CNBM

China National Building Material Company Limited*

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Group's unaudited consolidated revenue amounted to approximately RMB34,559.2 million for the six months ended 30 June 2011, representing an increase of approximately 61.7% over the same period of last year.

Unaudited profit attributable to owners of the Group was approximately RMB3,605.8 million, representing an increase of approximately 237.1% over the same period of last year.

Basic earnings per share was approximately RMB0.67, representing an increase of approximately 209.3% over the same period of last year.

The Board does not recommend the payment of an interim dividend.

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2011.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2011 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**34,559,199**	21,367,814
Cost of sales		**(24,531,147)**	(17,303,552)
Gross profit		**10,028,052**	4,064,262
Selling and distribution costs		**(982,308)**	(815,213)
Administrative expenses		**(2,271,149)**	(1,196,188)
Investment and other income	4	**1,120,163**	872,741
Finance costs – net	5	**(1,703,308)**	(1,097,293)
Share of profit of associates		**261,902**	75,283
Profit before income tax	6	**6,453,352**	1,903,592
Income tax expenses	7	**(1,727,146)**	(431,169)
Profit for the period		**4,726,206**	1,472,423
Attributable to:			
Owners of the Company		**3,605,784**	1,069,801
Non – controlling interests		**1,120,422**	402,622
		4,726,206	1,472,423
Earnings per share – basic and diluted	9	**RMB0.668**	RMB0.216

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**4,726,206**	1,472,423
Other comprehensive income/(loss):		
— Currency translation differences	**21,991**	(8,404)
Total comprehensive income for the period	**4,748,197**	1,464,019
Total comprehensive income attributable to:		
Owners of the Company	**3,627,104**	1,061,397
Non - controlling interests	**1,121,093**	402,622
Total comprehensive income for the period	**4,748,197**	1,464,019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	**30 June 2011** *RMB'000* **(unaudited)**	31 December 2010 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**57,479,875**	51,721,651
Prepaid lease payments		**6,664,447**	6,208,991
Investment properties		**285,802**	285,575
Goodwill		**9,392,253**	9,034,431
Intangible assets		**1,701,280**	1,480,261
Interests in associates		**3,393,455**	3,152,043
Investments		**192,678**	148,911
Deposits		**3,429,230**	2,794,729
Deferred income tax assets		**852,199**	753,946
		83,391,219	75,580,538
Current assets			
Inventories		**9,501,241**	7,209,560
Trade and other receivables	10	**20,875,265**	17,111,259
Investments		**849,618**	446,626
Amounts due from related parties		**2,447,387**	1,811,141
Pledged bank deposits		**2,038,234**	1,267,802
Cash and cash equivalents		**10,719,668**	7,971,737
		46,431,413	35,818,125
Assets classified as held for sale		**561,478**	117,687
		46,992,891	35,935,812

	Note	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000 (audited)
Current liabilities			
Trade and other payables	11	**21,938,924**	18,707,107
Amounts due to related parties		**1,380,005**	563,294
Borrowings		**36,704,899**	28,187,970
Derivative financial instruments		**2,505**	1,111
Obligations under finance leases		**899,139**	572,426
Current income tax liabilities		**1,629,464**	1,248,421
Financial guarantee contracts due within one year		**—**	3,588
Dividend payable to non – controlling interests		**339,738**	185,416
		62,894,674	49,469,333
Liabilities associated with assets classified as held for sale		**338,137**	—
		63,232,811	49,469,333
Net current liabilities		**(16,239,920)**	(13,533,521)
Total assets less current liabilities		**67,151,299**	62,047,017

	Note	**30 June 2011** **RMB'000** **(unaudited)**	31 December 2010 *RMB'000* (audited)
Non-current liabilities			
Borrowings		**31,587,242**	30,930,495
Deferred income		**357,902**	320,912
Obligations under finance leases		**2,544,772**	1,803,705
Financial guarantee contracts due after one year		**9,868**	9,710
Deferred income tax liabilities		**1,177,744**	1,083,809
		35,677,528	34,148,631
Net assets		**31,473,771**	27,898,386
Capital and reserves			
Share capital		**5,399,026**	2,699,513
Reserves		**16,616,660**	16,462,967
Capital and reserves attributable to owners of the Company		**22,015,686**	19,162,480
Non – controlling interests		**9,458,085**	8,735,906
Total equity		**31,473,771**	27,898,386

