IMM 国际煤机集团
INTERNATIONAL MINING MACHINERY

INTERNATIONAL MINING MACHINERY HOLDINGS LIMITED
國 際 煤 機 集 團

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 AND CHANGE IN MEMBERS AND CHAIRMAN OF BOARD COMMITTEES

FINANCIAL HIGHLIGHTS

Comparison of results for the years ended 31 December 2011 and 2010

	For the year ended 31 December (RMB million)		
	2011	2010	Change %
Revenue	**2,097.9**	1,942.6	8.0
Cost of sales	**(1,187.6)**	(1,100.5)	7.9
Gross profit	**910.2**	842.1	8.1
EBITDA	**555.8**	498.8	11.4
Profit before tax	**434.2**	416.9	4.1
Profit attributable to owners of the parent	**336.7**	350.1	(3.8)
Basic earnings per share(1)	**25.90 cents**	28.18 cents	(8.1)

(1) The basic earnings per share are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of shares outstanding during the year (2011: 1,300,091,473 and 2010: 1,242,222,222).

RESULTS

The board of directors (the "**Board**") of International Mining Machinery Holdings Limited (the "**Company**") is pleased to present the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2011 along with additional commentary on trends and conditions that impacted our business during the year, as follows:

Consolidated Income Statement

Year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	3	**2,097,855**	1,942,615
Cost of sales		**(1,187,606)**	(1,100,505)
Gross profit		**910,249**	842,110
Other income and gains	3	**20,808**	56,225
Selling and distribution costs		**(187,697)**	(152,879)
Administrative expenses		**(239,271)**	(274,747)
Other expenses		**(57,415)**	(43,147)
Finance revenue	4	**1,722**	633
Finance costs	4	**(11,585)**	(11,688)
Share of (losses)/profits of associates		**(2,651)**	386
PROFIT BEFORE TAX	5	**434,160**	416,893
Income tax expense	6	**(97,419)**	(66,852)
PROFIT FOR THE YEAR		**336,741**	350,041
Attributable to:			
Owners of the parent		**336,741**	350,115
Non-controlling interests		**–**	(74)
		336,741	350,041
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*	8	**25.90 cents**	28.18 cents
Diluted *(RMB)*	8	**25.84 cents**	28.17 cents

Details of the dividends for the year are disclosed in Note 7 to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**336,741**	350,041
Other comprehensive income:		
Exchange differences on translation of foreign operations	**(16,364)**	(20,120)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**320,377**	329,921
Attributable to:		
Owners of the parent	**320,377**	329,995
Non-controlling interests	**–**	(74)
	320,377	329,921

Consolidated Statement of Financial Position

31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**434,719**	378,675
Land use rights		**118,646**	121,652
Goodwill		**314,969**	314,969
Other intangible assets		**268,673**	330,245
Investments in associates		**52,428**	21,455
Deferred tax assets		**11,923**	8,840
Prepayments, deposits and other receivables		**18,342**	34,271
		1,219,700	1,210,107
CURRENT ASSETS			
Inventories		**445,632**	424,624
Trade and bills receivables	*9*	**1,920,263**	1,440,737
Prepayments, deposits and other receivables		**79,467**	133,173
Amount due from an associate		**19,596**	–
Time deposits with original maturity of more than three months		**–**	307,142
Pledged deposits		**26,594**	–
Cash and cash equivalents		**435,755**	258,990
		2,927,307	2,564,666
CURRENT LIABILITIES			
Interest-bearing bank loans		**93,000**	123,420
Trade and bills payables	*10*	**553,613**	401,304
Other payables and accruals		**230,661**	263,149
Tax payable		**49,641**	50,058
		926,915	837,931
NET CURRENT ASSETS		**2,000,392**	1,726,735
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,220,092**	2,936,842
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**106,024**	111,966
NET ASSETS		**3,114,068**	2,824,876
EQUITY			
Equity attributable to owners of the parent:			
Issued capital		**114,288**	114,270
Reserves		**2,999,780**	2,710,606
TOTAL EQUITY		**3,114,068**	2,824,876

Notes to Consolidated Financial Statements

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards (the "IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Right Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), and amendments to IFRS 3, IAS 1 and IAS 27 included in *Improvements to IFRSs 2010*, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these IFRSs are as follows:

(a) IAS 24 (Revised) *Related Party Disclosures*

IAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to IFRSs 2010* issued in May 2010 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendment most applicable to the Group are as follows:

- IFRS 3 *Business Combinations*: The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008)

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- IAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
IFRS 9	*Financial Instruments*[6]
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	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*[4]
IAS 27 (Revised)	*Separate Financial Statements*[4]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[4]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]

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
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

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

2. OPERATING SEGMENT INFORMATION

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

(a) Roadheader products and aftermarket parts and services

Engaged in the design, manufacture and sale of roadheader products and the provision of aftermarket services which include onsite repair service, overhaul and supply of spare parts to customers.

