 50% reduction of income tax allowed since 1 January 2010, its applicable income tax rate is 12.5% for 2012(12.5% for 2011).

Taiyi is foreign-funded enterprises in Jiangxi Nanchang National High and New Technology Industry Development Zones JXCC Industry Zones. According to the Law of PRC on Income Tax of Enterprises with Foreign Investment and Foreign Enterprises and the Notice Relating the Enterprise Income Tax Preferential Policy for Enterprises which has Technology Innovation (Cai Shui [2006] No.88), Taiyi shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. With a 50% reduction of income tax allowed since 1 January 2010, its applicable income tax rates is 12.5% for 2012.

Dongxiang Alloy received the High Tech Enterprise Certificate in September 2011, Certificate No. was GR201136000070 and the effective period was 3 years from 2011 to 2013, its applicable income tax rates is 15% for 2012.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of primary subsidiaries

(1) Subsidiaries acquired through business combinations involving enterprises under common control

Full name of subsidiaries	Place of Type incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Actual capital contribution at the end of the period ('000)	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interest (RMB'000)	Amount of the minority interests used to absorb profits or losses attributable to minority interests
Finance Company (Note1)	LLC Jiangxi Guixi	December 2006	RMB1,000,000	Provision of deposit, borrowing, guarantee and financing consultation services to related parties	RMB890,000	89%	89%	Y	197,539	—
JCC Copper Products Company Limited ("Copper Products")	LLC Jiangxi Guixi	December 2003	RMB186,391	Processing and sales of copper rods	RMB217,712	98.89%	98.89%	Y	2,696	—
JCC Recycling Company Limited ("Copper Recycling")	LLC Jiangxi Guixi	November 2005	RMB6,800	Collection and sale of metal scrap	RMB6,800	99.51%	99.51%	Y	—	—
Sure spread	LLC Hongkong	January 2005	HKD50,000	International trading and provision of related technical service	HKD 79,741	60%	60%	Y	—	—
JCC Yinshan Mining Company Limited ("Yinshan Mining")	LLC Jiangxi Dexing	July 2003	RMB30,000	Manufacturing and sale of non-ferrous metal and rare materials	RMB354,488	100%	100%	Y	—	—
JCC Dongtong Mining Company Limited ("Dongtong Mining")	LLC Jiangxi Dongxiang	July 2003	RMB9,000	Manufacturing and sales of non-ferrous metal and rare materials	RMB159,045	100%	100%	Y	—	—
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	LLC Jiangxi Fuzhou	August 1998	RMB29,000	Production and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel	RMB25,272	74.97%	74.97%	Y	9,533	—
JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	LLC Jiangxi Dongxiang	July 2005	RMB500	Recovery and sales of disused metal	RMB311	89.99%	89.99%	Y	—	—
Yates	LLC Jiangxi Nanchang	June 2003	RMB453,600	Production and sale of copper foil	RMB392,767	89.77%	89.77%	Y	25,449	—
Longchang Copper Pipe	LLC Jiangxi Nanchang	August 2005	RMB890,529	Production and sale of copper pipe and other copper pipe products	RMB781,957	92.04%	92.04%	Y	65,754	—
Jiangxi Copper Taiji Special Electrical Materials Company Limited ("Taiji")	LLC Jiangxi Nanchang	May 2005	USD16,800	Production and sale of enamelled wires and provision of repair and consulting services	USD64,705	70%	70%	Y	20,573	—
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry Engineering")	LLC Jiangxi Guixi	March 1993	RMB20,300	Provision of repair and maintenance services for production facilities and machinery equipment	RMB27,599	100%	100%	Y	—	—

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of primary subsidiaries (Continued)

(1) Subsidiaries acquired through business combinations involving enterprises under common control (Continued)

Full name of subsidiaries	Place of Type incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Actual capital contribution at the end of the period ('000)	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interest (RMB'000)	Amount of the minority interests used to absorb profits or losses attributable to minority interests
JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelting Technology")	LLC Jiangxi Guixi	August 1999	RMB2,000	Development of new chemical technologies and new products	RMB20,894	100%	100%	Y	—	—
JCC Guixi Logistics Company Limited ("Guixi Logistics")	LLC Jiangxi Guixi	March 2002	RMB40,000	Provision of transportation services	RMB72,871	100%	100%	Y	—	—
JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	LLC Jiangxi Dexing	December 1997	RMB66,380	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	RMB92,684	100%	100%	Y	—	—
JCC (Dexing) Construction Company Limited ("Dexing Construction")	LLC Jiangxi Dexing	July 2005	RMB20,000	Provision of construction and installation services; development and sale of construction materials	RMB45,751	100%	100%	Y	—	—
JCC Dexing Explosion Company Limited ("Dexing Explosion")	LLC Jiangxi Dexing	February 2003	RMB1,000	Production and sale of engineering, blasting engineering, etc	RMB3,414	100%	100%	Y	—	—
JCC Geology Exploration Company Limited ("Geology Exploration")	LLC Jiangxi Dexing	September 2004	RMB15,000	Provision of services relating to mine exploration and development	RMB18,145	100%	100%	Y	—	—
Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	LLC Jiangxi Dexing	October 2004	RMB42,630	Manufacture sales of sulphuric acid and lay product	RMB47,485	100%	100%	Y	—	—
Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	LLC Jiangxi Ruichang	September 2003	RMB20,296	Providing mining services	RMB31,790	100%	100%	Y	—	—
JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	LLC Jiangxi Ruichang	March 2003	RMB2,602	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	RMB3,223	100%	100%	Y	—	—
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration")	LLC Jiangxi Qianshan	October 2000	RMB10,200	Sales of beneficiation drugs, fine chemicals and other products	RMB14,456	100%	100%	Y	—	—
Hangzhou Tongxin Company Limited ("Hangzhou Trading")	LLC Zhejiang Hangzhou	July 2000	RMB2,000	Sale of metal, ore and chemical products	RMB25,453	100%	100%	Y	—	—

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of primary subsidiaries (Continued)

(2) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not	Minority interest (RMB '000)	Amount of the minority interests at the beginning of the year, that have been absorbed or losses attributable to minority interests	The amount of current year loss contributed to minority shareholder in excess of the shareholder equity contributed to minority shareholder
Kangtong	LLC	Sichuan Xichang	September 1996	RMB286,880	Sales of copper materials, precious metal materials and sulphuric acid	RMB163,930	57.14%	57.14%	Y	148,931	—	—
Jiangxi Copper Products Company Limited ("JCPC")	LLC	Jiangxi Guiyi	March 2002	RMB225,000	Sale and processing of copper rods and wires	RMB246,879	100%	100%	Y	—	—	—
JCAC	LLC	Jiangxi Guiyi	February 2005	RMB199,500	Manufacturing and sale of copper rods and wires	RMB229,509	100%	100%	Y	—	—	—
Shenzhen Trading	LLC	Shenzhen	June 2006	RMB660,000	Sale of copper products	RMB660,000	100%	100%	Y	—	—	—
Shanghai Trading	LLC	Shanghai Pudong	June 2006	RMB200,000	Sale of copper products	RMB200,000	100%	100%	Y	—	—	—
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	LLC	Beijing	July 2006	RMB60,000	Sale of copper products	RMB60,000	100%	100%	Y	—	—	—
Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	LLC	Jiangxi Nanchang	September 2008	RMB70,000	Development and production of electronic semiconductors and provision of related services	RMB66,500	95%	95%	Y	2,487	—	—
Wenglu Chemical	LLC	Jiangxi Shangrao	May 2005	RMB181,500	Manufacturing and sale of sulphuric acid and byproducts	RMB127,050	70%	70%	Y	74,389	—	—
Jiangxi Copper Construction Supervision Company Limited ("JCCS")	LLC	Jiangxi Nanchang	March 2010	RMB3,000	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service	RMB3,000	100%	100%	Y	—	—	—
Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC") (Note 2)	LLC	Guangdong Guangzhou	July 2010	RMB300,000	Production, processing and sale of copper products and wires	RMB300,000	100%	100%	Y	—	—	—
Jiangxi Copper International Trade Company Limited ("JCC International Trade")	LLC	Shanghai Pudong	August 2010	RMB1,000,000	Sale of metals, chemicals, mining products, construction materials, and etc.	RMB600,000	60%	60%	Y	392,625	—	—
Jiangxi Copper Dexing Chemical Company Limited ("Dexing Chemical")	LLC	Jiangxi Dexing	April 2011	RMB336,550	Manufacturing and sale of sulphuric acid and by products	RMB100,000	99%	99%	Y	3,366	—	—

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of primary subsidiaries (Continued)

(2) Subsidiaries acquired through a business combination not involving enterprises under common control (Continued)

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interest (RMB'000)	Amount of the minority interests attributable to minority shareholder	The amount of current year loss contributed to minority shareholder in excess of the shareholder equity contributed to minority shareholder
												Amount of the minority interests at the beginning of the year, that have been offset in the shareholder equity of the parent Company
Jiangxi Copper renewable resources Company Limited ("Renewable resources")	LLC	Jiangxi Guixi	May 2012	RMB250,000	Collection, import and export, dismantling, processing, usage and sales of metal scrap, waste metal, electrical machine, cable and waste electrical appliances	RMB250,000	100%	100%	Y	—	—	—
Loyal Sky Industrial Company Limited ("Loyal Sky")	LLC	Hongkong	September 2002	USD2,001.3	Trading of copper products and non-ferrous metals	USD2,001.3	100%	100%	Y	—	—	—
Jiangxi Copper Hong kong Company Limited ("JCHK")	LLC	Hongkong	February 2012	USD10,000	Import-export business trade and settlement, offshore investment and financing, cross-border yuan settlement, and other business permitted by overseas laws	USD10,000	100%	100%	Y	—	—	—
Jiangxi Copper Shanghai International Logistics Company Limited ("International Logistics")	LLC	Shanghai Pudong	June 2011	RMB5,000	Transportation	RMB5,000	60%	60%	Y	—	—	—
Jiangxi Copper Yugan Forge & Alloy Company Limited ("Yugan Forge & Alloy")	LLC	Jiangxi Dexing	January 2011	RMB28,000	Manufacturing and sale of grinding pebbles and ductile iron ball parameters and machinery processing	RMB28,000	100%	100%	Y	—	—	—

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of primary subsidiaries (Continued)

(3) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interest (RMB '000)	Amount of the minority interests at the beginning of the year, that absorb profits or losses attributable to minority interests of the parent Company	The amount of current year loss contributed to minority shareholder in excess of the shareholder equity contributed to minority shareholder
Jiangxi Copper (Qingyuan) Co., Ltd ("Qingyuan") Note(X) 1	LLC	Guangdong Qingyuan	December 2006	RMB890,000	Production, processing and sales of copper products and non-ferrous metals	RMB806,000	100%	100%	Y			
Shanghai Shengyu Real Estate Company Limited ("Shanghai Shengyu")	LLC	Shanghai Pudong	August 2008	RMB169,842	Rental and management of properties	RMB169,842	100%	100%	Y			

Note1: The company injected the capital of RMB650,000,000 in the subsidiary on March 13th 2012, which raised the investment up to RMB890,000,000 with 89% shareholding. The registered capital of the subsidiary changed from RMB300,000,000 to RMB1,000,000,000 after the capital injection.

Note2: The company injected the capital of RMB300,000,000 in the subsidiary on May 29th 2012, which raised the investment up to RMB600,000,000 with 100% shareholding.

2. Changes in the scope of consolidation

The scope is consistent with previous year, except for the newly established subsidiaries Renewable resources, JCHK and the newly acquired subsidiaries Qingyuan.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Exchange rates for translating major financial statement items of foreign operations

RMB

Currency	Average exchange rate		Exchange rate at end of period	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011	30 June 2012	31 December 2011
	USD	6.3129	6.5472	6.3249
HKD	0.8130	0.8413	0.8152	0.8107

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank

Item	30 June 2012			31 December 2011		
	Foreign Currency	Exchange Rate	Amount in RMB	Foreign Currency	Exchange Rate	Amount in RMB
Cash:			117,827.10			113,460.94
RMB			117,824.24			113,458.10
HKD	3.50	0.8152	2.86	3.50	0.8107	2.84
Bank:			15,978,727,126.31			11,082,354,286.51
RMB			11,972,316,957.20			9,661,728,381.45
USD	385,357,315.67	6.3249	2,437,346,485.89	223,952,007.35	6.3009	1,411,099,200.26
JPY	707.51	0.0796	56.30	689.49	0.0811	55.92
EUR	39,431,672.77	7.8710	310,366,696.37	5.02	8.1625	41.01
HKD	66,385,298.38	0.8152	54,119,728.26	11,045,953.22	0.8107	8,954,955.09
GBP	122,645,798.56	9.8169	1,204,001,539.88			—
AUD	89,510.89	6.4312	575,662.41	85,144.67	6.4093	571,652.78
Other currency funds:			4,425,600,259.54			4,763,825,852.00
RMB			3,298,585,038.69			4,763,825,852.00
USD	178,082,140.79	6.3249	1,127,015,220.85			—
Total			20,404,445,212.95			15,846,293,599.45

As at 30 June 2012, the amount of restricted bank balance is RMB4,425,600,259.54 (31 December 2011: RMB4,763,825,852.00).

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Cash and bank *(Continued)*

Including:

- As at 30 June 2012, time deposits amounting to RMB2,486,241,634.71 were pledged to secure current bank borrowings (31 December 2011: RMB1,318,176,998.00).
- As at 30 June 2012, time deposit amounting to RMB32,000,000.00 was security for a letter of credit issued (31 December 2011: RMB1,198,034,803.00).
- As at 30 June 2012, no deposit was security for letters of guarantee issued (31 December 2011: RMB214,000,000.00).
- As at 30 June 2012, deposit amounting to RMB886,000.00 which was guaranteed for issuing bank accepted bills (31 December 2011: Nil).
- As at 30 June 2012, deposit amounting to RMB26,113,900.58 which was guaranteed for environmental restoration (31 December 2011: Nil)
- As at 30 June 2012, required mandatory reserve deposits and other restricted deposits amounting to RMB1,880,358,724.25 (31 December 2011: RMB2,033,614,051.00) was placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").
- As at 30 June 2012, the amount of cash deposit out of PRC is RMB512,647,178.49 (31 December 2011: RMB288,357,050.00).

Cash at banks earns interest at floating rates based on daily bank deposit rates or concerted rates. Time deposits are made for varying periods of between seven days and 4 months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Held for trading financial assets

Details of held-for-trading financial assets are as follows:

Item	RMB	
	30 June 2012	31 December 2011
Equity investment	1,870,589.81	2,330,708.04
Not under hedge accounting		
— Forward currency contracts	44,229,462.88	1,488,841.19
— commodity derivative contracts	143,765,794.96	52,312,412.74
— provisional price arrangements	8,655,585.90	—
Cash flow hedge		
— commodity derivative contracts	5,595,325.95	—
Fair value hedge		
— commodity derivative contracts	—	1,745,200.00
— provisional price arrangements	168,118,192.88	18,175,654.07
Total	372,234,952.38	76,052,816.04

The management of the Company believes that there exists no significant obstacle in the realisation of its held-for-trading financial assets.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Notes receivable

(1) Categories of notes receivable

	<i>RMB</i>	
Category	30 June 2012	31 December 2011
Bank acceptances	3,693,831,969.22	5,055,640,909.81
Commercial acceptances	697,000,000.00	308,720,651.65
Total	4,390,831,969.22	5,364,361,561.46

The terms of notes receivable are all within one year.

As at 30 June 2012 and 31 December 2011, no notes receivables were reclassified to accounts receivable due to uncollectability.

As at 30 June 2012, the amount of RMB350,880,000.00 bank accepted bills has been discounted to obtain short-term bank borrowings (31 December 2011: RMB33,149,100.00)

- (2) At the opening and closing of the period, there are no notes receivables due to any shareholders holding at least 5% of the Company's shares with voting power.
- (3) Notes receivable due to related parties refer to Note (VI) 6(1).