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

This condensed consolidated interim financial statements are presented in Renminbi ("RMB"), which is the same as functional currency of the Company, unless otherwise stated. The condensed consolidated interim financial statements has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010 (except for the amendments to IFRS 3 (as revised in 2008))
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters
IAS 24 (Revised)	Related Party Disclosures
IAS 32 (Amendments)	Classification of Rights Issues
IAS 34 (Amendments)	Interim Financial Reporting
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the adoption of the new and amended standards had no material effect on the amounts reported and disclosures set out in the condensed consolidated interim financial statements of the Group for the current or prior accounting periods:

- IAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

    - The name of the government and the nature of their relationship;

    - The nature and amount of any individually significant transactions; and

    - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. See note 27 for disclosures of transactions among government related entities.

- IAS 34 (Amendments) "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

IFRS 1 (Amendments)	Additional Exemption for Entities Ceasing to Suffer from Severe Hyperinflation for First-Time Adopters[1]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[4]
IFRS 11	Joint Arrangements[4]
IFRS 12	Disclosure of Interests in Other Entities[4]
IFRS 13	Fair Value Measurement[4]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive income[3]
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[2]
IAS 19 (as revised in 2011)	Employee Benefits[4]
IAS 27 (as revised in 2011)	Separate Financial Statements[4]
IAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2013.

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

3. SEGMENT INFORMATION

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

Principal activities are as follows:

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

More than 90% of the Group's operations and assets are located in the PRC for the period ended 30 June 2011 and 2010.

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

For the six months ended 30 June 2011

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

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

As at 30 June 2011

	Lightweight building materials	Cement	Engineering	Glass fiber and composite materials	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Segment assets	7,465,402	88,694,493	4,611,563	4,838,394	3,612,883	—	109,222,735
Interests in associates	187,686	1,615,051	11,792	1,500,178	78,748	—	3,393,455
Unallocated assets							17,767,920
Total consolidated assets (unaudited)							130,384,110
LIABILITIES							
Segment liabilities	1,713,917	15,575,799	2,234,186	1,505,750	506,521	—	21,536,173
Unallocated liabilities							77,374,166
Total consolidated liabilities (unaudited)							98,910,339

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

For the six months ended 30 June 2010

	Lightweight building materials *RMB'000*	Cement *RMB'000*	Engineering *RMB'000*	Glass fiber and composite materials *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
INCOME STATEMENT							
Revenue							
External sales	1,880,404	15,402,709	1,604,233	1,316,540	1,163,928	—	21,367,814
Inter-segment sales *(Note)*	2,496	—	416,103	—	21,939	(440,538)	—
	1,882,900	15,402,709	2,020,336	1,316,540	1,185,867	(440,538)	21,367,814
Adjusted EBITDA (unaudited)	347,030	3,165,251	302,545	206,732	9,518	—	4,031,076
Depreciation and amortisation	(86,001)	(911,905)	(8,964)	(29,677)	(10,338)	288	(1,046,597)
Unallocated other expenses							(700)
Unallocated administrative expenses							(58,177)
Share of profit /(loss) of associates	(2,164)	17,356	—	60,066	25	—	75,283
Finance costs - net							(1,097,293)
Profit before income tax							1,903,592
Income tax expenses							(431,169)
Profit for the period (unaudited)							1,472,423

As at 31 December 2010

	Lightweight building materials	Cement	Engineering	Glass fiber and composite materials	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Segment assets	6,361,135	78,480,041	4,091,882	4,920,002	1,880,886	—	95,733,946
Interests in associates	189,053	1,491,011	2,192	1,396,292	73,495	—	3,152,043
Unallocated assets							12,630,361
Total consolidated assets (audited)							111,516,350
LIABILITIES							
Segment liabilities	1,413,015	12,598,442	2,310,597	1,555,277	432,428	—	18,309,759
Unallocated liabilities							65,308,205
Total consolidated liabilities (audited)							83,617,964