(b) Shearer products and aftermarket parts and services

Engaged in the design, manufacture and sale of shearer products and the provision of aftermarket services which include onsite repair service, overhaul and supply of spare parts to customers.

(c) Armoured-face conveyors and related products and aftermarket parts and services

Engaged in the manufacture and sale of armoured-face conveyors and related spare parts and the provision of aftermarket services which include onsite repair service, overhaul and supply of spare parts to customers.

(d) **Electric control systems and related products and aftermarket parts and services**

Engaged in the manufacture and sale of electric control systems and related spare parts and the provision of aftermarket services which include onsite repair service, overhaul and supply of spare parts to customers.

No operating segments have been aggregated to form the above reportable operating segments.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs, Directors' remuneration and income tax. Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located inside the PRC, no geographical information is presented.

Year ended 31 December 2011

	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,235,400	561,298	208,038	93,119	2,097,855
Intersegment sales	–	4,152	–	90,413	94,565
	1,235,400	565,450	208,038	183,532	2,192,420
Reconciliation:					
Elimination of intersegment sales					(94,565)
Total revenue					2,097,855
Segment results	429,596	58,460	(64,724)	57,156	480,488
Reconciliation:					
Elimination of intersegment results					(5,284)
Interest income					1,166
Corporate and other unallocated expenses*					(37,978)
Finance costs					(4,232)
Profit before tax					434,160
Segment assets	2,098,547	967,160	374,859	696,627	4,137,193
Reconciliation:					
Elimination of intersegment receivables					(247,163)
Corporate and other unallocated assets					256,977
Total assets					4,147,007

	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Total *RMB'000*
Segment liabilities	**434,116**	**519,653**	**214,275**	**86,837**	**1,254,881**
Reconciliation:					
Elimination of intersegment payables					**(247,163)**
Corporate and other unallocated liabilities					**25,221**
Total liabilities					**1,032,939**
Other segment information:					
Share of losses of associates	**(2,651)**	**–**	**–**	**–**	**(2,651)**
Research and development costs	**20,130**	**15,206**	**13,145**	**11,667**	**60,148**
Depreciation of items of property, plant and equipment	**16,732**	**18,764**	**9,943**	**1,397**	**46,836**
Reconciliation:					
Corporate and other unallocated depreciation					**228**
Total depreciation					**47,064**
Amortisation of land use rights	**1,550**	**1,019**	**369**	**68**	**3,006**
Amortisation of other intangible assets	**3,714**	**743**	**3,384**	**53,731**	**61,572**
Reversal of impairment of trade receivables	**(2,801)**	**(9,664)**	**(1,067)**	**–**	**(13,532)**
Impairment of trade receivables	**3,576**	**12,889**	**7,840**	**896**	**25,201**
Impairment of other receivables	**–**	**455**	**10,000**	**–**	**10,455**
Provision for impairment of an investment in an associate	**–**	**186**	**–**	**–**	**186**
Write-down/(reversal) of inventories to net realisable value	**1,436**	**(1,413)**	**3,524**	**354**	**3,901**
Product warranty provision	**12,465**	**7,064**	**21,791**	**590**	**41,910**
(Gain)/loss on disposal of items of property, plant and equipment	**(386)**	**(1,678)**	**(1,601)**	**143**	**(3,522)**
Investments in associates	**52,428**	**–**	**–**	**–**	**52,428**
Capital expenditure**	**62,500**	**66,982**	**6,582**	**6,510**	**142,574**
Reconciliation:					
Corporate and other unallocated expenditure					**–**
Total capital expanditure					**142,574**

* Corporate and other unallocated expenses mainly represent central administration costs, Directors' remuneration and consulting fees which are managed on a group basis and are not allocated to operating segments.

** Capital expenditure consists of additions to property, plant and equipment and establishment of an associate during the year.

Year ended 31 December 2010

	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	1,081,758	538,571	267,526	54,760	1,942,615
Intersegment sales	3,946	94	–	23,969	28,009
	1,085,704	538,665	267,526	78,729	1,970,624
Reconciliation:					
Elimination of intersegment sales					(28,009)
Total revenue					1,942,615
Segment results	408,907	98,832	20,137	30,079	557,955
Reconciliation:					
Elimination of intersegment results					(5,861)
Interest income					389
Corporate and other unallocated expenses					(133,637)
Finance costs					(1,953)
Profit before tax					416,893
Segment assets	1,590,729	780,733	424,298	658,303	3,454,063
Reconciliation:					
Elimination of intersegment receivables					(145,311)
Corporate and other unallocated assets					466,021
Total assets					3,774,773
Segment liabilities	304,478	440,524	197,807	100,181	1,042,990
Reconciliation:					
Elimination of intersegment payables					(145,311)
Corporate and other unallocated liabilities					52,218
Total liabilities					949,897
Other segment information:					
Share of profits/(losses) of associates	626	(240)	–	–	386
Research and development costs	19,099	13,515	2,061	5,906	40,581
Depreciation of items of property, plant and equipment	14,177	16,328	3,110	523	34,138
Reconciliation:					
Corporate and other unallocated depreciation					160
Total depreciation					34,298