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable

(1) Disclosure of accounts receivable by categories:

RMB

Category	30 June 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	596,343,680.31	14.43	63,616,791.00	38.67	521,519,806.00	21.76	63,616,791.00	38.80
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	19,781,951.44	0.48	19,781,951.44	12.02	19,781,951.00	0.83	19,781,951.00	12.06
Accounts receivables with provision accrued according to the credit risk characteristics	3,517,896,188.97	85.09	81,138,142.04	49.31	1,855,211,603.79	77.41	80,582,534.27	49.14
Within 1 year	3,432,401,409.43	83.03	—	—	1,758,513,043.19	73.37	—	—
More than 1 year but not exceeding 2 years	5,112,995.49	0.12	2,288,498.01	1.39	18,387,957.00	0.77	3,554,968.95	2.17
More than 2 years but not exceeding 3 years	4,232,509.03	0.10	2,700,369.01	1.64	22,348,028.02	0.93	21,064,989.74	12.85
More than 3 years	76,149,275.02	1.84	76,149,275.02	46.28	55,962,575.58	2.34	55,962,575.58	34.12
Total	4,134,021,820.72	100.00	164,536,884.48	100.00	2,396,513,360.79	100.00	163,981,276.27	100.00

The credit period is generally three months.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable (Continued)

(1) Disclosure of accounts receivable by categories: (Continued)

The ageing analysis of accounts receivable is as below:

RMB

Aging	30 June 2012				31 December 2011			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	3,963,558,298.74	95.88	—	3,963,558,298.74	2,216,416,058.33	92.49	—	2,216,416,058.33
More than 1 year but not exceeding 2 years	6,682,995.49	0.16	2,288,498.01	4,394,497.48	18,387,956.86	0.76	3,554,968.95	14,832,987.91
More than 2 years but not exceeding 3 years	4,232,509.03	0.10	2,700,369.01	1,532,140.02	22,348,028.02	0.93	21,064,989.74	1,283,038.28
More than 3 years	159,548,017.46	3.86	159,548,017.46	—	139,361,317.58	5.82	139,361,317.58	—
Total	4,134,021,820.72	100.00	164,536,884.48	3,969,484,936.24	2,396,513,360.79	100.00	163,981,276.27	2,232,532,084.52

(2) Individual significant amounts or insignificant accounts receivable but with provision accrued individually as at 31 December 2011:

RMB

	Amount	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	596,343,680.31	63,616,791.00	10.67	Note1
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	19,781,951.44	19,781,951.44	100.00	Note2

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable (Continued)

- (2) Individual significant amounts or insignificant accounts receivable but with provision accrued individually as at 31 December 2011: (Continued)

Individual significant amounts or insignificant accounts receivable but with provision accrued individually as at 31 December 2011:

RMB

	Amount	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	521,519,806.00	63,616,791.00	12.20	Note1
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	19,781,951.44	19,781,951.44	100.00	Note2

Note1: Bad debt provision amounting to RMB63,616,791.00 is fully made due to the aging is over 3 years and a slim chance of recollection.

Note2: Bad debt provision is fully made due to the aging is over 3 years and a slim chance of recollection.

- (3) As at 30 June 2012, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB2,265,040.51 (31 December 2011: RMB3,230,980.00). More details are disclosed in Note (VI) 6 "Related Party Relationship and Transaction".

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. Accounts receivable (Continued)

(4) Top five customers with the largest balances

As at 30 June 2012, the balance of top five debtors is as below:

<i>RMB</i>				
Name of customer	Relationship with the Company	Amount	Aging	Proportion of the amount to the total accounts receivable (%)
Entity one	JCC's affiliate	191,174,181.16	Within 1 year	4.62
Entity two	JCC's affiliate	116,560,213.37	Within 1 year	2.82
Entity three	JCC's affiliate	100,489,202.90	Within 1 year	2.43
Entity four	Third party	100,002,211.73	Within 1 year	2.42
Entity five	Third party	88,117,871.15	Within 1 year and over 3 years	2.13
Total		596,343,680.31		14.42

As at 31 December 2011, the balance of top five debtors is as below:

<i>RMB</i>				
Name of customer	Relationship with the Company	Amount	Aging	Proportion of the amount to the total accounts receivable (%)
Entity one	JCC's affiliate	115,346,698.00	Within 1 year	4.81
Entity two	Third party	108,669,590.00	Within 1 year	4.53
Entity three	JCC's affiliate	104,204,788.00	Within 1 year	4.36
Entity four	JCC's affiliate	101,427,722.00	Within 1 year	4.23
Entity five	Third party	91,871,008.00	Within 1 year and over 3 years	3.83
Total		521,519,806.00		21.76

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(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Prepayments

(1) Aging analysis of prepayments is as follows

RMB

Aging	30 June 2012		31 December 2011	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,936,985,593.61	96.84	2,822,781,532.02	97.86
More than 1 year but not exceeding 2 years	126,764,650.33	2.49	19,984,861.47	0.69
More than 2 years but not exceeding 3 years	8,461,690.13	0.17	18,728,560.88	0.65
More than 3 years	25,393,850.17	0.50	23,210,515.18	0.80
Total	5,097,605,784.24	100.00	2,884,705,469.55	100.00

As at 30 June 2012, the balances aging over one year are mainly advances to suppliers for outstanding purchase of project and equipment.

As at 30 June 2012, the Group's balance due from a shareholder who holds more than 5% of the voting power of Company was RMB33,824.00 (31 December 2011: RMB169,089.00). More details are disclosed in Note (VI) 6 "Related Party Relationship and Transaction".

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For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Prepayments (Continued)

(2) Top five suppliers with the largest balances

As at 30 June 2012, the balance of top five debtors is as below:

RMB

Name of supplier	Relationship with the Company	Amount	Aging
Entity one	Third party	1,096,842,388.50	Within 1 year
Entity two	Third party	177,049,664.90	Within 1 year
Entity three	Third party	54,398,976.01	Within 1 year
Entity four	Third party	49,475,106.55	Within 1 year
Entity five	Third party	43,709,109.36	Within 1 year
Total		1,421,475,245.32	

As at 31 December 2011, the balance of top five debtors is as below:

RMB

Name of supplier	Relationship with the Company	Amount	Aging
Entity one	Third party	277,089,756.00	Within 1 year
Entity two	Third party	249,217,663.00	Within 1 year
Entity three	Third party	176,275,389.00	Within 1 year
Entity four	Third party	145,325,365.00	Within 1 year
Entity five	Third party	66,820,742.00	Within 1 year
Total		914,728,915.00	

Notes to the Financial Statements

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables

(1) Disclosure of other receivables by categories:

RMB

Category	30 June 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually	598,726,272.22	29.82	—	—	1,060,747,388.09	58.05	—	—
Other receivables with provision accrued according to the credit risk characteristics	1,409,017,370.20	70.18	—	—	766,494,143.62	41.95	—	—
Within 1 year	1,359,662,622.47	67.72	—	—	717,748,865.03	39.28	—	—
More than 1 year but not exceeding 2 years	7,790,921.07	0.39	240,684.64	0.61	7,111,616.79	0.39	1,014,671.14	3.14
More than 2 years but not exceeding 3 years	1,603,996.71	0.08	725,246.60	1.85	9,106,058.52	0.50	813,482.00	2.52
More than 3 years	39,959,829.95	1.99	38,341,184.97	97.54	32,527,603.28	1.78	30,482,610.82	94.34
Total	2,007,743,642.42	100.00	39,307,116.21	100.00	1,827,241,531.71	100.00	32,310,763.96	100.00

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For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables (Continued)

(2) Aging analysis of other receivables is as follows:

RMB

Aging	30 June 2012				31 December 2011			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	1,958,388,894.69	97.54	—	1,958,388,894.69	1,778,496,253.12	97.33	—	1,778,496,253.12
More than 1 year but not exceeding 2 years	7,790,921.07	0.39	240,684.64	7,550,236.43	7,111,616.79	0.39	1,014,671.14	6,096,945.65
More than 2 years but not exceeding 3 years	1,603,996.71	0.08	725,246.60	878,750.11	9,106,058.52	0.50	813,482.00	8,292,576.52
More than 3 years	39,959,829.95	1.99	38,341,184.97	1,618,644.98	32,527,603.28	1.78	30,482,610.82	2,044,992.46
Total	2,007,743,642.42	100.00	39,307,116.21	1,968,436,526.21	1,827,241,531.71	100.00	32,310,763.96	1,794,930,767.75

As at 30 June 2012, the Group's balance of deposits for commodity derivative contracts is RMB1,209,695,804.74 (31 December 2011: RMB1,051,908,500.70).

As at 30 June 2012, the amount of RMB418,944.70 was due from a shareholder who holds more than 5% of the voting power of the Company (31 December 2011: RMB402,656.00). More details are disclosed in Note (VI) 6 "Related party relationship and transaction".

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Other receivables (Continued)

(3) Top five entities with the largest balances

As at 30 June 2012, the balance of top five debtors is as below:

RMB				
Name of Entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total other receivables (%)
Entity one	JCC's affiliate	424,107,774.96	Within 1 year	21.12
Entity two	Third party	52,083,870.45	Within 1 year	2.59
Entity three	Third party	51,144,482.15	Within 1 year	2.55
Entity four	Third party	38,816,644.74	Within 1 year	1.93
Entity five	Third party	32,573,499.92	Within 1 year	1.62
Total		598,726,272.22		29.81

As at 31 December 2011, the balance of top five debtors is as below:

RMB				
Name of Entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total other receivables (%)
Entity one	JCC's affiliate	574,820,479.00	Within 1 year	31.46
Entity two	Third party	183,966,011.75	Within 1 year	10.07
Entity three	Third party	112,791,821.00	Within 1 year	6.17
Entity four	Third party	100,410,360.34	Within 1 year	5.50
Entity five	Third party	88,758,716.00	Within 1 year	4.85
Total		1,060,747,388.09		58.05

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. Inventories

Categories of inventories

RMB

Item	30 June 2012			31 December 2011		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	3,589,817,128.34	149,378,001.37	3,440,439,126.97	3,865,911,551.15	169,209,190.00	3,696,702,361.15
Work-in-progress	7,788,387,223.18	26,986,225.13	7,761,400,998.05	6,355,144,983.25	160,307,982.00	6,194,837,001.25
Finished goods	3,059,464,190.77	183,972,678.15	2,875,491,512.62	4,351,600,851.85	146,079,616.29	4,205,521,235.56
Total	14,437,668,542.29	360,336,904.65	14,077,331,637.64	14,572,657,386.25	475,596,788.29	14,097,060,597.96

As at 30 June 2012, certain of the Group's inventories with a net book value of RMB68,000,000.00 (2011: RMB68,000,000.00) was pledged to secure short term bank borrowings of RMB25,000,000.00. More details are given in Note (V)18.

As at 30 June 2012, certain of the Group's inventories with a net book value of RMB3,157,262.50 (2011: RMB59,427,769.00) was pledged as deposits for commodity derivative contract.

As at 30 June 2012, inventories of the Group included fair value losses inventories designated as hedged items amounted to RMB162,900,253.58 (2011: RMB18,890,904.00), among which, fair value gains of the hedges items amounted to RMB12,400.00 (2011: Nil) were hedged by commodity derivative contracts, and fair value losses of the hedges items amounted to RMB162,912,653.58 (2011: RMB18,890,904.00) were hedged by provisional price arrangement.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Available-for-sale financial assets

Available-for-sale financial assets

	RMB	
Item	30 June 2012	31 December 2011
Available-for-sale equity instruments:		
— Nanchang Commercial Bank (“Nanchang Bank”)	398,080,000.00	398,080,000.00
— Liangshan Mining Co., Ltd (“Liangshan Mining”)	10,000,000.00	10,000,000.00
— Kebang Telecom (Group) Co., Ltd (“KebangTelecom”)	5,610,000.00	5,610,000.00
— Gantian Wan Copper Mine in Luchang Town Huili County (“Gantian Wan Mining”)	2,000,000.00	2,000,000.00
Financial Products	2,690,000,000.00	2,870,005,500.00
Subtotal	3,105,690,000.00	3,285,695,500.00
Less: Impairment provision	(5,610,000.00)	(5,610,000.00)
Total	3,100,080,000.00	3,280,085,500.00
Less: Current portion of availablefor- sale financial investment — Financial Products	(2,690,000,000.00)	(2,770,005,500.00)
Total of non-current portion	410,080,000.00	510,080,000.00

As at 30 June 2012, the Group’s unlisted equity investments represent the Group’s 5.88% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining and 0.4% equity interest in Kebang Telecom and 11.13% equity interest in Gantian Wan Mining. These unlisted equity investments were stated at cost and subject to a test for impairment loss because there is no quoted market price in an active market and their fair values cannot be measured reliably.

As at 30 June 2012, Finance Company, a subsidiary of the Group, holds bank financial products amounting to RMB2,690,000,000.00 (31 December 2011: RMB2,870,005,500.50) with annual target return rate from 3.5% to 10.5% (2011: 5.9% to 10.2%). The above financial products will expire between 3 July 2012 and 30 May 2013.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. Other current financial assets

	RMB	
Item	30 June 2012	31 December 2011
Short term loans to related parties (Note1)	390,614,012.61	842,510,200.00
Financial assets purchased under resale agreements and others	1,018,558,578.96	137,894,890.30
Placements with banks and other financial institutions (Note2)	300,000,000.00	—
Total	1,709,172,591.57	980,405,090.30

Note 1: As at 30 June 2012, loans to related parties are provided by Finance Company, a subsidiary of the Group. The short term loans' interest rates range from 5.23% to 6.56% per annum (2011: 2.15% to 6.56%) among which the rate of the USD loans is 4.25% (2011: 2.15% to 3.36%) and the loans will be repaid from 8 July 2012 to 28 June 2013. All of the above loans were guaranteed by JCC and undue. More details are disclosed in Note (VI) 6 "Related Party Relationship and Transaction".

Note 2: As at 30 June 2012, Placements with banks and other financial institutions are provided by Finance Company, a subsidiary of the Group, to ICBC financial leasing Company Limited, which will be repaid from 24 April 2012 to 24 July 2012, and the interest rate is 5.40% per annum.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. Investments in joint ventures and associates

RMB

Name of investee	Type	Place of incorporation	Legal representative	Nature of business	Currency	Registered Capital		Proportion		Investee's total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Total Net profit for the period
						'000	Group	Proportion of ownership interest held by the Group	of voting power held by the investee				
I. Joint ventures													
Jiangxi JCC-BIOTEQ Environmental Technologies company Limited ("Jiangtong Bioteq")	LLC	China	Liu Jianghao	Reclaim industrial waste water and sales of products	RMB	28,200	50%	50%	69,403	7,147	62,256	18,402	8,792
II. Associates													
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals")	LLC	China	Jin Xiaoguang	Investment company	RMB	3,250,000	40%	40%	4,853,942	2,151,186	2,702,756	—	(34,007)
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	LLC	Afghanistan	Zou Jianhui	Manufacture and sale of copper products	USD	2,800	25%	25%	2,285,008	34,035	2,250,973	—	—
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	LLC	Japan		Import and export of copper products	JPY	200,000	49%	49%	15,930	—	15,930	—	—
Zhaojue Fenyue Smelting Company Limited ("Fengye")	LLC	China	Guo Zhongxiang	Production and sale of copper cathode and related products	RMB	10,000	47.86%	47.86%	9,405	3,760	5,645	—	(354)

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. Long-term equity investments

(1) Long-term equity investments:

RMB

Name of investee	Accounting method	Initial investment cost	Opening balance	Increase/ (decrease)	Closing balance	Proportion of ownership interest held by the Group (%)	Proportion of voting power held by the Group (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Cash dividends for the period
I. Joint ventures										
Jiangtong Biotech	Equity Method	14,100,000.00	26,732,182.52	4,395,994.17	31,128,176.69	50%	50%		—	—
Subtotal		14,100,000.00	26,732,182.52	4,395,994.17	31,128,176.69				—	—
II. Associates										
Jiangxi Copper										
Minerals	Equity Method	1,300,000,000.00	1,065,225,664.58	15,876,891.22	1,081,102,555.80	40%	40%		—	—
MCC-JCL	Equity Method	585,129,381.92	455,467,384.26	118,364,591.26	573,831,975.52	25%	25%		—	—
Asia Sure Spread	Equity Method	5,817,472.24	5,817,472.24	—	5,817,472.24	49%	49%		—	—
Fengye	Equity Method	4,063,976.64	4,063,976.64	—	4,063,976.64	47.86%	47.86%		—	—
Subtotal		1,895,010,830.80	1,530,574,497.72	134,241,482.48	1,664,815,980.20				—	—
III. Others										
Shanxi Diaquan Silver and Copper Mining Company Limited										
("Diaquan")	Cost Method	13,056,215.69	—	—	—			(13,056,215.69)	—	—
Subtotal		13,056,215.69	—	—	—			(13,056,215.69)	—	—
Total		1,922,167,046.49	1,557,306,680.24	138,637,476.65	1,695,944,156.89				—	—