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

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**8,846,386**	4,021,558
Adjusted EBITDA for other segment	**310,377**	9,518
Total segments	**9,156,763**	4,031,076
Depreciation of property, plant and equipment	**(1,096,006)**	(939,997)
Amortisation of intangible assets	**(54,756)**	(41,272)
Prepaid lease payments released to the consolidated income statement	**(89,611)**	(65,328)
Corporate items	**(21,632)**	(58,877)
Operating profit	**7,894,758**	2,925,602
Finance costs - net	**(1,703,308)**	(1,097,293)
Share of profit of associates	**261,902**	75,283
Profit before income tax	**6,453,352**	1,903,592

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other investments income	**12,814**	5,974
Changes in fair value of held-for-trading investments	**205,317**	(21,804)
Financial guarantee income	**3,430**	1,580
Government subsidies		
VAT refunds *(Note a)*	**404,462**	320,598
Government grants *(Note b)*	**343,333**	397,274
Interest subsidy	**4,748**	15,360
Net rental income	**23,657**	21,526
Technical and other service income	**—**	9,207
Discount on acquisition of interests in subsidiaries	**51,842**	30,847
Claims received	**3,793**	27,543
Gain on disposal of property, plant and equipment	**—**	4,404
Waiver of payables	**15,128**	26,944
Others	**51,639**	33,288
	1,120,163	872,741

Notes:

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

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

5. FINANCE COSTS - NET

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings and other borrowings		
— wholly repayable within five years	**1,870,338**	1,199,204
— not wholly repayable within five years	**56,361**	65,930
	1,926,699	1,265,134
Less: Interest capitalised to construction in progress	**(148,834)**	(116,465)
	1,777,865	1,148,669
Interest income	**(74,557)**	(51,376)
Finance costs - net	**1,703,308**	1,097,293

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment and investment properties	**1,110,400**	944,052
Amortisation of intangible assets	**54,756**	41,272
Prepaid lease payments released to consolidated income statement	**89,611**	65,328
Allowance for bad and doubtful debts	**188,005**	13,545
Write down of inventories	**982**	3,624
Impairment loss on property, plant and equipment	**96,848**	116,524
Impairment loss on goodwill of subsidiaries	**49,450**	—
Staff costs	**1,562,553**	1,112,601
Net exchange losses	**18,874**	8,724
Loss on disposal of subsidiaries	**863**	—

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,697,721**	513,645
Deferred income tax	**29,425**	(82,476)
	1,727,146	431,169

PRC income tax is calculated at 25% (2010: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rule and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends *(Note a)*	**502,109**	173,685

Notes:

(a) During the period, a dividend amounting to RMB502.11 million (Six months ended 30 June 2010: RMB173.69 million) was announced as the final dividend for the immediate preceding financial year end.

(b) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**3,605,784**	1,069,801

	Six months ended 30 June	
	2011	2010
	(unaudited)	(restated)
Issued ordinary shares at 1 January	**2,699,513,131**	2,481,215,273
Effect of capitalisation issue	**2,699,513,131**	2,481,215,273
Weighted average number of ordinary shares in issue after restatement for capitalisation issue in 2011	**5,399,026,262**	4,962,430,546

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

10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**6,131,883**	5,313,426
Bills receivable	**6,952,001**	5,018,136
Amounts due from customers for contract work	**724,861**	849,813
Loans receivable	**49,893**	42,611
Prepaid lease payments	**154,381**	133,148
Other receivables, deposits and prepayments	**6,862,246**	5,754,125
	20,875,265	17,111,259

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

	30 June 2011 *RMB'000* **(unaudited)**	31 December 2010 *RMB'000* (audited)
Trade receivables		
Within two months	**2,564,950**	2,809,890
More than two months but within one year	**2,872,086**	1,741,250
Between one and two years	**338,240**	547,875
Between two and three years	**278,895**	109,995
Over three years	**77,712**	104,416
	6,131,883	5,313,426

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

11. TRADE AND OTHER PAYABLES

	30 June 2011 *RMB'000* **(unaudited)**	31 December 2010 *RMB'000* (audited)
Trade payables	**9,064,413**	8,648,665
Bills payable	**3,622,691**	2,294,982
Provision for share appreciation rights	**8,644**	12,665
Amounts due to customers for contract work	**30,469**	170,118
Other payables	**9,212,707**	7,580,677
	21,938,924	18,707,107

The aged analyses of trade payables are as follows:

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables		
Within two months	**5,190,530**	5,729,456
More than two months but within one year	**2,830,950**	1,959,653
Between one and two years	**681,988**	486,494
Between two and three years	**96,308**	377,164
Over three years	**264,637**	95,898
	9,064,413	8,648,665

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

BUSINESS REVIEW AND OUTLOOK

BUSINESS HIGHLIGHTS

The summary of major operating data of each segment of the Group for the six months ended 30 June 2011 and 30 June 2010 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2011	2010
Production volume-cement *(in thousand tonnes)*	**19,429.1**	16,772.5
Production volume-clinker *(in thousand tonnes)*	**22,878.9**	18,761.8
Sales volume-cement *(in thousand tonnes)*	**19,803.8**	17,094.6
Sales volume-clinker *(in thousand tonnes)*	**10,078.6**	9,067.2
Unit selling price-cement *(RMB per tonne)*	**300.2**	210.7
Unit selling price-clinker *(RMB per tonne)*	**282.1**	187.5

South Cement

	For the six months ended 30 June	
	2011	2010
Production volume-cement *(in thousand tonnes)*	**34,746.8**	29,957.7
Production volume-clinker *(in thousand tonnes)*	**35,405.8**	28,078.0
Sales volume-cement *(in thousand tonnes)*	**34,314.7**	29,840.6
Sales volume-clinker *(in thousand tonnes)*	**11,144.6**	9,842.0
Unit selling price-cement *(RMB per tonne)*	**341.8**	219.5
Unit selling price-clinker *(RMB per tonne)*	**325.9**	196.2

North Cement

	For the six months ended 30 June	
	2011	2010
Production volume-cement *(in thousand tonnes)*	**4,665.3**	2,214.8
Production volume-clinker *(in thousand tonnes)*	**4,758.9**	3,356.7
Sales volume-cement *(in thousand tonnes)*	**4,676.9**	2,078.8
Sales volume-clinker *(in thousand tonnes)*	**2,150.0**	2,193.5
Unit selling price-cement *(RMB per tonne)*	**288.3**	278.9
Unit selling price-clinker *(RMB per tonne)*	**235.6**	213.4

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June	
	2011	2010
Gypsum boards — BNBM		
Production volume *(in million m^2)*	**56.6**	38.6
Sales volume *(in million m^2)*	**62.1**	43.0
Average unit selling price *(RMB per m^2)*	**7.20**	6.72
Gypsum boards — Taishan Gypsum		
Production volume *(in million m^2)*	**319.8**	234.0
Sales volume *(in million m^2)*	**313.4**	220.5
Average unit selling price *(RMB per m^2)*	**5.06**	5.03

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June	
	2011	2010
Rotor blade		
Production volume *(in blade)*	**1,867**	2,523
Sales volume *(in blade)*	**1,353**	2,612
Average unit selling price *(RMB per blade)*	**380,100**	378,700

REVIEW FOR THE FIRST HALF OF THE YEAR

Industry Development Summary and Business Review

In the first half of 2011, the national economy maintained steady and relatively fast growth. To strengthen and improve macro-economic control continuously, the State Council adhered to its proactive fiscal policies and prudent monetary policies, with which the economy in general saw satisfactory performance. Comparing with the same period last year, China's GDP exhibited a growth of 9.6% and the country's total fixed assets investment grew by 25.6% and real-estate development investment increased by 32.9%. Through adjusting development strategy, saving energy and reducing emissions, consolidation and restructuring as well as innovating management, production, price and efficiency of the building materials industry recorded steady growth. *(Sources: NBSC and the Ministry of Industry and Information Technology (工業和信息化部))*