As at 30 June 2012, the associates and jointly controlled entity could transfer funds to the Group without restrictions.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Fixed assets

(1) Fixed assets

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
I. Total original carrying amount	24,543,128,737.22	1,451,407,250.53	1,146,819,149.87	24,847,716,837.88
Including: Buildings	8,623,631,000.59	1,366,885,905.00	24,300,308.20	9,966,216,597.39
Machinery and equipment	14,472,306,568.74	38,534,085.40	1,105,273,429.45	13,405,567,224.69
Transportation vehicles	1,321,249,303.15	16,279,557.44	5,081,881.15	1,332,446,979.44
Office and other equipment	125,941,864.74	29,707,702.69	12,163,531.07	143,486,036.36
II. Total accumulated depreciation	9,697,070,387.00	970,927,667.16	437,888,852.06	10,230,109,202.10
Including: Buildings	3,075,328,152.60	549,155,413.63	8,844,996.14	3,615,638,570.09
Machinery and equipment	5,985,379,607.91	339,431,931.40	423,210,302.67	5,901,601,236.64
Transportation vehicles	595,236,969.35	63,619,230.21	924,258.76	657,931,940.80
Office and other equipment	41,125,657.14	18,721,091.92	4,909,294.49	54,937,454.57
III. Total net book value of fixed assets	14,846,058,350.22			14,617,607,635.78
Including: Buildings	5,548,302,847.99			6,350,578,027.30
Machinery and equipment	8,486,926,960.83			7,503,965,988.05
Transportation vehicles	726,012,333.80			674,515,038.64
Office and other equipment	84,816,207.60			88,548,581.79

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Fixed assets (Continued)

(1) Fixed assets (Continued)

			<i>RMB</i>	
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
IV. Total provision for impairment losses	53,719,159.00		28,549,411.97	25,169,747.03
Including: Buildings	16,419,959.43		15,631,006.76	788,952.67
Machinery and equipment	35,224,339.62		11,001,124.36	24,223,215.26
Transportation vehicles	203,118.80		95,657.60	107,461.20
Office and other equipment	1,871,741.15		1,821,623.25	50,117.90
V. Total carrying amount of fixed assets	14,792,339,191.22			14,592,437,888.75
Including: Buildings	5,531,882,888.56			6,349,789,074.63
Machinery and equipment	8,451,702,621.21			7,479,742,772.79
Transportation vehicles	725,809,215.00			674,407,577.44
Office and other equipment	82,944,466.45			88,498,463.89

As at 30 June 2012, the Group provides impairment for obsolete or scrapped fixed assets.

As at 30 June 2012, buildings with net book value of RMB82,300,000.00 (31 December 2011: RMB35,001,803.00) were restricted for use.

As at 30 June 2012, there were no significant fixed assets leased out under operating lease, and no fixed assets leased in under financial leasing, either.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Fixed assets (Continued)

Descriptions of fixed assets:

- (1) The increase in the original carrying amount for the current period consists of acquisitions of RMB226,312,088.12, transfer of RMB139,011,280.49 from construction in progress, a rise of RMB45,625,134.95 from acquisition of subsidiaries.
- (2) The decrease in the original carrying amount for the current period consists of a disposal of RMB106,360,402.90.
- (3) The increase in accumulated depreciation for the current period consists of charges for the current period of RMB565,850,835.42 and a rise of RMB10,686,620.39 on acquisition of subsidiaries.
- (4) The decrease in accumulated depreciation for the current period consists of a decrease of RMB43,498,640.71 on disposals.
- (5) The increase in the original carrying amount and accumulated depreciation of buildings for the current period consists of transfer of RMB1,040,458,746.97 and RMB394,390,211.35 from machinery and equipment, respectively.

13. Construction in progress

- (1) Details of construction in progress:

RMB

Item	30 June 2012			31 December 2011		
	Carrying amount	Provision for impairment loss	Net carrying amount	Carrying amount	Provision for impairment loss	Net carrying amount
Technical upgrade and infrastructure construction	4,601,604,796.85	—	4,601,604,796.85	3,300,071,456.01	—	3,300,071,456.01

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. Construction in progress (Continued)

(2) Changes in construction in progress:

Item	Budget	Opening balance	Increase in the current period	Transfer to fixed assets	Closing balance	Amount invested	Source of fund
						as a proportion of budget amount (%)	
Expansion project of phase II of Chengmenshan Copper Mine	498,000,000.00	126,337,880.67	30,284,191.22	—	156,622,071.89	70	Proceeds from issuance of shares ("Proceeds")
Technical renovation engineering of enlarging production scale of Dexing Mining	2,537,870,000.00	782,349,034.98	25,220,501.99	—	807,569,536.97	76	Proceeds
Extension of Open-pitting Mining project	387,540,000.00	2,137,379.72	350,000.00	—	2,487,379.72	97	Self-funding and Proceeds
Technical improvement of the ninth copper concentrate 5000t/d retreating project	550,000,000.00	517,506,202.98	43,012,193.41	—	560,518,396.39	100	Self-funding
Oriental New World Plaza A Building F31-F33	301,490,060.00	296,542,658.00	—	—	296,542,658.00	98	Self-funding
Tailings storehouse Project	327,780,000.00	191,794,486.12	61,093,726.70	—	252,888,212.82	77	Self-funding
Liujiu gou tailings storehouse in Chengmenshan Copper Mine	318,310,000.00	107,457,537.85	13,176,213.11	—	120,633,750.96	63	Self-funding
Phase II of Longchang Copper Pipe	1,024,482,400.00	135,968,070.87	39,491,967.33	—	175,460,038.20	17	Self-funding
No.5 Mine exploitation Project	130,000,000.00	95,951,211.54	7,824,310.27	—	103,775,521.81	90	Self-funding
400 Kiloton Copper Rod Line Project	430,000,000.00	95,231,797.28	146,274,819.86	—	241,506,617.14	56	Self-funding
Dexing 600 Kiloton Pyritic Project	333,184,500.00	94,088,082.50	95,020,379.90	—	189,108,462.40	57	Self-funding
East ditch waste-rock yards in Chengmenshan Copper Mine	197,070,000.00	72,156,090.79	992,990.35	—	73,149,081.14	64	Self-funding
Reformation project of smelting capacity of system two	136,560,000.00	71,606,046.37	18,366,014.09	—	89,972,060.46	66	Self-funding
Detailed exploration project of Crossing Mu mineral in Yongping Mine	53,360,000.00	38,192,482.44	2,859,578.33	—	41,052,060.77	77	Self-funding
No.4 tailings plant relocation	96,650,000.00	44,988,208.74	12,007,017.70	11,569,371.72	45,425,854.72	100	Self-funding
Sizhou plant production system improvement	158,070,000.00	35,484,314.12	3,455,889.77	5,533,730.52	33,406,473.37	40	Self-funding

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For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13. Construction in progress (Continued)

(2) Changes in construction in progress: (Continued)

RMB

Item	Budget	Opening balance	Increase in the current period	Transfer to fixed assets	Closing balance	Amount invested	Source of fund
						as a proportion of budget amount (%)	
Water conservation and wastewater treatment project	190,500,000.00	26,752,114.51	18,108,816.21	—	44,860,930.72	24	Self-funding
Land consolidation for 5000 tons/day mining technical	90,000,000.00	26,686,547.02	52,063,943.14	—	78,750,490.16	88	Self-funding
Facility coordination for Expansion project of phase II	73,000,000.00	22,002,213.08	—	—	22,002,213.08	100	Self-funding
Landslide controlling project for the east of Dashan plant	26,700,000.00	21,343,234.84	4,610,492.89	25,953,727.73	—	100	Self-funding
Underground geography exploration in No.9 district of north part of Yinshan	32,990,000.00	20,108,803.90	6,288,713.04	—	26,397,516.94	80	Self-funding
Additional geography exploration project in Wushan	33,219,000.00	19,718,013.94	4,298,264.81	—	24,016,278.75	72	Self-funding
Environmental protection and energy-saving technological transformation project	317,000,000.00	16,220,009.81	172,020,736.84	—	188,240,746.65	59	Self-funding
Qingyuan electrolysis project	460,400,000.00	—	321,647,291.03	—	321,647,291.03	70	Self-funding
Others	—	439,449,033.94	362,076,569.34	95,954,450.52	705,571,152.76		
Total		3,300,071,456.01	1,440,544,621.33	139,011,280.49	4,601,604,796.85		

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Intangible assets

(1) Intangible assets

	RMB			
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
I. Total original carrying amount				
amount	1,507,866,910.28	55,834,818.17	—	1,563,701,728.45
Trademarks	52,626,656.00	—	—	52,626,656.00
Mining rights	945,331,851.00	—	—	945,331,851.00
Land use rights	477,870,798.24	55,640,177.57	—	533,510,975.81
Others (Software)	32,037,605.04	194,640.60	—	32,232,245.64
II. Total accumulated amortization				
amortization	221,977,572.92	30,464,004.31	—	252,441,577.23
Trademarks	26,976,649.08	599,004.56	—	27,575,653.64
Mining rights	143,494,067.28	16,291,295.63	—	159,785,362.91
Land use rights	39,392,230.21	13,175,421.49	—	52,567,651.70
Others (software)	12,114,626.35	398,282.63	—	12,512,908.98
III. Total net book value of intangible assets				
intangible assets	1,285,889,337.36			1,311,260,151.22
Trademarks	25,650,006.92			25,051,002.36
Mining rights	801,837,783.72			785,546,488.09
Land use rights	438,478,568.03			480,943,324.11
Others (software)	19,922,978.69			19,719,336.66
IV. Total provision for impairment				
impairment	—		—	—
V. Total carrying amount of intangible assets				
intangible assets	1,285,889,337.36			1,311,260,151.22

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Intangible assets (Continued)

(1) Intangible assets (Continued)

Description of intangible assets:

- (1) As at 30 June 2012 and 31 December 2011, no intangible assets were restricted.
- (2) As at 30 June 2012, no intangible assets were still in the process of obtaining the property certificates (31 December 2011: RMB126,687,892.85).
- (3) As at 30 June 2012, the increase in the original carrying amount refers to purchase of RMB5,957,292.20, and a rise of RMB49,877,525.97 on acquisition of a subsidiary.
- (4) As at 30 June 2012, the increase in accumulated amortization consists of charge for the current period of RMB26,611,859.51, and the increase of RMB3,852,144.80 on acquisition of subsidiaries.

15. Exploration costs

This represents the exploration costs for the Zhushahong and Jinjiwo mines.

	RMB			
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
Exploration costs	206,367,3769.93	7,313,350.00	—	213,680,719.90

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Deferred tax assets/deferred tax liabilities

(1) Recognised deferred tax assets and deferred tax liabilities

RMB

Items	30 June 2012	31 December 2011
Deferred tax assets:		
Provision for impairment losses of assets	73,206,066.06	94,143,051.73
Unrealised profit from inter-group transactions	12,274,021.02	12,918,665.04
Deductible losses	6,634,488.56	2,643,060.33
Accrued expenses	163,017,522.21	175,110,153.17
Deferred revenue	7,505,642.55	17,035,813.95
Fair value loss arising from commodity derivative contracts	1,825.00	1,249,148.58
Fair value loss arising from forward currency contracts	2,097,386.85	2,093,990.21
Provisional price arrangement	673,476.36	127,452.05
Others	351,805.37	768,057.43
Subtotal	265,762,233.98	306,089,392.49
Deferred Liabilities:		
Fair value loss arising from commodity derivative contracts	12,129,888.08	12,100,055.00
Forward currency contracts	6,418,367.84	—
Others	30,861,636.74	2,137,840.54
Subtotal	49,409,892.66	14,237,895.54

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Deferred tax assets/deferred tax liabilities (Continued)

(2) Details of unrecognised deferred tax assets

	<i>RMB</i>	
Items	30 June 2012	31 December 2011
Deferred revenue	137,079,797.72	106,709,663.00
Provision for impairment losses of assets	76,673,011.69	175,954,205.00
Accrued expenses	—	18,232,066.00
Others	3,420,536.39	2,909,172.00
Deductible losses	543,916,707.95	453,001,475.00
Subtotal	761,090,053.75	756,806,581.00

(3) Details of taxable temporary differences and deductible temporary differences

	<i>RMB</i>	
Item	Amount	
Closing balance:		
Deductible temporary differences:		
Provision for impairment losses of assets		452,225,336.65
Unrealised profit from inter-group transactions		49,096,084.08
Deductible losses		27,434,024.47
Accrued expenses		1,010,339,980.34
Deferred revenue		50,037,617.02
Fair value loss arising from forward currency contracts		13,982,578.97
provisional price arrangement		8,238,355.53
Others		1,814,900.56
Subtotal		1,613,168,877.62
Taxable temporary differences:		
forward currency contracts		25,673,471.36
Gains from changes in fair values		57,006,432.32
Others		2,652,206.84
Subtotal		85,332,110.52

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Deferred tax assets/deferred tax liabilities (Continued)

(3) Details of taxable temporary differences and deductible temporary differences (Continued)

RMB

Item	Amount
Opening balance:	
Deductible temporary differences:	
Provision for impairment losses of assets	550,075,968.97
Unrealised profit from inter-group transactions	66,489,894.78
Deductible losses	20,336,895.39
Accrued expenses	1,044,667,125.62
Deferred revenue	93,572,092.14
Fair value loss arising from forward currency contracts	12,024,181.69
Fair value loss arising from commodity derivative contracts	4,993,593.00
provisional price arrangement	849,680.00
Others	3,472,610.00
Subtotal	1,796,482,041.59
Taxable temporary differences:	
Fair value loss arising from commodity derivative contracts	52,071,261.87
Others	8,551,364.28
Subtotal	60,622,626.15

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

17. Details of provision for impairment losses of assets

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period		Exchange differences arising on translation of financial statements denominated in foreign currencies	30 June 2012
			Reversals	Write-off		
I. Bad debts provision for accounts receivable	163,981,276.27	555,608.21	—	—	—	164,536,884.48
II. Bad debts provision for other receivable	32,310,763.96	6,996,352.25	—	—	—	39,307,116.21
III. Provision for decline in value of inventories	475,596,788.29	86,832,907.71	388,378.92	201,704,412.43	—	360,336,904.65
IV. Provision for available-for- sale investments	5,610,000.00	—	—	—	—	5,610,000.00
V. Provision for impairment losses of fixed assets	53,719,159.00	—	—	28,549,411.97	—	25,169,747.03
VI. Provision for impairment losses of long-term equity investments	13,056,215.69	—	—	—	—	13,056,215.69
Total	744,274,203.21	94,384,868.17	388,378.92	230,253,824.40	—	608,016,868.06

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. Short-term borrowings

Categories of short-term borrowings:

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
Credit borrowings	11,734,368,468.27	5,198,125,143.48
Mortgaged borrowings (Note1)	3,357,777,119.04	3,846,605,625.00
Pledged borrowings (Note2)	76,000,000.00	86,000,000.00
Total	15,168,145,587.31	9,130,730,768.48

As at 30 June 2012, the borrowings carry annual interest rates ranging from 0.94% to 7.87%. (2011: 0.94% to 7.87%).

Note1: As at 30 June 2012, mortgaged borrowings were secured by the discounted unmatured bank accepted bills with the carrying value of RMB1,356,667,210.84 (31 December 2011: RMB33,149,100.00), letter of credit amounting to RMB442,287,510.00 (31 December 2011: RMB2,965,922,923.00) and time deposits amounting to RMB1,802,605,325.31 (31 December 2011: RMB847,533,602.00).

Note2: As at 30 June 2012, pledged current borrowings amounting to RMB51,000,000.00 was secured by buildings with carrying value of RMB82,300,000.00.