In response to the fallout of adverse factors such as tightened national monetary policies, price hikes of raw materials and shortage in energy supply, the Group took the initiative to grasp the crucial opportunity in a time when our economy was growing and the building materials industry was undergoing structural adjustments under the Twelfth Five-year Plan. To this end, it actively implemented national industry policies and adjusted its economic development mode according to its set development strategy. Apart from extending industry chain, it forged ahead with capital operation, consolidation and restructuring, management integration as well as energy saving and emission reduction whilst strengthening Four Focuses on an ongoing basis. Meanwhile, the Group proactively transformed its business ideology from VCP (volume-cost-profit) to PCP (price-cost-profit) and promoted the Cost-saving Program as a means to reduce cost and enhance efficiency. Furthermore, various operating indicators have continued to improve notably, demonstrating a sound and rapid development.

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2011

The overall operation and development of the industry were reassuring, with all indicators performing better than expected. The cement industry continued to witness burgeoning growth, with production, profit and prices remained consistently high. In the first half of the year, the national cement output reached 950 million tonnes, up 19.57% as compared with the same period last year. Industry concentration increased and corporate profitability surged as the Ministry of Industry and Information Technology flashed out plans to eliminate 150 million tonnes of backward production capacity as part of a more vigorous campaign to phase out obsolete production capacity. Subject to restrictions on new production capacity under Document 38, the growth in the amount of completed fixed investment in the cement manufacturing industry continued to slow down, 15.34% lower than the same period last year. *(Source: the Ministry of Industry and Information Technology and China Cement Association)*

Review of the cement segment of the Group in the first half of 2011

The Group enforced its Three Five Management Mode across the cement segment, fully adhered to the business ideology of PCP and further committed itself to price stabilization, energy saving and consumption reduction, resulting in respectable achievement in terms of production and operation. The Group not only achieved higher economic interest but also drove the regional cement market to grow on a solid footing.

As for the cement segment, the consolidation and restructuring, and technology innovation projects in the three strategic regions - Huaihai Economic Zone, Southeast Economic Zone and North Region gathered pace. With a focus on the formation of core profit generating regions and continuous increase in market shares, marketing management integration marked remarkable success, as evidenced by the Groups' significant economies of scale and a proper pick-up in regional cement prices. The layout of commercial concrete mixing stations in the region was also actively carried forward, as part of the Group's endeavors to extend and optimize its industry chain. Efforts in expenditure and consumption reduction as well as cost control also paid off as all enterprises brought the Cost-saving Program into full play.

China United

To fully implement the business ideology of PCP, China United has established a corporate wide marketing decision-making mechanism which is in line with the ideology. The focus of the mechanism is to stabilize product price and to this end, the overall balance of the market demand and supply dynamics of the region is maintained through voluntary emission reduction in the region, and industry competition is rationalized and industry value increased by adjusting production decisions internally.

The company spared no efforts in integrating its management and strengthening the synergy in its business, finance and technology. As the five major operational management regions gradually met the target of integrated sales across regions, the company's prominence in regional markets increased. Following the improvement of its integrated marketing management system and centralized procurement management system, the company was able to capitalize its advantage over bulk procurement and procurement cost reduced effectively. A comprehensive, region-based coordinating mechanism of production technology has also been established, leading to more efficient operation.

Steady progress has also been made in consolidation and restructuring, technology innovation projects and expansion of the industry chain, which further increased the market concentration of the regions.

South Cement

South Cement implemented the business ideology of PCP in all directions. Great importance has been attached to the establishment of a long-standing energy saving and production limitation mechanism within big regions, which proved largely successful in effectively adjusting the demand and supply dynamics in regions, stabilizing prices in non-peak seasons and driving prices substantially higher in the first half of 2011. Efforts in market development and marketing management were also strengthened, resulting in a continuous increase in market share and a surge in profits.

Management integration and performance benchmarking were further implemented. With improvement made in both management and efficiency, the company unified its brands and successfully introduced the "South Cement" ("南方") brand which brought about a more comprehensive management system. Meanwhile, the company actively stepped up centralized procurement, with satisfactory results in expenditure saving, consumption reduction and cost control.

The company steadily pushed forward consolidation and restructuring, technology innovation, resources integration and expansion of the industry chain, thus enhancing its sustainability.

North Cement

North Cement implemented the business ideology of PCP in all directions, it actively promoted management integration by establishing core profit generating regions, including the two major operational management regions of Jilin (including Liaoning Company) and Heilongjiang. By committing itself to centralized procurement and intensified marketing, the integration of operational management across regions began to come into effect. With growing market influence and control, the company had not only enhanced its profitability but also helped facilitate industry development, transform the ideology of development and contribute to a proper increase of industry value in these regions, which brought about a win-win scenario.

The company fostered consolidation and restructuring and technology innovation in projects in a steady pace, so as to accelerate market layout and expand in scale.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group's lightweight building materials business in the first half of 2011

BNBM made solid progress in production and operation as well as in project construction, whilst actively expanding and optimizing its marketing channels, thus further strengthened its capability of systematic sales. Meanwhile, it endeavored to enhance market promotion to secure "sizable clients, substantial orders and material projects". Owing to such efforts, it won the bid of various major construction and government projects consecutively. Meanwhile, the company was aspiring to establish a capacity layout of 2 billion m^2 of gypsum board.

Through strengthening its branding initiatives and consolidating its leading position within industry, the gypsum boards of the "Dragon" brand was successfully enlisted as the "First-choice Brand of Premium Quality Social Housing Construction" (保障房精品工程首選品牌) and the "First-choice Brand for Refurbishment Materials of Five-star Hotels" ("五星級飯店裝修材料首選品牌").

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS

Review of the glass fibre and composite materials industry in the PRC in the first half of 2011

Composite materials industry

In the first half of 2011, the central government and local governments had successively rolled out a series of wind power industry policies to strengthen the entry criteria of the wind power industry. These measures brought about the integration of wind power enterprises and restructuring of the wind power industry. (Sources: China Fiberglass Industry Association)

Glass fibre industry

The glass fibre industry remained bullish in 2011. In the first half of the year, the national output of glass fibre yarns increased by 21.98% over the same period last year. Meanwhile, demand for glass fibre continued to grow and the supply and demand dynamics of glass fibre improved consistently. Coupled with consistent hikes of the domestic and international glass fibre prices, industry profit continued to increase. (Sources: China Fiberglass Industry Association)

Review of the Group's glass fibre and composite materials business in the first half of 2011

Composite materials business

The fierce market competition of wind power industry has driven the price of wind power blades to decrease. In face of intensified market competitions, China Composites took the initiative to adjust production and market strategies, accelerate the development of new and high-end products and develop new customer base. In addition to stepping up the construction of rotor blade bases in Shenyang, Baotou and Jiuquan, the company made investments and established large rotor blade and nacelle projects with a capacity of 3MW and 5MW in Jiuquan, Hami and Weihai, laying the foundation for its unrivalled presence in the industry.

Glass fibre business

Taking advantage of the pickup in demand as well as the price rally in the glass fibre market, China Fiberglass focused on market penetration and strengthening of its profitability. At home, it further expanded its market share, deepened efforts in increasing new clients and direct clients whilst increasing the proportion of medium-to-high-end products in market sales. Abroad, it has consistently improved its global marketing network. Meanwhile, it enhanced research and development of new products, strengthened technology innovation and set off to "increase revenue, save expenditure and reduce consumption". In the first half of the year, the production, sales and net profit of the glass fibre segment increased significantly as compared with the same period of last year, while product prices trended upwards.

On 4 August 2011, China Fiberglass successfully completed the transaction to acquire 49% equity interest of Jushi Group through share issuance, thereafter Jushi Group became a wholly-owned subsidiary of China Fiberglass. The completion of the transaction will help optimize the governance structure of China Fiberglass, enhance its management efficiency, boost its risk aversion capability and enhance its profitability.