Pledged current borrowings amounting to RMB25,000,000.00 was secured by inventories with carrying value of RMB68,000,000.00.

As at 30 June 2012, there was no balance of matured but unsettled short-term borrowings.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Held for trading financial liabilities

	RMB	
Item	30 June 2012	31 December 2011
Under hedge accounting (Note1)		
Cash flow hedge (a)		
— Commodity derivative contracts	197,850.00	5,690,217.88
Fair value hedge (a)		
— Firm commitment	12,400.00	1,986,351.55
Not under hedge accounting (b)		
— Commodity derivative contracts	106,294,720.22	111,804,626.15
— Provisional price arrangement	—	134,430.10
— Forward currency contracts	6,143,903.14	21,598,932.85
— Interest rate swaps	13,488,747.39	11,190,310.19
Liabilities arising from gold lease valued at fair value (Note2)	791,685,043.14	946,260,225.92
Total	917,822,663.89	1,098,665,094.64

Note1: Under hedge accounting

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

(a) Under hedge accounting

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

Cash flow hedge

The Group utilizes standardised copper cathode future contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper cathode and etc. As at 30 June 2012, the expected delivery period of the forecasted sales for copper related products is from July to September 2012.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19. Held for trading financial liabilities (Continued)

Note1: Under hedge accounting (Continued)

(a) Under hedge accounting (Continued)

Fair value hedge

The Group utilizes standardised copper cathode future contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with fair value changes in inventories. The Group also utilizes standardised copper cathode future to hedge the fair value change of the firm commitment.

At the inception of above hedge relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. According to the effectiveness test result of above mentioned cash flow hedge and fair value hedge, relevant standardised copper cathode future contracts and provisional price arrangement are expected to be highly effective hedge instruments. More details are given in Note (V) 44, 45 and 50.

(b) Not under hedge accounting

The Group utilizes standardised copper cathode future contracts to manage the risk of forecasted purchases of copper cathode and copper concentrate, and forecast sales of copper wires and rods. These arrangements are designated to address significant fluctuations in the price of copper concentrate, copper cathode, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

The Group utilizes gold future contracts to manage the risk related to the liabilities to return the same quantity and quality gold with the lease contracts and hedge the change in fair value arising from price fluctuation.

The Group utilizes forward currency contracts and interest rate swaps to hedge the risk related to foreign exchange rate risk and interest rate risk.

However, the arrangements mentioned above are not considered as an effective hedge and are not accounted for under hedge accounting. The unrealised gains or losses arising from the change in fair value are recognised directly in the income statement. Further details are given in Note (V) 44 and 45.

Note2: Liabilities arising from gold lease valued at fair value

In year 2012, the Group commenced transaction of lease of gold. The Group entered into certain gold lease contract with the banks. During the lease period, the Group might sell the leased gold to the third party. When the lease period expires, the Group shall return the gold with the same quantity and quality to the banks. The obligation to return the gold is recognised as a held-for-trading financial liabilities.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

20. Notes payable

	<i>RMB</i>	
Category	30 June 2012	31 December 2011
Bank acceptances	52,635,731.94	3,300,143,866.17
Total	52,635,731.94	3,300,143,866.17

The above notes payable will become due from July to December 2012.

As at 30 June 2012, no notes payable due to any shareholders holding at least 5% of the Company's shares with voting power.

21. Accounts payable

	<i>RMB</i>	
Category	30 June 2012	31 December 2011
Accounts payable for spare parts	566,039,356.16	1,120,097,245.34
Accounts payable for raw materials	5,868,121,098.95	1,156,160,894.17
Total	6,434,160,455.11	2,276,258,139.51

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

As at 30 June 2012, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB3,641,800.62 (31 December 2011: RMB1,231,646.00). More details are disclosed in Note (VI) 6 "Related Party Relationship and Transaction".

As at 30 June 2012, the Group has no material balance of accounts payable aged over one year.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

22. Receipts in advance

Category	30 June 2012	31 December 2011
Advances from customer for sales of goods	1,956,174,236.62	784,651,943.49
Total	1,956,174,236.62	784,651,943.49

As at 30 June 2012, the Group advanced from shareholder who holds more than 5% shares of the Company is RMB3,547.73 (31 December 2011: Nil).

As at 30 June 2012, the Group has no material balance of advance from customers aged over one year.

23. Employee benefits payable

Item	RMB			
	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
I. Wages or salaries, bonuses, allowances and subsidies	646,798,111.00	838,655,409.73	846,392,926.27	639,060,594.46
II. Staff welfare	696,241.00	42,883,298.99	37,067,565.93	6,511,974.06
III. Social security contributions	107,325,352.00	181,580,312.64	223,740,476.28	65,165,188.36
Including: Basic pension insurance	90,800,079.00	115,490,518.34	176,578,169.36	29,712,427.98
Medical insurance	6,804,295.00	59,692,024.68	40,017,754.47	26,478,565.21
Unemployment insurance	8,784,268.00	2,345,042.59	2,544,580.74	8,584,729.85
Work injury insurance	933,830.00	3,924,439.04	4,442,886.87	415,382.17
Maternity insurance	2,880.00	128,287.99	157,084.84	(25,916.85)
IV. Housing funds	9,643,727.00	96,148,625.15	93,704,340.20	12,088,011.95
V. Labor union and education fund	6,124,983.00	19,289,408.93	18,675,282.61	6,739,109.32
VI. Others	(341,819.47)	1,990,608.55	339,569.77	1,309,219.31
VII. Management incentive schemes	416,442,900.00	—	—	416,442,900.00
Subtotal	1,186,689,494.53	1,180,547,663.99	1,219,920,161.06	1,147,316,997.46
Less: non current liabilities-management incentive schemes	291,510,030.00	—	—	291,510,030.00
Total	895,179,464.53	1,180,547,663.99	1,219,920,161.06	855,806,967.46

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

23. Employee benefits payable (Continued)

As at 30 June 2012, there was no balance with the nature of arrears.

There was no expenditure occurred in the first half year of 2012 and 2011 with the nature of monetary staff welfare or compensation for employment termination. All the payroll unpaid at the end of 30 June 2012(except for payable to senior management and middle-level management under management incentive schemes which was recorded in non-current liabilities) was expected to be settled in 2012.

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liability is payable from 2015 to 2017 and is indexed to the rate of growth of the Group's net assets.

24. Taxes payable

RMB

Item	30 June 2012	31 December 2011
Enterprise income tax	406,282,044.78	886,061,727.48
Value-added tax	200,060,370.16	369,714,345.56
Business tax	3,859,294.34	6,412,183.30
Individual income tax	1,760,810.79	28,714,263.65
City construction and maintenance tax	17,921,771.59	38,785,176.93
Education surcharge	10,527,086.11	26,437,787.91
Resource tax	8,227,503.61	37,833,808.81
Mineral resource compensation charge	22,672,167.39	53,834,638.45
Others	32,251,862.04	88,367,283.75
Total	703,562,910.81	1,536,161,215.84

Notes to the Financial Statements

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

25. Other payables

(1) Details of other payables are as follows:

	RMB	
Name of entity	30 June 2012	31 December 2011
Other amount paid on behalf of the Group by JCC	161,524,247.56	46,687,933.00
Paid on behalf of the Group by Subsidiaries of JCC	17,588,361.06	30,577,520.00
Retention for contract	139,312,838.33	193,491,394.00
Payable for construction, machinery and materials	336,186,892.94	356,782,262.00
Miscellaneous repairment and maintenance fee	128,368,141.42	29,214,968.00
Service charges	31,417,928.32	40,400,568.00
Others	193,760,590.81	135,006,087.85
Total	1,008,159,000.44	832,160,732.85

(2) As at 30 June 2012, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB161,524,247.56 (31 December 2011: RMB46,687,933.00). More details are disclosed in Note (VI) 6 "Related Party Relationship and Transaction".

(3) As at 30 June 2012, the Group has no material balance of other payables aged over one year.

26. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

	RMB	
Item	30 June 2012	31 December 2011
Long-term borrowings (Note(V)28)	832,847,146.83	678,635,236.62
Long-term payables due within one year (Note(V)30)	2,009,689.00	2,009,689.00
Total	834,856,835.83	680,644,925.62

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

26. Non-current liabilities due within one year (Continued)

(2) Long-term borrowings due within one year

(a) Long-term borrowings due within one year

RMB

Item	30 June 2012	31 December 2011
Credit borrowings	154,740,924.42	391,867,639.00
Mortgaged borrowings	678,106,222.41	286,767,597.62
Total	832,847,146.83	678,635,236.62

(b) Top five long-term borrowings due within one year:

RMB

Lender	Inception date of borrowing	Maturity date	Original Currency	30 June 2012	
				Amount in Original Currency	Amount in RMB
The Export-import Bank of China Shanghai Branch	29/11/2010	28/11/2012	RMB	—	290,000,000.00
Charter HongKong Branch	03/12/2010	03/12/2012	USD	17,250,000.00	109,104,525.00
Wing Lung Bank	06/04/2011	03/04/2013	USD	24,500,000.00	154,960,050.00
Charter HongKong Branch	27/10/2010	29/10/2012	USD	13,682,000.00	86,537,281.80
Construction Bank Nanchang Hongdu Branch	30/09/2009	29/09/2012	JPY	1,101,868,000.00	85,738,982.46
Total					726,340,839.26

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

27. Other current liabilities

	RMB	
Item	30 June 2012	31 December 2011
Short term deposit from related parties (Note1)	614,177,049.14	1,416,294,455.09
Others	4,127,486.00	—
Total	618,304,535.14	1,416,294,455.09

Note1: The amount represents the related parties' demand deposit and saving deposit less than 6 month in the Finance Company, the range of the interest rate is 0.40% to 3.30% per annum (2011: 0.36% to 3.50%).

28. Long-term borrowings

(1) Categories of long-term borrowings

	RMB	
Item	30 June 2012	31 December 2011
Mortgaged borrowings	—	154,372,050.00
Credit borrowings	19,250,000.00	19,250,000.00
Total	19,250,000.00	173,622,050.00

As at 30 June 2012, the bank borrowing carry interest rate was 3.13% per annum (2011: 0.36% to 4.76%).

As at 30 June 2012, there was no matured but unsettled long-term borrowing.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

28. Long-term borrowings (Continued)

(2) Top five long-term borrowings

30 June 2012

RMB

	Inception date of borrowing	Maturity date	Original Currency	30 June 2012	
				Amount in Original Currency	Amount in RMB
First	December 2005	December 2020	RMB	—	19,250,000.00

31 December 2011

RMB

	Inception date of borrowing	Maturity date	Original Currency	31 December 2011	
				Amount in Original Currency	Amount in RMB
First	April 2011	April 2013	USD	24,500,000.00	154,372,050.00
Second	December 2005	December 2020	RMB	—	19,250,000.00
Total					173,622,050.00

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For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

29. Bonds payable

RMB

Name of bond	Par value	Issuance date	Period	Liability component at the issuance date	Beginning balance of interest adjustment	Interest adjustment	Interest paid and accrual	Ending balance
08JCC Bond (126018)	6,800,000,000	22 September 2008	8 years	4,677,412,723.00	744,837,684.00	163,386,936.00	(34,000,000.00)	5,551,637,343.00

Note: Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight-years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year. The subscribers of each bond have been entitled to receive 25.9 warrants at nil consideration and in aggregate, 1,761,200,000 warrants have been issued. The warrants have a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount is assigned as the equity component and is included in shareholders' equity.

As at 8 October 2010, 1,759,615,512 certificates of bonds with warrants have been exercised and the other 1,584,488 certificates of bonds with warrants have been written off. The Company's listed shares without restricted trading conditions increased by 439,895,678 shares.

Notes to the Financial Statements

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

30. Long-term payables

<i>RMB</i>					
Item	Period	Interest rate (%)	interest payable	30 June 2012	31 December 2011
Mining right payable- Dexing & Yongping Mining (Note1)	30 years	6.52	60,946.00	13,140,078.89	16,456,496.44
Less: Amount due within one year				2,009,689.00	2,009,689.00
Others				174,687.05	—
Total				11,305,076.94	14,446,807.44

Note1: The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000.00 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term borrowing up to a maximum of 15% on annual installment starting from 1 January 1998. The interest paid for the period from 1 January 2012 to 30 June 2012 is RMB60,946.00 (2011: RMB118,776.00) and interest rate announced by the state during the year is 6.55% (2011: 6.35%).

31. Provision

<i>RMB</i>				
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
Environment rehabilitation costs	129,530,868.56	4,145,481.60	—	133,676,350.16
Total	129,530,868.56	4,145,481.60	—	133,676,350.16

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

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

32. Other non-current liabilities

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
Deferred income (Note1)	256,085,942.83	277,669,327.49

Note1: Other non-current liabilities represent the deferred revenue derived from government grant received in respect of purchase and construction of property, plant and equipment. As at 30 June 2012, all the deferred revenue was granted by the government related to assets.

33. Share capital

As at 30 June 2012, the registered and paid-in capital of the Company totals at RMB3,462,729,405.00 with par value of RMB1.00 each. The share class and structure are set out as follows:

	Changes for the period						
	31 December 2011	New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others		
For the six months ended 30 June 2012:							
I. Tradable shares							
1. A shares	2,075,247,405.00	—	—	—	—	—	2,075,247,405.00
2. H shares	1,387,482,000.00	—	—	—	—	—	1,387,482,000.00
II. Total shares	3,462,729,405.00	—	—	—	—	—	3,462,729,405.00
2011:							
I. Tradable shares							
1. A shares	2,075,247,405.00	—	—	—	—	—	2,075,247,405.00
2. H shares	1,387,482,000.00	—	—	—	—	—	1,387,482,000.00
II. Total shares	3,462,729,405.00	—	—	—	—	—	3,462,729,405.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

34. Capital reserve

	RMB			
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
For the six months ended				
30 June 2012:				
Share premium	11,653,213,113.00	—	—	11,653,213,113.00
Other capital reserves	(4,572,495.61)	41,273,274.29	—	36,700,778.68
— Change in fair value of commodity derivative contracts	(4,685,558.61)	—	—	(4,685,558.61)
— Other Reserves	113,063.00	41,273,274.29	—	41,386,337.29
Total	11,648,640,617.39	41,273,274.29	—	11,689,913,891.68
2011:				
Share premium	11,653,213,113.00	—	—	11,653,213,113.00
Other capital reserves	(101,853,927.00)	97,281,431.39	—	(4,572,495.61)
— Change in fair value of commodity derivative contracts	(101,966,990.00)	97,281,431.39	—	(4,685,558.61)
— Other Reserves	113,063.00	—	—	113,063.00
Total	11,551,359,186.00	97,281,431.39	—	11,648,640,617.39

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

35. Special reserve

	<i>RMB</i>			
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
For the six months ended 30 June 2012:				
Production Safety Fund	276,626,509.63	152,286,425.72	59,517,536.23	369,395,399.12
2011:				
Production Safety Fund	239,154,624.00	209,850,065.00	172,378,179.37	276,626,509.63

According to CaiQi [2012] No.16 “Measures for the deduction and usage management of the Production Safety fund”, issued by Ministry of Finance (“MOF”) and Safety Production General Bureau, the Group is required to accrue a “Production Safety Fund” to improve the production safety. The accrual standard rates of the Group are RMB5 per ton for the mine above the ground and RMB10 per ton for the mine under the ground. As for the high risk enterprises, the fund is accrued according to the sales and in a progressive way monthly.

Notes to the Financial Statements

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

36. Surplus reserve

	RMB			
Item	31 December 2011	Increase in the current period	Decrease in the current period	30 June 2012
For the six months ended 30 June 2012:				
Statutory surplus reserve	3,259,293,521.00	—	—	3,259,293,521.00
Discretionary surplus reserve	7,866,666,531.98	—	—	7,866,666,531.98
Total	11,125,960,052.98	—	—	11,125,960,052.98
2011:				
Statutory surplus reserve	2,670,177,952.00	589,115,569.00	—	3,259,293,521.00
Discretionary surplus reserve	6,099,319,826.00	1,767,346,705.98	—	7,866,666,531.98
Total	8,769,497,778.00	2,356,462,274.98	—	11,125,960,052.98

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

In addition, the Company's articles of association also allow the Company to transfer a certain amount of profit after taxation, after appropriations to the statutory surplus reserve, to the discretionary surplus reserve. Subject to shareholders' approval, according to the Company's articles of association, the discretionary surplus reserve can be used to make up prior year losses or increase share capital.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

37. Retained earnings

Item	RMB	
	For the six months ended 30 June 2012	2011
Retained earnings at beginning of period	13,044,111,354.99	10,236,227,824.50
Add: Net profit attributable to owners of the Company	2,576,181,304.38	6,549,449,240.00
Profits available for appropriation	15,620,292,659.37	16,785,677,064.50
Less: Appropriations to the statutory surplus reserve	—	589,115,569.00
Appropriations to the discretionary surplus reserve	—	1,767,346,705.98
Appropriations to the employee bonus and welfare fund	—	11,671.99
Profits available for appropriation to shareholders	15,620,292,659.37	14,429,203,117.53
Less: Final cash dividend approved by the Annual General Meeting of last year	1,731,364,702.50	692,545,881.27
Interim cash dividend approved by the Special General Meeting of this year	—	692,545,881.27
Retained earnings at the end of period	13,888,927,956.87	13,044,111,354.99

On 19 June 2012, a dividend of RMB0.5 per share (tax inclusive) on 3,462,729,405 shares, in aggregate RMB1,731,364,702.50 was declared to the shareholders as the final dividend for year 2011. On 16 July 2012 the Company paid the cash dividend.

38. Operating income and operating costs

(1) Operating income

Item	RMB	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Principal operating income	66,887,956,544.27	59,201,798,685.00
Other operating income	180,195,095.19	116,632,332.77
Operating income	67,068,151,639.46	59,318,431,017.77
Principal operating cost	62,705,950,643.50	53,365,324,928.00
Other operating cost	120,153,640.33	51,990,665.84
Operating cost	62,826,104,283.83	53,417,315,593.84

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Operating income and operating costs (Continued)

(2) Principal operating activities (classified by products)

RMB

Products categories	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Operating income	Operating cost	Operating income	Operating cost
Copper cathodes	40,700,848,617.74	39,237,512,597.70	34,946,580,690.00	32,772,369,870.00
Copper rods and wires	12,622,701,191.70	11,786,396,889.92	13,136,118,958.00	12,035,649,158.00
Copper processing products	2,377,612,003.73	2,330,870,659.98	2,162,817,562.00	2,072,726,375.00
Golds	5,081,164,082.87	4,266,035,504.04	4,202,210,815.00	3,383,041,552.00
Silvers	1,954,271,465.44	1,909,986,925.69	2,077,720,503.00	1,370,739,857.00
Chemical products	1,000,780,585.47	453,705,087.85	1,209,896,182.00	554,307,865.00
Rare metals and other nonferrous metals	2,832,978,466.67	2,530,882,830.31	1,202,753,892.00	1,086,964,763.00
Others	317,600,130.65	190,560,148.01	263,700,083.00	89,525,488.00
Total	66,887,956,544.27	62,705,950,643.50	59,201,798,685.00	53,365,324,928.00

(3) Principal operating activities (classified by geographical areas)

RMB

Geographical areas	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Operating income	Operating cost	Operating income	Operating cost
Mainland China	61,985,522,677.99	57,466,693,288.17	54,176,945,427.00	48,405,744,213.00
Hong Kong	2,237,233,966.71	2,213,522,450.52	4,216,450,486.00	4,163,423,785.00
Others	2,665,199,899.57	3,025,734,904.81	808,402,772.00	796,156,930.00
Total	66,887,956,544.27	62,705,950,643.50	59,201,798,685.00	53,365,324,928.00

Revenue from other operations of the Group for the six months ended 30 June 2012 and 2011 came from Mainland China.

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

38. Operating income and operating costs (Continued)

(4) Operating income from the Company's top five customers for current period:

RMB

Name of customer	Operating income	Proportion to total operating income of the Company (%)
Entity One	7,004,737,080.87	10.44
Entity Two	1,541,934,439.75	2.30
Entity Three	1,503,124,387.08	2.24
Entity Four	1,398,561,929.85	2.09
Entity Five	1,387,798,760.30	2.07
Total	12,836,156,597.85	19.14

Operating income from the Company's top five customers for prior period:

RMB

Name of customer	Operating income	Proportion to total operating income of the Company (%)
Entity One	8,012,982,033.00	13.51
Entity Two	2,167,124,187.00	3.66
Entity Three	1,595,343,467.00	2.69
Entity Four	1,557,095,437.00	2.62
Entity Five	1,346,350,300.00	2.27
Total	14,678,895,424.00	24.75

Notes to the Financial Statements

For the six months ended 30 June 2012
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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

39. Business taxes and levies

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Resources tax	158,629,299.23	157,375,009.00
Cities construction tax and education supplementary tax	108,401,337.31	84,194,028.00
Business tax	19,332,653.06	14,494,011.00
Others	142,496.19	121,097.40
Total	286,505,785.79	256,184,145.40

Note: Please refer to Note (III) "taxation" for related standards.

40. Selling costs

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Carriage and storage expenses	117,991,794.73	138,448,751.00
Commission for commodity derivative contracts	20,697,756.76	28,097,306.00
Agency fee	9,575,550.93	7,640,392.00
Payroll, bonus and allowance	5,234,861.32	6,767,892.00
Business fee	4,553,450.36	4,081,789.00
Export fee	3,614,808.61	2,884,058.00
Others	11,593,478.79	6,091,740.94
Total	173,261,701.50	194,011,928.94

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

41. Administrative expenses

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Payroll, bonus and allowance	274,271,792.00	349,085,665.00
Mineral resource compensation charge	82,928,012.44	84,185,575.00
Maintenance expenses	114,021,378.81	83,394,269.00
Taxation	46,340,910.22	47,409,839.00
Fee for discharge of pollution	26,545,750.66	24,083,948.00
Entertaining expenses	22,020,012.06	21,309,359.00
Amortization of intangible assets	26,599,859.94	19,271,544.00
Fee for land use right	80,929,619.64	18,363,933.00
Depreciation of fixed assets	12,902,591.96	13,739,580.00
Professional service fee	8,949,759.32	12,363,518.00
Office expenses	10,794,229.00	11,114,256.00
Property insurance fee	13,607,180.00	9,529,609.00
Travel expenses	12,571,152.01	9,348,838.00
Meeting expenses	7,187,322.78	7,509,202.00
Charges for technology transfer	4,607,894.00	4,389,768.00
Compensation for land losses	4,414,013.35	1,272,550.00
Others	47,474,274.32	47,531,515.90
Total	796,165,752.51	763,902,968.90

42. Financial expenses

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Interest expense	187,756,105.65	86,680,520.00
Interest expense of bond with warrants	163,386,936.00	156,032,598.00
Interest expense arise from discounted notes	59,262,803.82	68,165,837.00
Interest income	(322,631,561.85)	(45,672,721.00)
Foreign exchange gains	83,278,619.57	(85,831,220.00)
Interest expenses of provisions	4,049,951.60	3,281,677.00
Others	38,759,221.01	47,187,518.44
Total	213,862,075.80	229,844,209.44

RMB

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

43. Impairment losses of assets

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Bad debt provision	7,551,960.46	4,548,285.00
Inventory provision/(reversal)	86,444,528.79	(669,706.46)
Total	93,996,489.25	3,878,578.54

44. Gains from changes in fair values

RMB

Items resulting in gains from changes in fair values	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Fair value (loss)/gain arising from held-for-trading financial assets	(460,118.23)	(1,371,320.00)
Fair value gains arising from forward currency contracts	58,195,651.40	3,588,920.00
Fair value (loss)/gain arising from interest rate swaps	(2,298,437.20)	(3,298,323.00)
Unsettled provisional price arrangement		
— Ineffective portion of fair value hedge	5,920,789.20	907,711.00
— Not under hedge accounting	8,790,016.00	3,798,068.00
Unsettled commodity derivative contracts		
— Ineffective portion of cash flow hedge	101,794.83	3,435,606.00
— Ineffective portion of fair value hedge	241,151.55	(720,773.00)
— Not under hedge accounting	96,963,288.15	327,964,753.24
Fair value gain arising from gold lease	8,254,057.00	—
Total	175,708,192.70	334,304,642.24

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(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

45. Investment income

(1) Details of investment income

Item	RMB	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Gain from commodity derivative contracts not qualified for hedge accounting	187,152,241.25	160,372,188.00
Gain of ineffective portion of fair value hedge	848,630.08	8,358,617.00
Gain of ineffective portion of cash flow hedge	1,228,967.34	2,209,833.00
Share of gain/(loss) of a jointly controlled entity and associates	(9,206,932.39)	31,241,753.00
Include: gain/(loss) of associates	(13,602,926.56)	27,195,954.00
gain of a jointly controlled entity	4,395,994.17	4,045,799.00
Dividends declared from the investee as available-for-sale financial investment	160,000.00	13,500,000.00
Invest income from bank finance products	109,999,951.87	59,385,196.00
Invest income from held-for-trading financial assets	34,593.51	35,673.61
Others	164.45	—
Total	290,217,616.11	275,103,260.61

(2) Income from long-term equity investments under equity method

Investee	RMB		
	For the six months ended 30 June 2012	For the six months ended 30 June 2011	Reasons for movement in the current period
Jiangtong Bioteq	4,395,994.17	4,045,799.00	Profit of the joint venture
Jiangxi Copper Minerals	(13,602,926.56)	26,927,639.00	Profit of the associate
Qingyuan	—	268,315.00	
Total	(9,206,932.39)	31,241,753.00	

As at 30 June 2012, no significant limitation exists regarding investment income repatriation.

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(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

46. Non-operating income

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Amortization of deferred revenue	21,583,384.66	7,154,068.00
VAT refund	1,190,881.30	6,241,956.00
Net gain on disposal of fixed assets	4,150,088.84	255,024.00
Others	12,783,613.88	6,893,574.89
Total	39,707,968.68	20,544,622.89

47. Non-operating expenses

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Penalty	5,207,110.06	4,847,250.00
Donations	1,312,000.00	615,990.00
Net losses on disposal of fixed assets	75,896.08	358,149.00
Others	1,125,172.41	990,810.57
Total	7,720,178.55	6,812,199.57

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(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

48. Income tax expenses

	<i>RMB</i>	
Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Current income tax	522,477,310.46	779,932,960.00
Deferred income tax	42,815,309.26	33,664,452.75
Adjustment to prior period's income tax	2,589,895.96	—
Total	567,882,515.68	813,597,412.75

Reconciliation of income tax expenses to the accounting profit is as follows:

	<i>RMB</i>	
Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Profit before tax	3,176,169,149.72	5,076,433,918.88
Tax at the statutory income tax rate (25%) (2011:25%)	794,042,287.43	1,269,108,479.72
Influence on tax benefit for the Company	(287,990,882.32)	(428,073,082.00)
Influence on different tax rates for the subsidiaries	(2,442,719.45)	(12,409,100.00)
Influence on tax rate change	62,612.52	105,658.00
Profits and losses attributable to a jointly controlled entity and associates	1,381,039.86	(4,686,263.00)
Tax loss not recognised as deferred tax	58,670,488.84	1,480,972.00
Tax losses utilised from previous periods	(1,465,624.02)	(12,538,935.00)
Adjustment in respect of current tax of previous periods	2,589,895.96	848,673.00
Expenses not deductible for tax year	7,012,211.82	3,725,794.03
Non-taxable revenue	(3,869,370.52)	(2,761,678.00)
Deferred tax assets not recognised in previous years	(107,424.44)	(1,203,106.00)
Total	567,882,515.68	813,597,412.75

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

49. Calculation process of basic earnings per share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

	<i>RMB</i>	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Net profit for the current period attributable to ordinary shareholders	2,576,181,304.38	4,228,577,337.90
Including: Net profit from continuing operations	2,576,181,304.38	4,228,577,337.90
Net profit from discontinued operations	—	—

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

	<i>RMB</i>	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Number of ordinary shares outstanding at the beginning of year	3,462,729,405.00	3,462,729,405.00
Add: Weighted average number of ordinary shares issued in the current period	—	—
Less: Weighted average number of ordinary shares repurchased in the current period	—	—
Number of ordinary shares outstanding at the end of period	3,462,729,405.00	3,462,729,405.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Calculation process of basic earnings per share (Continued)

Earnings per share

		<i>RMB</i>
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.74	1.22
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	0.74	1.22
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:		
Basic earnings per share		

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares.

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

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

50. Other comprehensive income

	RMB	
Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Gain/(Loss) from hedge instrument qualified as cash flow	9,048,984.72	13,350,749.00
Add: Reclassification into the income statement	2,141,062.14	103,214,466.00
Income tax effect	(2,485,261.34)	(21,216,791.00)
Subtotal	8,704,785.52	95,348,424.00
Exchange fluctuation reserve	34,505,106.28	(64,296,110.00)
Total	43,209,891.80	31,052,314.00

51. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

	RMB	
Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Net profit from the settlement of commodity derivative contracts	189,229,838.67	170,940,638.00
Interest income	13,395,078.75	6,096,655.00
Withdraw deposits for commodity derivative contracts	301,132,018.52	318,347,737.00
Others	47,353,471.62	6,893,575.00
Total	551,110,407.56	502,278,605.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

51. Notes to items in the cash flow statement (Continued)

(2) Other cash payments relating to operating activities

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Payment for selling expenses and administrative expenses	414,392,696.76	270,344,145.00
Others	103,540,136.01	52,916,817.00
Total	517,932,832.77	323,260,962.00

(3) Other cash receipts relating to financing activities

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Increase of pledged RMB deposits to obtain USD bank borrowings	—	930,167,465.00
Increase of restricted cash relating to financing activities	30,001,000.00	—

(4) Other cash payments relating to financing activities

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Time deposits pledged to secure bank borrowings	—	1,422,309,981.00
Payments for held-for-trading financial liabilities	146,321,000.00	6,420,000.00
Total	146,321,000.00	1,428,729,981.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

52. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplementary information	For the six months ended 30 June 2012	For the six months ended 30 June 2011
<i>RMB</i>		
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,608,286,634.04	4,262,836,506.13
Add: Provision for impairment losses of assets	93,996,489.25	3,878,578.54
Increase of special reserve	92,768,889.49	85,498,195.00
Depreciation of fixed assets	565,850,835.42	538,661,123.00
Amortization of intangible assets	26,611,859.51	21,691,098.00
Loss on disposal of fixed assets, intangible assets, and other long term assets (gains are indicated by “—”)	(4,074,192.76)	103,125.00
Losses on changes in fair values (gains are indicated by “—”)	(175,708,192.70)	(334,304,642.24)
Financial expenses (income is indicated by “—”)	232,907,441.80	206,561,327.00
Losses arising from investments (gains are indicated by “—”)	(100,987,777.44)	(104,162,623.00)
Decrease in deferred tax assets (increase is indicated by “—”)	37,841,897.17	25,781,599.00
Increase in deferred tax liabilities (decrease is indicated by “—”)	4,973,412.09	7,882,854.00
Deferred revenue released to income statement	(21,583,384.66)	(7,154,068.00)
Decrease in inventories (increase is indicated by “—”)	(66,715,568.47)	2,396,430,937.00
Decrease in receivables from operating activities (increase is indicated by “—”)	(2,891,342,693.63)	(3,567,315,920.00)
Increase in payables from operating activities (decrease is indicated by “—”)	974,659,874.42	935,009,235.57
Net cash flow from operating activities	1,377,485,523.53	4,471,397,325.00
2. Net changes in cash and cash equivalents:		
Closing balance of cash	15,978,844,953.41	11,254,493,360.00
Less: Opening balance of cash	11,082,467,747.00	3,864,367,814.00
Net increase in cash and cash equivalents	4,896,377,206.41	7,390,125,546.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

RMB

Name of Company	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent	Proportion of the Company's voting power held by the parent	Ultimate controlling party of the Company
							(%)	(%)	
JCC	Parent company	State-owned	Jiangxi Guixi	Li Yifuang	Non-ferrous metal mines, non-metal mining, smelting, mangle rolling and processing of non-ferrous metals	RMB2,656,150,000	38.70	38.70	State-owned Asset Supervision and Administration Commission of Jiangxi Province

According to the approval of the National Development and Reform Commission, JCC could increase its H shares no more than 60,450,000 shares and 2% of the total share capital. JCC finished its first increase in shareholding on 13 May 2010. Until 1 September, JCC increased holding of an aggregate of 60,405,000 H shares or 1.998% of the total shares through the trading system of The Stock Exchange of Hong Kong Limited. With the accomplishment of the increase in shareholding on 1 September 2010, JCC owned 1,282,074,893 A shares and 60,405,000 H shares, the shareholding ratio was 44.41%.