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services business in the first half of 2011

China Triumph captured the strategic opportunities arising from national industry upgrade, targeting at the high-end glass and cement construction market, the upgrade and renovation market of the traditional building material industry as well as the solar power and photoelectric display engineering market to ever expand its core technology-based EPC business. Given its aspiration to cultivate new core competitive advantages in terms of engineering technology services, the company had secured a dominant position in the provision of glass, cement and new energy engineering technology services.

The company also exploited its advantages over resources integration to establish a brand new system of technology innovation and kick-started the development of engineering technology for new glass, new energy, new materials and new equipment so as to draw synergy between research and development. Owing to these measures, its core competitiveness grew ever stronger.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2011, the Group will make the best of the opportunities brought about by the industry restructuring in the PRC as well as the transformation and upgrade of the building materials industry to cope with the pressure from the external environment. In strict adherence to its set development strategy, it will facilitate the progress of capital operation as well as consolidation and restructuring and enforce the Four Focuses. In addition, it will further its commitment to the business ideology of PCP by constructing core profit generating regions and cooperative profit generating regions, as well as enhancing its market influence. To this end, it will further promote the Cost-saving Program to reduce expenditure and consumption, advance consolidation and restructuring as well as technology innovation projects to boost market share and extend the industry chain of its cement segment. Furthermore, it will promote capital operation to perfect its capital portfolio, whilst further implementing the Three Five Management Mode to bolster profitability.

CEMENT SEGMENT

As for the cement segment, the transformation of China's economic growth mode, the restrictions on new capacity, the phase-out of obsolete capacity and other policies have brought favorable opportunities to sizable enterprises. Taking advantage of the above, the Group will capitalize on its corporate advantages and sound integration capability, push forward consolidation and restructuring, and technology innovation projects. Under the guidance of the business ideology of PCP, it will continue to stabilize and increase prices whilst saving expenditure and cutting consumption. It will also enforce its Three Five Management Mode, strengthen the formation of core profit generating regions and further increase its market share in targeted regions to enhance its economies of scale and solidify its market influence. Meanwhile, it will seek to extend its cement industry chain, accelerate consolidation and restructuring of its commercial concrete business and develop a cement business that is "ready-mixed concrete oriented, high grade cement oriented, specialized cement oriented and cement products oriented" so as to add value and competitiveness to its cement products and in turn enhance its corporate value.

China United

By fully implementing the business ideology of "PCP" with an emphasis of boosting sales prices and reducing product costs, it will further strengthen the synergy of marketing. With a view to stepping up product profitability, it will implement the Three Five Management Mode in all directions through more vigorous management integration in operational management regions. It will also steadily proceed with consolidation and restructuring, technology innovation and extension of its industry chain.

South Cement

Market research, market exploration and marketing management will be intensified to put in place a management mode focusing on centralized marketing, in a bid to create a sound external market environment and facilitate a sound development of regional cement markets where it operates. Greater efforts will be made to tighten management on production and procurement and implement the Cost-saving Program. It will solidify and magnify the outcome of consolidation and restructuring, head steadily towards resources integration and logistic integration to enhance its sustainability and market influence in regions.

North Cement

The Company will facilitate consolidation and restructuring, and technology innovation projects in a steady manner, penetrate new markets and consolidate and expand core profit generating regions. Furthermore, it will improve market investigation and forecasts to adjust sales strategies in a timely manner. It will further execute the Three Five Management Mode, through more vigorous management integration, energy saving and consumption reduction, aiming at achieving lower costs and stronger profits.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

The segment will continue its expansion of marketing channels, with a focus on securing "sizable clients, substantial orders and material projects". Going forward, it will accelerate project construction and expand its industry layout prudently. Meanwhile, it will place greater emphasis on branding and strengthen its core competitiveness on an ongoing basis.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

Composite materials business

Along with active market exploration, product portfolio of the business will be further optimized with more vigorous development of new rotor blade products in terms of better quality and lower costs.