As at 8 October 2010, with the successful exercise of the warrants, the shareholding ratio of JCC decreased from 44.41% to 38.77%.

As at 30 June 2012, JCC owned 1,279,499,607 A shares and 60,405,000 H shares, after finishing its decrease in A shareholdings in June 2012.

2. Subsidiaries of the Group

Subsidiaries of the Group are given in Note (IV).

3. Associates and joint ventures of the Group

Jointly-controlled entity and associates of the Group are given in Note (V)10.

4. Other related parties of the Group

Name	Relationship
JCC's affiliates	Controlled by parent company

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

5. Related party transactions

Sales and purchases of goods, provision and receipt of services

(1) Sales of goods

Related party	Transaction type	Details of related party transaction	Pricing of related party transactions	For the six months ended 30 June 2012 Amount	For the six months ended 30 June 2011 Amount
JCC and JCC's affiliates	Sales	Copper rods and wire	Fair value	291,710,361.08	350,452,616.00
JCC and JCC's affiliates	Sales	Copper cathode	Fair value	338,533,852.95	106,949,809.00
JCC and JCC's affiliates	Sales	Auxiliary industrial products	Fair value	7,366,512.34	7,085,160.00
JCC and JCC's affiliates	Sales	By-products	Fair value	52,890,445.83	45,625,785.00
JCC and JCC's affiliates	Sales	Brass wires	Fair value	—	24,787,914.00
JCC and JCC's affiliates	Sales	Lead concentrate	Fair value	37,760,959.10	52,504,138.00
JCC and JCC's affiliates	Sales	Sulfuric acid copper	Fair value	303,418.80	—
Total				728,565,550.10	587,405,422.00

(2) Purchase of goods

Related party	Transaction type	Details of related party transaction	Pricing of related party transactions	For the six months ended 30 June 2012 Amount	For the six months ended 30 June 2011 Amount
JCC and JCC's affiliates	Purchase	Copper waste	Fair value	—	24,480,304.00
JCC and JCC's affiliates	Purchase	Auxiliary industrial products and other products	Fair value	92,157,280.56	106,667,470.00
Total				92,157,280.56	131,147,774.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

5. Related party transactions (Continued)

Sales and purchases of goods, provision and receipt of services (Continued)

(3) Services provided

					RMB
Related party	Transaction type	Details of related party transaction	Pricing of related party transactions	For the six months ended 30 June 2012 Amount	For the six months ended 30 June 2011 Amount
JCC and JCC's affiliates	Provision of services	Loans provided	Contract price	—	877,000,000.00
JCC and JCC's affiliates	Provision of services	Construction services	Contract price	30,452,655.23	19,757,695.00
JCC and JCC's affiliates	Provision of services	Supply of electricity	Contract price	8,392,283.68	13,923,711.00
JCC and JCC's affiliates	Provision of services	Interest charges for loans provided	Contract price	21,129,597.15	12,777,709.00
JCC and JCC's affiliates	Provision of services	Vehicle transportation services	Contract price	3,801,987.30	1,279,952.00
JCC and JCC's affiliates	Provision of services	Repair and maintenance services	Contract price	30,549,576.01	931,076.00
JCC and JCC's affiliates	Provision of services	Supply of water	Contract price	459,554.41	362,171.00
JCC and JCC's affiliates	Provision of services	Supply of gas	Contract price	10,353.70	10,500.00
JCC and JCC's affiliates	Provision of services	Rentals for public facilities	Contract price	1,918,326.46	—
Total				96,714,333.94	926,042,814.00

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

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

5. Related party transactions (Continued)

Sales and purchases of goods, provision and receipt of services (Continued)

(4) Receipt of services

RMB					
Related party	Transaction type	Details of related party transaction	Pricing of related party transactions	For the six months ended 30 June 2012 Amount	For the six months ended 30 June 2011 Amount
JCC and JCC's affiliates	Receipt of services	Pension contributions	Contract price	50,768,488.43	97,999,269.00
JCC and JCC's affiliates	Receipt of services	Rental expense for land use rights	Contract price	80,929,619.64	18,335,778.00
JCC and JCC's affiliates	Receipt of services	Repair and maintenance services	Contract price	17,829,024.85	17,370,658.00
JCC and JCC's affiliates	Receipt of services	Construction services	Contract price	1,669,484.44	4,068,914.00
JCC and JCC's affiliates	Receipt of services	Brokerage agency services for commodity derivative contracts	Contract price	16,647,066.99	22,899,900.00
JCC and JCC's affiliates	Receipt of services	Sanitation and greening service	Contract price	2,296,750.00	4,692,533.00
JCC and JCC's affiliates	Receipt of services	Interest paid for deposits from customers	Contract price	4,798,053.04	5,068,384.00
JCC and JCC's affiliates	Receipt of services	Rentals for public facilities	Contract price	6,145,650.60	5,257,933.00
JCC and JCC's affiliates	Receipt of services	Other management fee	Contract price	—	110,921.00
JCC and JCC's affiliates	Receipt of services	Labour service	Contract price	6,595,991.38	7,985,084.00
JCC and JCC's affiliates	Receipt of services	Processing charges	Contract price	5,160,372.26	3,973,629.00
JCC and JCC's affiliates	Receipt of services	Welfare and medical services	Contract price	45,410,101.11	28,429,860.00
JCC and JCC's affiliates	Receipt of services	Technical training services	Contract price	2,027,777.78	2,698,144.00
JCC and JCC's affiliates	Receipt of services	Water	Contract price	3,517.00	—
Total				240,281,897.52	218,891,007.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

5. Related party transactions (Continued)

Sales and purchases of goods, provision and receipt of services (Continued)

(5) Significant transactions with Qing Yuan

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Sale of copper rods	—	103,595.00
Processing charges	—	28,130,700.00
Total	—	28,234,295.00

(6) Significant transactions with Jiangtong Bioteq

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Sale of auxiliary industrial products	143,182.21	1,135,488.00
Construction services	—	1,911,061.00
Supply of electricity	400,830.02	—
Purchase of cupric sulfide	22,187,000.00	18,178,134.00
Total	22,731,012.23	21,224,683.00

(7) Significant transactions with Fengye

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Sale of copper waste and anode plate	1,339,452.40	—
Sale of sulfuric acid	—	475,442.00
Total	1,339,452.40	475,442.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

5. Related party transactions (Continued)

Sales and purchases of goods, provision and receipt of services (Continued)

(8) Other transactions with related parties

Item	RMB	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Remuneration of key management		
Short term employee benefits	5,582,290.00	4,980,000.00
Performance related bonuses	—	36,200,000.00
Post-employment benefits	191,117.00	201,000.00
Total	5,773,407.00	41,381,000.00

For the period from 1 January to 30 June 2012, the amount of sales and services provided to related parties accounts for 1.23% (For the same period of prior year: 2.56%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounts for 0.55% (For the same period of prior year: 0.74%) of the total purchase amount of the Group.

As at 30 June 2012, all of the irrevocable operating lease contracts were signed with JCC. Further details are given in Note (VIII).

6. Amounts due from / to related parties

(1) Notes receivable

Item	RMB	
	30 June 2012	31 December 2011
JCC's affiliates	183,028,991.80	17,039,892.00
Total	183,028,991.80	17,039,892.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

6. Amounts due from / to related parties (Continued)

(2) Accounts receivable

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	2,265,040.51	3,230,980.00
JCC's affiliates	510,629,857.46	386,866,510.00
Fengye	743,668.00	743,668.00
	<hr/>	
Total	513,638,565.97	390,841,158.00
	<hr/> <hr/>	

(3) Prepayments

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	33,824.00	169,089.00
JCC's affiliates	50,150,922.09	579,251.00
Qingyuan	—	201,209,537.00
	<hr/>	
Total	50,184,746.09	201,957,877.00
	<hr/> <hr/>	

(4) Other receivables

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	418,944.70	402,656.00
JCC's affiliates		
— deposits of commodity derivative contracts	635,011,720.76	574,820,479.00
— others	2,504,211.19	2,266,843.00
Qingyuan	—	8,233,024.00
Fengye	2,166,090.34	2,166,090.00
	<hr/>	
Total	640,100,966.99	587,889,092.00
	<hr/> <hr/>	

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

6. Amounts due from / to related parties (Continued)

(5) Interest receivable

RMB

Item	30 June 2012	31 December 2011
JCC's affiliates	—	1,533,031.00
Total	—	1,533,031.00

(6) Other current assets

RMB

Item	30 June 2012	31 December 2011
JCC's affiliates	390,614,012.61	842,510,201.00
Total	390,614,012.61	842,510,201.00

(8) Accounts payable

RMB

Item	30 June 2012	31 December 2011
JCC	3,641,800.62	1,231,646.00
JCC's affiliates	24,451,918.16	22,821,670.00
Fengye	8,919.25	—
Total	28,102,638.03	24,053,316.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

6. Amounts due from / to related parties (Continued)

(9) Receipts in advance

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	3,547.73	—
JCC's affiliates	19,918,684.23	7,940,355.00
Qingyuan	—	16,258,803.00
Jiangtong Bioteq	31,016.00	14,582.00
	<hr/>	
Total	19,953,247.96	24,213,740.00
	<hr/> <hr/>	

(10) Other payables

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	161,524,247.56	46,687,933.00
JCC's affiliates	17,588,361.06	30,577,520.00
Jiangtong Bioteq	5,895,395.09	656,558.00
	<hr/>	
Total	185,008,003.71	77,922,011.00
	<hr/> <hr/>	

(11) Interest payable

	<i>RMB</i>	
Item	30 June 2012	31 December 2011
JCC	515,078.04	422,651.00
JCC's affiliates	208,250.00	987,247.00
	<hr/>	
Total	723,328.04	1,409,898.00
	<hr/> <hr/>	

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

6. Amounts due from / to related parties (Continued)

(12) Other current liabilities

RMB

Item	30 June 2012	31 December 2011
JCC	250,020,641.93	688,122,419.00
JCC's affiliates	364,156,407.21	728,172,036.09
Total	614,177,049.14	1,416,294,455.09

(13) Non-current liabilities due within one year

RMB

Item	30 June 2012	31 December 2011
JCC	2,009,689.00	2,009,689.00
Total	2,009,689.00	2,009,689.00

(14) Long-term payables

RMB

Item	30 June 2012	31 December 2011
JCC	11,130,389.89	14,446,807.44
Total	11,130,389.89	14,446,807.44

The amounts due from/to related parties are all arisen from the transactions mentioned above. These balances were unsecured, interest-free and have no fixed repayment terms except for i) other current assets arisen from loans to related parties provided by the Company (Note (V)9); ii) other current liabilities arise from deposits from related parties to Finance Company (Note (V)27); and iii) non-current liabilities due within one year and long-term payables to JCC (Note (V)26 and 30).

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VII) CONTINGENCIES

At the balance sheet date, the Group had no significant contingencies that need to be disclosed.

(VIII) COMMITMENTS

1. Significant commitments

(1) Capital commitments

	<i>RMB'000</i>	
	30 June 2012	31 December 2011
Capital commitments that have been entered into but have not been recognised in the financial statements:		
Contracted but not provided		
Acquisition of property, plant and equipment and exploration rights	1,047,127	291,658
Investments in associates (<i>Note1</i>)	1,867,860	1,615,414
Total	2,914,987	1,907,072

Note1:

- (1) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCCJCL, an associate of the Group in Afghanistan, in September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in MCCJCL shall be 25% and 75% respectively. The principal business of MCC-JCL is the exploration and exploitation of minerals in the central and western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project borrowing financing in the proportions of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. As at 30 June 2012, the capital commitment was RMB1,507,860,000.

- (2) In June 2012, the Company entered into an increase endowment spread agreement with Zhejiang Heding Copper Co., Ltd ("Zhejiang Heding") (the estimated capacity will be 0.27 million tones) and Hangzhou Fuchunjiang smelter Co., Ltd, for the acquisition of 40% equity interest in Zhejiang Heding at a cash consideration of approximately RMB360,000,000. After the capital increase, the Company will be one of the largest shareholders, and the capital commitment was RMB360,000,000 at the end of 30 June 2012.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(VIII) COMMITMENTS (Continued)

1. Significant commitments (Continued)

(2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

	<i>RMB'000</i>	
	30 June 2012	31 December 2011
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	170,815	20,767
2nd year subsequent to the balance sheet date	170,815	15,000
3rd year subsequent to the balance sheet date	170,815	15,000
Subsequent periods over 3 years	165,000	180,000
Total	677,445	230,767

(IX) EVENTS AFTER THE BALANCE SHEET DATE

There was no significant events for disclosure after the balance sheet date at the end of 30 June 2012.

(X) OTHER SIGNIFICANT EVENTS

1. Business combination

(I) The Group as the acquirer in a business combination involving enterprises not under common control

Basic information about the Group's business combination involving enterprises under common control is as follows:

(1) Basic information of the acquire:

On 29 December 2011, the Company entered into a share transfer contract with Xilian Co., Ltd ("Xilian") and Yinfu Group ("Yinfu"), for the acquisition of 60% equity interest in Qingyuan. On 22 February 2012, the Company paid RMB45,600,000 and RMB8,400,000 to Xilian, Yinfu, from which the Company acquired 51% and 9% equity interest respectively. Upon the completion of the acquisition, Qingyuan became a wholly-owned subsidiary of the Company. The acquisition was treated as business combination not under common control in the financial statement for current period.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

1. Business combination (Continued)

(I) The Group as the acquirer in a business combination involving enterprises not under common control (Continued)

(2) Key financial information of the acquiree:

RMB

	Acquisition date		30 June 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Identifiable assets:				
Cash and bank	26,292,751.26	26,292,751.26	413,844,965.29	413,844,965.29
Prepayments	42,859,597.36	42,859,597.36	3,081,731.50	3,081,731.50
Other receivables	636,386.50	636,386.50	2,288,631.83	2,288,631.83
Inventories	1,634,187.66	1,634,187.66	38,982,914.64	38,982,914.64
Fix assets	34,938,514.56	34,938,514.56	34,729,249.37	34,729,249.37
Construction in process	231,355,312.83	337,659,627.47	327,740,163.24	432,509,292.70
Intangible assets	31,535,355.70	46,025,381.17	31,274,193.34	47,299,403.99
Subtotal	369,252,105.87	490,046,445.98	851,941,849.21	972,736,189.32
Identifiable liabilities:				
Bills payable	—	—	886,000.00	886,000.00
Accounts payable	19,478,119.47	19,478,119.47	11,690,139.09	11,690,139.09
Advances from customers	—	—	15,010,000.00	15,010,000.00
Employee benefits payable	492,493.00	492,493.00	1,097,747.83	1,097,747.83
Taxes payable	(33,788,949.02)	(33,788,949.02)	(51,885,899.67)	(51,885,899.67)
Interest payable	8,233,024.17	8,233,024.17	17,354,232.50	17,354,232.50
Other payables	409,433,173.33	409,433,173.33	148,340,005.55	148,340,005.55
Deferred tax liabilities	—	30,198,585.03	—	30,198,585.03
Subtotal	403,847,860.95	434,046,445.98	142,492,225.30	172,690,810.33
Total net assets	(34,595,755.08)	56,000,000.00	709,449,623.91	800,045,378.99
Less: Minority interests	—	—	—	—
Equity attributable to owners of the Company	(34,595,755.08)	56,000,000.00	709,449,623.91	800,045,378.99
Less: Acquisition consideration	—	56,000,000.00	—	—
Goodwill/Acquisition discounts	—	—	—	—

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

1. Business combination (Continued)

(I) The Group as the acquirer in a business combination involving enterprises not under common control (Continued)

(2) Key financial information of the acquiree: (Continued)

The acquisition consideration was satisfied by cash, and the carrying amounts and fair values of the consideration paid at the acquisition date are:

	<i>RMB</i>	
	Carrying amount	Fair value
Acquisition consideration		
Cash and cash equivalents	56,000,000.00	56,000,000.00
	<hr/>	
Total	56,000,000.00	56,000,000.00
	<hr/> <hr/>	

As at 30 June 2012, there was still consideration amounting to RMB2,000,000.00 not yet been paid.

(3) Operating results and net cash flows of the acquiree from the acquisition date to the end of the period in which the acquisition took place:

	<i>RMB</i>	
	From the acquisition date to the end of the period in which the acquisition took place	
Operating income	753,096.75	
Operating costs and expenses	6,707,717.76	
Total profit	(5,954,621.01)	
Net profit	(5,954,621.01)	
Net cash flow from operating activities	(40,410,287.69)	
Net cash flow from investing activities	(59,037,498.28)	
Net cash flow from financing activities	487,000,000.00	
Net increase in cash and cash equivalents	387,552,214.03	
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Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

2. Assets and liabilities measured at fair value

	RMB			
Item	31 December 2011	Recognised in fair value change (loss)/gain	Recognised in other Comprehensive loss	30 June 2012
Cash flow hedge				
Commodity derivative contracts	(5,690,217.88)	(101,794.83)	11,189,488.66	5,397,475.95
Fair value hedge				
Commodity derivative contracts	1,745,200.00	(1,757,600.00)	—	(12,400.00)
Provisional price arrangement	18,175,654.07	149,942,538.81	—	168,118,192.88
Firm commitment	(1,986,351.55)	1,986,351.55	—	—
Inventories	(18,890,904.03)	(144,009,349.61)	—	(162,900,253.64)
Subtotal	(6,646,619.39)	6,060,145.92	11,189,488.66	10,603,015.19
Not under hedge accounting				
Commodity derivative contracts	(59,492,213.41)	96,963,288.15	—	37,471,074.74
Provisional price arrangement	(134,430.10)	8,790,016.00	—	8,655,585.90
Equity investment	2,330,708.04	(460,118.23)	—	1,870,589.81
Liabilities arisen from gold lease valued at fair value	(946,260,225.92)	154,575,182.78	—	(791,685,043.14)
Interest rate swaps	(11,190,310.19)	(2,298,437.20)	—	(13,488,747.39)
Forward currency contracts	(20,110,091.66)	58,195,651.40	—	38,085,559.74
Subtotal	(1,034,856,563.24)	315,765,582.90	—	(719,090,980.34)
Total	(1,041,503,182.63)	321,825,728.82	11,189,488.66	(708,487,965.15)

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

3. Financial Assets and liabilities in foreign currency

RMB

Item	31 December 2011	Recognised in fair value change (loss)/ gain	Recognised in other Comprehensive loss	30 June 2012
Financial assets				
Commodity derivative contracts	(49,694,959.00)	121,782,729.89	8,902,635.23	80,990,406.12
— Cash flow hedge	(25,611,920.00)	22,304,610.72	8,902,635.23	5,595,325.95
— Not under hedge accounting	(24,083,039.00)	99,478,119.17	—	75,395,080.17
Provisional price arrangement	18,041,223.97	158,732,554.81	—	176,773,778.78
Interest rate swaps	(11,190,310.19)	(2,298,437.20)	—	(13,488,747.39)
Forward currency contracts	(20,110,091.66)	58,195,651.40	—	38,085,559.74
Loan and receivables	893,274,536.00	—	—	893,274,536.00
Subtotal	830,320,399.12	336,412,498.90	8,902,635.23	1,175,635,533.25
Financial liabilities	10,100,004,159.00	—	—	10,100,004,159.00

4. Others

4(1) Segment information

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

More details of sales categorised by product, service and location are given in Note(V)38. All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan, Peru and Japan of which the carrying amount is not significant. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer:

Revenue from continuing operations of RMB9,296,472,712.53 (1 January to 30 June 2011: RMB8,012,982,033.00) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management

The Group's principal financial instruments, other than derivatives, comprise borrowings, cash and bank, bonds payables and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, other receivables, trade and notes payables and other payables, which arise directly from its operations.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group's accounting policy of derivatives is set out in Note (II) 9.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1 Market risk

Market risk is the fluctuation of fair value of financial instruments. It is sensitive to market price fluctuation due to the change of foreign currency exchange rates (exchange rate risk), market price (price risk), market interest rates (interest rate risk), and etc.. All fluctuation is caused by the specific impact as a single financial instrument or the issuers or the entire market transactions of all financial instruments.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.1. Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales, purchase and borrowings in currencies other than the Group's functional currency. The Group also does not use forward contracts to hedge its foreign currency risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable and possible change in the RMB-USD exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities.

	<i>RMB'000</i>	
	(Decrease)/ increase in foreign exchange rate	Increase/ (decrease) in profit before tax
30 June 2012		
If RMB strengthens against USD	(5%)	250,840
If RMB weakens against USD	5%	(250,840)
31 December 2011		
If RMB strengthens against USD	(5%)	380,373
If RMB weakens against USD	5%	(380,373)

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.2. Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flow fluctuates due to changes in interest rate. The Group's exposure to interest rate risk for changes in interest rates primarily relates to the Group's long-term and short-term interest-bearing borrowings with floating interest rates. The Group also does not use interest rate swap contracts to hedge its interest rate risk.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonable and possible change in interest rates, with all other variables held constant, due to through the impact on floating rate borrowings.

	<i>RMB'000</i>	
	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax
30 June 2012		
RMB	+100	34,289
RMB	-100	-34,289
31 December 2011		
RMB	+100	63,044
RMB	-100	-63,044

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

1. Risk management objectives and policies (Continued)

1.1 Market risk (Continued)

1.1.3. Other price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

1.2. Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank, available-for-sale financial assets, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group. As at 30 June 2012, 13.69% of the Group's trade receivables were due from the Group's five largest customers (2011: 21.76%).

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

1. Risk management objectives and policies (Continued)

1.3. Liquidity risk

Liquidity risk is the risk that the Group may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Group exercises trade financing, convertible loan notes, medium-term notes, long-term and short-term loans, other interest-bearing loans and other means to strike a balance between continuity and flexibility of financing. The Group also acquires sufficient credit from major financial institutions to satisfy short-term and long-term demands for funds. The Group monitors the short-term and long-term demands for funds on a real time basis to ensure the abundance of cash reserves and securities for cash outflows at any time. The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain the balance between durative and flexibility in funding by, obtaining bank borrowing and debentures from specific financial institutions. Consequently, the management of the Company believes that no significant liquidity risk was noted for the Group.

2. Fair value

The fair value is the amount used to exchanging assets or settle liabilities willing parties, in a fair transaction. The following methods and assumptions were used to estimate the fair values:

The fair value of listed investments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, mainly of which are financial institutions with high credit ratings. Derivatives financial instruments of the Group includes commodity derivative contracts, provisional price arrangement, forward currency contracts and interest rate swaps.

For the financial assets and liabilities with active market, their fair values are measured using quoted market price. As at 31 December 2011, the fair value of commodity derivative contracts were measured using quoted market price of commodity future contracts. The fair value of the provisional price arrangement are measured using quoted market price of commodity future contracts with approximate prompt date.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

2. Fair value (Continued)

For the financial assets and liabilities without active market, the Group uses valuation techniques to measure their fair values. Valuation techniques includes price used by willing parties who are familiar with the situation, present fair value of other financial instrument, present value of cash flow and option valuation model and etc. As at 31 December 2011, forward currency contracts and interest rate swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market in the latest transaction observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

There was no significant difference between the carrying amounts and the fair value of cash and bank, notes receivable, account receivable, other receivables, interest receivable, other financial assets include in other current assets, short-term borrowings, notes payable, accounts payable, interest payable, payroll payable, other payables, other current liabilities as the maturity period is short.

Except for bonds payable, the fair values of the non-current portion of long-term borrowing and long-term payables are calculated by discounting the expected future cash flows with rates available for instruments on similar terms, and credit risk.

As at 30 June 2012, the fair value of bonds payable was RMB5,893,000,000, which was different from its carrying amount by RMB341,000,000.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

2. Fair value (Continued)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 — those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 — those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	RMB			
	30 June 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
— Equity investment	1,870,589.81	—	—	1,870,589.81
— Commodity derivative contracts	149,361,120.91	—	—	149,361,120.91
— Provisional price arrangement	—	176,773,778.78	—	176,773,778.78
— Forward currency contracts	—	44,229,462.88	—	44,229,462.88
— Bank financing products	—	2,690,000,000.00	—	2,690,000,000.00
Total	151,231,710.72	2,911,003,241.66	—	3,062,234,952.38
Financial liabilities				
— Liabilities arise from gold lease valued at fair value	—	791,685,043.14	—	791,685,043.14
— Commodity derivative contracts	106,504,970.22	—	—	106,504,970.22
— Interest rate swaps	—	13,488,747.39	—	13,488,747.39
— Forward currency contracts	—	6,143,903.14	—	6,143,903.14
Total	106,504,970.22	811,317,693.67	—	917,822,663.89

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(X) OTHER SIGNIFICANT EVENTS (Continued)

4. Others (Continued)

4(2) Financial instruments and risk management (Continued)

2. Fair value (Continued)

Fair value hierarchy (Continued)

RMB

	31 December 2011			Total
	Level 1	Level 2	Level 3	
Financial assets				
— Equity investment	2,330,708.00	—	—	2,330,708.00
— Commodity derivative contracts	54,057,613.00	—	—	54,057,613.00
— Provisional price arrangement	—	18,175,654.00	—	18,175,654.00
— Forward currency contracts	—	1,488,841.00	—	1,488,841.00
— Bank financing products	—	2,870,005,500.00	—	2,870,005,500.00
Total	56,388,321.00	2,889,669,995.00	—	2,946,058,316.00
Financial liabilities				
— Liabilities arise from gold lease valued at fair value	—	946,260,226.00	—	946,260,226.00
— Commodity derivative contracts	117,494,844.00	—	—	117,494,844.00
— Provisional price arrangement	—	134,430.00	—	134,430.00
— Interest rate swaps	—	11,190,310.00	—	11,190,310.00
— Forward currency contracts	—	21,598,933.00	—	21,598,933.00
— Firm commitment	—	1,986,352.00	—	1,986,352.00
Total	117,494,844.00	981,170,251.00	—	1,098,665,095.00

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by categories:

RMB

Category	30 June 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	335,503,318.20	20.02	63,616,791.00	51.45	290,171,963.00	16.36	63,616,791.00	51.30
Accounts receivables with provision accrued according to the Group	1,340,425,503.39	79.98	60,050,793.93	48.55	1,482,963,437.88	83.64	60,392,286.00	48.70
Within 1 year	1,279,963,956.30	76.37	—	—	1,412,604,424.00	79.67	—	—
More than 1 year but not exceeding 2 years	571,283.07	0.03	166,631.88	0.13	10,275,646.00	0.58	324,038.00	0.26
More than 2 years but not exceeding 3 years	12,203.94	0.00	6,101.97	0.00	2,030,241.00	0.11	2,015,121.12	1.63
More than 3 years	59,878,060.08	3.58	59,878,060.08	48.42	58,053,126.88	3.28	58,053,126.88	46.81
Total	1,675,928,821.59	100.00	123,667,584.93	100.00	1,773,135,400.88	100.00	124,009,077.00	100.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

(1) Disclosure of accounts receivable by categories: (Continued)

The aging analysis of accounts receivable is as follows:

<i>RMB</i>		
Aging	30 June 2012	31 December 2011
Within 1 year	1,551,850,483.50	1,639,159,596.00
More than 1 year but not exceeding 2 years	571,283.07	10,275,646.00
More than 2 years but not exceeding 3 years	12,203.94	2,030,241.00
More than 3 years	123,494,851.08	121,669,917.88
Subtotal	1,675,928,821.59	1,773,135,400.88
Less: bad debt provision	(123,667,584.93)	(124,009,077.00)
Total	1,552,261,236.66	1,649,126,323.88

(2) Individually significant amounts or insignificant accounts receivable but with provision accrued individually as at 30 June 2012:

<i>RMB</i>				
	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Receivables with long age	335,503,318.20	63,616,791.00	18.96	Note1

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

- (2) Individually significant amounts or insignificant accounts receivable but with provision accrued individually as at 30 June 2012: (Continued)

Individually significant amounts or insignificant accounts receivable but with provision accrued individually as at 31 December 2011:

RMB

	Carrying amount	Bad debt provision	Proportion of provision (%)	Reasons for the provision
Significant and individually accrued bad debt provision	290,171,963.00	63,616,791.00	21.92	Note 1

Note 1: Bad debt provision amounting to RMB63,616,791.00 is fully made due to the aging is over 3 years and a slim chance of recollection.

- (3) As at 30 June 2012, no balance due from a shareholder who holds more than 5% of the voting power of the Company (31 December 2011: RMB1,126,799.00).
- (4) Top five customers with the largest balances of accounts receivable

RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable (%)
Entity one	Related party	99,406,118.90	Within 1 year	6.40
Entity two	Third party	88,117,871.15	Within 1 year and over 3 years	5.68
Entity three	Third party	64,259,643.31	Within 1 year	4.14
Entity four	Third party	48,732,159.11	Within 1 year	3.14
Entity five	Third party	34,987,525.73	Within 1 year	2.25
Total		335,503,318.20		21.61

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables

(1) Disclosure of other receivables by categories:

RMB

Category	30 June 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	313,793,876.98	29.56	—	—	522,903,744.00	61.59	—	—
Accounts receivables with provision accrued according to the Group	747,835,541.24	70.44	—	—	326,037,892.33	38.41	—	—
Within 1 year	711,643,221.29	67.03	—	—	290,609,555.32	34.23	—	—
More than 1 year but not exceeding 2 years	5,120,235.44	0.48	70,743.30	0.23	5,573,225.00	0.66	1,014,671.00	4.40
More than 2 years but not exceeding 3 years	1,251,958.85	0.12	601,143.57	1.97	8,180,027.68	0.96	372,404.67	1.61
More than 3 years	29,820,125.66	2.81	29,820,125.66	97.80	21,675,084.33	2.56	21,675,084.33	93.99
Total	1,061,629,418.22	100.00	30,492,012.51	100.00	848,941,636.33	100.00	23,062,160.00	100.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

(2) The aging analysis of other receivables is as follows

			RMB
Aging	30 June 2012	31 December 2011	
Within 1 year	1,025,437,098.27	813,513,299.32	
More than 1 year but not exceeding 2 years	5,120,235.44	5,573,225.00	
More than 2 years but not exceeding 3 years	1,251,958.85	8,180,027.68	
More than 3 years	29,820,125.66	21,675,084.33	
Subtotal	1,061,629,418.22	848,941,636.33	
Less: bad debt provision	(30,492,012.51)	(23,062,160.00)	
Total	1,031,137,405.71	825,879,476.33	

(3) Top five entities with the largest balances of other receivables

			RMB	
Name of Entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total other receivables (%)
Entity one	JCC's affiliates	114,025,423.81	Within 1 year	11.06
Entity two	Third party	72,761,138.91	Within 1 year	7.06
Entity three	Third party	52,083,870.45	Within 1 year	5.05
Entity four	Third party	42,349,943.89	Within 1 year	4.11
Entity five	Third party	32,573,499.92	Within 1 year	3.16
Total		313,793,876.98		30.44

As at 30 June 2012, the Company's balance of deposit for commodity derivative contracts was RMB258,992,953.38 (31 December 2011: RMB245,387,940.00).