Glass fibre business

Efforts will be made to expand both the international and domestic markets, quicken the pace of product and production restructuring, accelerate technology innovation and reinforce cost control.

ENGINEERING SERVICES SEGMENT

In an attempt to tie up its corporate development with industry restructuring and upgrades, the Company will leverage on research and development to capture such opportunities, penetrating markets with new technology and sparing no efforts in developing “new glass, new materials, new energy and new equipment” to cultivate new point of economic growth. It will insist on independent self-innovation as the key to enhance core competitiveness.

FINANCIAL REVIEW

The unaudited revenue of the Group increased by 61.7% from RMB21,367.8 million for the six months ended 30 June 2010 to RMB34,559.2 million for the six months ended 30 June 2011. Unaudited profit attributable to owners increased by 237.1% from RMB1,069.8 million for the six months ended 30 June 2010 to RMB3,605.8 million for the six months ended 30 June 2011.

MATERIAL TRANSACTION

Proposed A Share Issue

On 20 July 2011, the Board of the Company considered and approved the issue of not more than 1 billion A shares of RMB1.00 each and applied for specific mandate from shareholders' general meeting and class meetings of H shareholders and domestic shareholders. The Company proposed to use proceeds raised from proposed A share issue in acquisition, investment in fixed assets, alteration of the information system, repayment of bank loans and replenishment of cash flows.

Details of the proposed A share issue has been disclosed in the announcement of the Company published on 20 July 2011 and its circular published on 1 August 2011. As at the date of the announcement, the proposed A share issue has yet to be approved by the shareholders.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2011, neither the Company nor its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2011, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

AUDIT COMMITTEE

The Company has established the audit committee. The audit committee of the Company comprises 3 non-executive Directors, including 2 independent non-executive Directors, with appropriate professional qualification or accounting or related financial management experience. The terms of reference adopted by the audit committee complied with the requirements of the Code. The principal duties of the audit committee include reviewing the Company's financial reporting procedures, internal control and risk management. The audit committee has reviewed the 2011 interim report of the Company.

MODEL CODE

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

DEFINITIONS

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

"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Company Limited)
"Board"	the board of directors of the Company
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Fiberglass"	中國玻纖股份有限公司 (China Fiberglass Company Limited)

"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Group Corporation Limited)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Directors"	the members of the Board of the Company
"Document 38"	Notice of the State Council on the Approval on Some Opinions Given by the National Development and Reform Commission and Other Departments on Containing Overcapacity and Redundant Construction in Certain Industries and Facilitating Sound Industrial Development （《國務院批轉發展改革委等部門關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》）
"Four Focuses"	focus on market, management, development and financing
"Group" and "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"Huaihai Economic Zone"	Huaihai Economic Zone is an area of approximately 178,100 square kilometers covering 20 municipalities (地級市) located in southern Shandong, northern Jiangsu, eastern Henan and northern Anhui

"IFRS"	International Financial Reporting Standards
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"North Cement"	北方水泥有限公司(North Cement Company Limited)
"North Region"	the north region of the PRC, including but not limited to Liaoning, Jilin and Heilongjiang
"NSP cement"	cement produced by clinker made through the new suspension pre-heater dry process
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"South Cement"	南方水泥有限公司(South Cement Company Limited)
"Southeast Economic Zone"	the southeast region of the PRC, which includes but not limited to Shanghai, Zhejiang, Jiangsu, Jiangxi and Hunan
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Three Five Management Operation Mode"	Five N (operation mode), i.e. integration, modelization, institutionalization, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralization. Five I (five operation indices), i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio

By Order of the Board
Song Zhiping
Chairman

Beijing, the PRC
23 August 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Li Yimin, Mr. Peng Shou and Mr. Cui Xingtai, the non-executive Directors of the Company are Ms. Cui Lijun, Mr. Huang Anzhong and Mr. Zuo Fenggao, and the independent non-executive Directors of the Company are Mr. Zhang Renwei, Mr. Zhou Daojiong, Mr. Chi Haibin, Mr. Li Decheng and Mr. Lau Ko Yuen, Tom.

* *For identification only*