As at 30 June 2012 and 31 December 2011, no balance is due from a shareholder who holds more than 5% of the voting power of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Investments in joint ventures and associates

RMB

Name of investee	Type	Place of incorporation	Legal representative	Nature of business	Currency	Registered capital		Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Investee's total assets at the end of the period '000	Investee's total liabilities at the end of the period '000	Total net assets at the end of the period '000	Total operating income for the period '000	Total Net profit for the period '000
						'000	'000							
I. Joint ventures														
Jiangtong Bioteq	LLC	China	Liu Jianghao	Reclaim industrial waste water and sales of products	RMB	28,200		50%	50%	69,403	7,147	62,256	18,402	8,792
II. Associates														
Jiangxi Copper Minerals LLC	LLC	China	Jin Xiaoguang	Investment company	RMB	3,250,000		40%	40%	4,853,942	2,151,186	2,702,756	—	(34,007)
MCC-JCL	LLC	Afghanistan	Zou Jianhui	Manufacture and sale of copper products	USD	291,298		25%	25%	2,285,008	34,035	2,250,973	—	—
Fengye	LLC	China	Guo Zhongxiang	Production and sale of copper cathode and related products	RMB	10,000		25%	25%	9,405	3,760	5,645	—	(354)

Notes to the Financial Statements

For the six months ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Long-term equity investments

Details of long-term equity investments are as follows:

RMB

Name of investee	Accounting method	Initial investment cost	Opening balance	Increase/ (decrease)	Closing balance	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Kangtong	Cost Method	163,930,000.00	163,930,000.00	—	163,930,000.00	57.14%	57.14%		—	—	—
JCPC	Cost Method	246,879,928.00	246,879,928.00	—	246,879,928.00	100.00%	100.00%		—	—	—
Diaoquan	Cost Method	13,056,215.69	—	—	—	—	—	(13,056,215.69)	—	—	—
JCAC	Cost Method	229,509,299.00	229,509,299.00	—	229,509,299.00	100.00%	100.00%		—	—	—
Wengfu Chemical	Cost Method	127,050,000.00	127,050,000.00	—	127,050,000.00	70.00%	70.00%		—	—	23,100,000.00
Shenzhen Trading	Cost Method	660,000,000.00	660,000,000.00	—	660,000,000.00	100.00%	100.00%		—	—	—
Shanghai Trading	Cost Method	200,000,000.00	200,000,000.00	—	200,000,000.00	100.00%	100.00%		—	—	—
Beijing Trading	Cost Method	60,000,000.00	60,000,000.00	—	60,000,000.00	100.00%	100.00%		—	—	—
Detong Chemical	Cost Method	47,484,598.48	47,484,598.48	—	47,484,598.48	100.00%	100.00%		—	—	—
Finance company	Cost Method	879,856,270.07	241,556,270.07	638,300,000.00	879,856,270.07	87.33%	89.00%	Note1	—	—	—
Dexing Construction	Cost Method	45,750,546.00	45,750,546.00	—	45,750,546.00	100.00%	100.00%		—	—	—
Geology Exploration	Cost Method	18,144,614.01	18,144,614.01	—	18,144,614.01	100.00%	100.00%		—	—	—
Yinshan Mining	Cost Method	354,488,447.00	354,488,447.00	—	354,488,447.00	100.00%	100.00%		—	—	—
Drilling Project	Cost Method	31,789,846.28	31,789,846.28	—	31,789,846.28	100.00%	100.00%		—	—	—
Guixi Smelting											
Industry Engineering	Cost Method	27,558,990.00	27,558,990.00	—	27,558,990.00	100.00%	100.00%		—	—	—
Guixi Smelting Technology	Cost Method	20,894,421.00	20,894,421.00	—	20,894,421.00	100.00%	100.00%		—	—	—
Dongtong Mining	Cost Method	159,044,525.83	159,044,525.83	—	159,044,525.83	100.00%	100.00%		—	—	—
Ruichang Manufacturing	Cost Method	3,223,378.53	3,223,378.53	—	3,223,378.53	100.00%	100.00%		—	—	—
Guixi Logistics	Cost Method	72,870,695.20	72,870,695.20	—	72,870,695.20	100.00%	100.00%		—	—	—
Taiji	Cost Method	64,705,426.88	64,705,426.88	—	64,705,426.88	70.00%	70.00%		—	—	—
Longchang Copper Pipe	Cost Method	781,957,358.50	781,957,358.50	—	781,957,358.50	92.04%	92.04%		—	—	—
Yates	Cost Method	392,766,945.25	392,766,945.25	—	392,766,945.25	89.77%	89.77%		—	—	—
Hangzhou Trading	Cost Method	25,453,393.76	25,453,393.76	—	25,453,393.76	100.00%	100.00%		—	—	—
Copper Products	Cost Method	217,712,269.29	217,712,269.29	—	217,712,269.29	100.00%	100.00%		—	—	—
Copper Recycling	Cost Method	4,514,000.00	4,514,000.00	—	4,514,000.00	99.51%	99.51%		—	—	—
Qianshan Concentration	Cost Method	14,456,365.34	14,456,365.34	—	14,456,365.34	100.00%	100.00%		—	—	—
Dexing Alloy	Cost Method	92,683,955.95	92,683,955.95	—	92,683,955.95	100.00%	100.00%		—	—	—
Redian	Cost Method	66,500,000.00	66,500,000.00	—	66,500,000.00	95.00%	95.00%		—	—	—
JCCS	Cost Method	3,000,000.00	3,000,000.00	—	3,000,000.00	100.00%	100.00%		—	—	—
GZPC	Cost Method	600,000,000.00	300,000,000.00	300,000,000.00	600,000,000.00	100.00%	100.00%		—	—	—
JCC International trade	Cost Method	600,000,000.00	600,000,000.00	—	600,000,000.00	60.00%	60.00%		—	—	—
Shanghai Shengyu	Cost Method	586,276,865.00	586,276,865.00	—	586,276,865.00	100.00%	100.00%		—	—	—
Dexing Chemical	Cost Method	333,184,500.00	333,184,500.00	—	333,184,500.00	100.00%	100.00%		—	—	—
Qingyuan	Cost Method	806,000,000.00	—	806,000,000.00	806,000,000.00	100.00%	100.00%		—	—	—
JCHK	Cost Method	63,173,000.00	—	63,173,000.00	63,173,000.00	100.00%	100.00%		—	—	—
Renewable resources	Cost Method	250,000,000.00	—	250,000,000.00	250,000,000.00	100.00%	100.00%		—	—	—
Minmetals Jiangxi Copper	Equity Method	1,300,000,000.00	1,065,225,664.58	15,876,891.22	1,081,102,555.80	40.00%	40.00%		—	—	—
MCC-JCL	Equity Method	585,129,381.92	455,467,384.26	118,364,591.26	573,831,975.52	25.00%	25.00%		—	—	—
Jiangtong Biotech	Equity Method	14,100,000.00	26,732,182.52	4,395,994.17	31,128,176.69	50.00%	50.00%		—	—	—
Fengye	Equity Method	1,563,067.94	1,563,067.94	—	1,563,067.94	25.00%	25.00%		—	—	—
Total			7,742,374,938.67	2,196,110,476.65	9,938,485,415.32						

Note1: Copper Products, a subsidiary of the Group, invested RMB16,700,000.00 to Finance company.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Operating income and operating costs

(1) Operating income

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Principal operating income	34,459,280,895.04	37,554,467,592.00
Other operating income	500,327,010.44	228,125,132.92
Operating income	34,959,607,905.48	37,782,592,724.92
Principal operating cost	30,689,339,725.41	32,401,729,021.00
Other operating cost	390,200,872.66	184,190,630.19
Operating cost	31,079,540,598.07	32,585,919,651.19

(2) Principal operating activities (classified by products)

RMB

Products categories	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Operating income	Operating cost	Operating income	Operating cost
Copper cathodes	17,116,715,042.17	15,552,417,516.58	19,047,253,712.00	17,075,178,142.00
Copper rods and wires	9,287,941,832.34	8,529,478,730.33	10,712,231,253.00	9,769,396,569.00
Golds	5,119,896,584.70	4,303,371,566.74	4,202,210,815.00	3,383,041,552.00
Silvers	1,608,016,309.78	1,555,868,225.49	1,891,459,452.00	1,185,425,094.00
Chemical products	614,614,210.80	375,645,457.55	1,195,014,522.00	618,207,437.00
Rare metals and other nonferrous metals	214,332,036.67	158,192,471.61	428,181,186.00	327,292,108.00
Others	497,764,878.58	214,365,757.11	78,116,652.00	43,188,119.00
Total	34,459,280,895.04	30,689,339,725.41	37,554,467,592.00	32,401,729,021.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Operating income and operating costs (Continued)

(3) Principal operating activities (classified by geographical areas)

RMB

Geographical areas	For the six months ended 30 June 2012		For the six months ended 30 June 2011	
	Operating income	Operating cost	Operating income	Operating cost
Mainland China	33,086,341,185.82	29,432,501,222.97	37,374,681,474.00	32,298,325,727.00
Hong Kong	1,099,725,092.76	983,232,076.63	176,748,367.00	101,992,579.00
Others	273,214,616.46	273,606,425.81	3,037,751.00	1,410,715.00
Total	34,459,280,895.04	30,689,339,725.41	37,554,467,592.00	32,401,729,021.00

Revenue from other operations of the Group for the six months ended 30 June 2012 and 2011 came from Mainland China.

(4) Operating income from the Company's top five customers

Operating income from the Company's top five customers for the six months ended 30 June 2012 are as follows:

RMB

Name of customer	Operating income	Proportion to total operating income of the Company (%)
Entity One	1,387,798,760.30	3.97
Entity Two	597,562,776.99	1.71
Entity Three	597,486,874.64	1.71
Entity Four	596,131,775.35	1.71
Entity Five	68,573,795.72	0.20
Total	3,247,553,983.00	9.30

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

5. Operating income and operating costs (Continued)

(4) Operating income from the Company's top five customers (Continued)

Operating income from the Company's top five customers for the six months ended 30 June 2011 are as follows:

RMB

Name of customer	Operating income	Proportion to total operating income of the Company (%)
Entity One	1,346,350,300.00	3.56
Entity Two	846,607,801.00	2.24
Entity Three	578,811,682.00	1.53
Entity Four	435,712,141.00	1.15
Entity Five	435,203,456.00	1.15
Total	3,642,685,380.00	9.63

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Investment income

(1) Details of investment income

RMB

Item	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Loss from commodity derivative contracts not qualified for hedge accounting	33,254,188.43	(16,139,429.00)
Gain from ineffective portion of commodity derivative contracts qualified for hedge accounting		
Ineffective portion of fair value hedge	76,371.63	(721,077.00)
Ineffective portion of cash flow hedge	—	5,402,100.00
Share of gain/(loss) of a jointly- controlled entity and associates	(9,206,932.39)	31,241,753.00
Dividends declared from the investee under cost method	23,100,000.00	13,200,245.00
Dividends declared from available-for-sales financial assets	20,900,675.85	13,500,000.00
Total	68,124,303.52	46,483,592.00

(2) Income from long-term equity investments under cost method

RMB

Investee	For the six months ended 30 June 2012	For the six months ended 30 June 2011	Reasons for movement in the current period
Wengfu Chemical	23,100,000.00	4,970,000.00	Cash dividend
Redian	—	230,245.00	Cash dividend
Kangtong	—	8,000,000.00	Cash dividend
Total	23,100,000.00	13,200,245.00	

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

6. Investment income (Continued)

(3) Income from long-term equity investments under equity method

RMB

Investee	For the six months ended 30 June 2012	For the six months ended 30 June 2011	Reasons for movement in the current period
Jiangtong Biotech	4,395,994.17	4,045,799.00	Profit of the joint venture
Jiangxi Copper Minerals	(13,602,926.56)	26,927,639.00	Profit of the associate
Qingyuan	—	268,315.00	
Total	(9,206,932.39)	31,241,753.00	

As at 30 June 2012, no significant limitation exists regarding investment income repatriation.

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	For the six months ended 30 June 2012	For the six months ended 30 June 2011
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,448,629,731.55	3,771,657,626.90
Add: Provision for impairment losses of assets	42,740,958.61	3,821,743.82
Increase of special reserve	74,794,933.26	76,471,835.00
Depreciation of fixed assets	441,925,622.54	436,351,949.00
Amortization of intangible assets	20,333,077.47	20,560,764.00
Loss on disposal of fixed assets, intangible assets, and other long term assets (gains are indicated by "—")	—	(167,482.00)
Losses on changes in fair values (gains are indicated by "—")	(49,853,541.03)	(184,309,000.91)
Financial expenses (income is indicated by "—")	247,926,467.73	130,575,221.00
Losses arising from investments (gains are indicated by "—")	(34,793,743.46)	(57,941,998.00)
Decrease in deferred tax assets (increase is indicated by "—")	(3,477,018.30)	(10,313,511.00)
Increase in deferred tax liabilities (decrease is indicated by "—")	1,805,940.00	3,364,434.00
Deferred revenue released to income statement	(24,203,480.54)	(5,853,760.00)
Decrease in inventories (increase is indicated by "—")	46,101,213.73	3,139,232,088.00
Decrease in receivables from operating activities (increase is indicated by "—")	(2,166,821,074.25)	(353,508,267.00)
Increase in payables from operating activities (decrease is indicated by "—")	3,376,387,063.36	719,445,244.19
Net cash flow from operating activities	4,421,496,150.67	7,689,386,887.00

Notes to the Financial Statements

For the six months ended 30 June 2012
(Prepared in accordance with PRC GAAP and regulations)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (Continued)

7. Supplementary information to the cash flow statement (Continued)

(1) Supplementary information to the cash flow statement (Continued)

RMB

Supplementary information	For the six months ended 30 June 2012	For the six months ended 30 June 2011
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	—	—
Convertible loan notes due within one year	—	—
Fixed assets acquired under finance leases	—	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	18,914,204,187.11	15,396,064,835.00
Less: Opening balance of cash	14,786,585,445.62	4,779,877,828.00
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	4,127,618,741.49	10,616,187,007.00

(XII) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 29 August 2012.

Supplementary Information

For The Six Months Ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

1. Breakdown of non-recurring profit or loss

Items	RMB Amount
Profit or (loss) on disposal of non-current assets	(4,074,707.21)
Government grants recognised in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	(26,644,668.50)
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	—
Profit or (loss) on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	(460,261,771.55)
Including: (1) Fair value gain arising from equity investment	(34,593.51)
(2) Fair value loss arising from forward currency contracts	(58,195,651.40)
(3) Fair value loss arising from interest rate swaps	2,298,437.20
(4) Investment income from equity investment	(460,118.23)
(5) Invest income from bank finance products	(109,999,951.87)
(6) Ineffective part of cash flow hedge for unsettled commodity derivative contracts	(101,794.83)
(7) Ineffective part of fair value hedge for unsettled commodity derivative contracts	(241,151.55)
(8) Not under hedge accounting of unsettled commodity derivative contracts	(96,963,288.15)
(9) Fair value gain arising from lease of gold	(8,254,057.00)
(10) Loss of ineffective part of cash flow hedge	(1,228,967.34)
(11) Gain of ineffective part of fair value hedge	(848,630.08)
(12) Gain from commodity derivative contracts not qualified for hedge accounting	(187,152,241.25)
Other non-operating income or expenses other than the above	(1,268,578.87)
Tax effects	23,723,725.95
Effects attributable to minority interests (after tax)	24,658,032.30
Total	(443,867,967.88)

Supplementary Information

For The Six Months Ended 30 June 2012

(Prepared in accordance with PRC GAAP and regulations)

2. Return on net assets and earnings per share (“EPS”)

The return on net assets and EPS have been prepared by Jiangxi Copper Co., Ltd. in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9-Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	Basic EPS
Net profit attributable to ordinary shareholders of the Company	6.47	0.74
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	5.36	0.62

3. Reconciliation between International Financial Reporting Standards (“IFRSs”) and New Chinese Accounting Standard and Regulations (“PRC GAAP”)

Differences in the consolidated financial report disclosed under IFRS and under PRC GAAP are as follows:

	Net profit	
	For the six months ended 30 June 2012	For the six months ended 30 June 2011
Financial statements prepared under PRC GAAP	2,608,286,634.04	4,262,836,506.13
Adjustment in accordance with IFRSs: Reversal of the safety fund expenses provided but not used under the PRC GAAP during the period	93,361,434.24	85,498,195.00
Financial statements prepared in accordance with IFRS	2,701,648,068.28	4,348,334,701.13

As at 30 June 2012 and 31 December 2011, the owners' equity in the consolidated financial statements prepared under IFRSs and PRC GAAP shows no differences.

Documents Available for Inspection

1. The financial statements duly signed and sealed by the legal representative, principal accounting responsible person, and the Manager of Financial Department
2. The original copies of all documents and announcements disclosed in the newspapers designated by CSRC during the reporting period.
3. The Articles of Association of the Company

Jiangxi Copper Company Limited
Chairman: Li Yihuang

29 August 2012