	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Total *RMB'000*
Amortisation of land use rights	1,550	1,409	369	22	3,350
Amortisation of other intangible assets	9,905	1,982	3,384	17,910	33,181
Reversal of impairment of trade receivables	(3,925)	–	–	–	(3,925)
Impairment of trade receivables	–	1,498	1,567	246	3,311
(Reversal)/write-down of inventories to net realisable value	(3,303)	(4,087)	1,410	–	(5,980)
Product warranty provision	9,672	8,619	3,695	254	22,240
Loss/(gain) on disposal of items of property, plant and equipment	74	3,504	12	(15)	3,575
Gain on disposal of land use rights	–	(1,937)	–	–	(1,937)
Investments in associates	21,269	186	–	–	21,455
Capital expenditure	15,326	24,292	78,327	307	118,252
Reconciliation:					
Corporate and other unallocated expenditure					343,417
Total capital expenditure					461,669

Information about major customers

During the year ended 31 December 2011, the Group had no customers from whom the revenues raised individually accounted for more than 10% of the Group's total revenue during the year.

During the year ended 31 December 2010, the Group had two customers from whom the revenues raised of RMB269,585,000 and RMB243,414,000, respectively, individually accounted for more than 10% of the Group's total revenue during that year.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and the value of services rendered after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

	2011 *RMB'000*	2010 *RMB'000*
Revenue		
Sale of goods	**2,097,442**	1,935,181
Rendering of services	**20,908**	9,223
	2,118,350	1,944,404
Less: Government surcharges	**(20,495)**	(1,789)
	2,097,855	1,942,615
Other income and gains		
Waiver of unpaid tax	**–**	32,888
Reversal of long-aged trade debts	**13,730**	17,895
Gain on disposal of items of property, plant and equipment	**3,522**	–
Gain on disposal of an available-for-sale investment	**–**	2,250
Gain on disposal of land use rights	**–**	1,937
Sale of scrap materials	**1,227**	409
Government grants	**1,000**	–
Others	**1,329**	846
	20,808	56,225

4. FINANCE REVENUE AND FINANCE COSTS

An analysis of finance revenue and finance costs is as follows:

	2011 *RMB'000*	2010 *RMB'000*
Finance revenue		
Interest income	**1,722**	633
Finance costs		
Loan interests	**5,349**	7,333
Interest arising from discounted bills	**2,004**	2,402
Notional interest	**4,232**	1,953
Total finance costs	**11,585**	11,688

5. PROFIT BEFORE TAX

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

	2011	2010
	RMB'000	*RMB'000*
Cost of inventories sold	**1,178,140**	1,095,746
Cost of services provided	**9,466**	4,759
	1,187,606	1,100,505
Employee benefit expense (including Directors' remuneration):		
– Wages and salaries	**175,633**	168,390
– Pension scheme contributions	**25,057**	18,880
– Founder participation rights payment	**–**	33,198
– Equity-settled share option expense	**38,148**	5,184
	238,838	225,652
Research and development costs	**60,148**	40,581
Auditors' remuneration	**3,680**	3,560
Depreciation of items of property, plant and equipment	**47,064**	34,298
Amortisation of land use rights	**3,006**	3,350
Amortisation of other intangible assets	**61,572**	33,181
Reversal of impairment of trade receivables	**(13,532)**	(3,925)
Impairment of trade receivables	**25,201**	3,311
Impairment of other receivables	**10,455**	–
Minimum lease payments under operating leases	**2,741**	4,053
Write down/(reversal) of inventories to net realisable value	**3,901**	(5,980)
Product warranty provision	**41,910**	22,240
Provision for impairment of an investment in an associate	**186**	–
(Gain)/loss on disposal of items of property, plant and equipment	**(3,522)**	3,575
Gain on disposal of land use rights	**–**	(1,937)
Gain on disposal of an available-for-sale investment	**–**	(2,250)
Fee for early termination of a management consulting agreement with TJCC Services Ltd. ("TJCC Services")	**–**	68,344

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

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

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with the PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential rates.

Jiamusi Coal Mining Machinery Co., Ltd. ("Jiamusi Machinery") and Jixi Coal Mining Machinery Co., Ltd ("Jixi Machinery") obtained the Certificate of National High-Tech Enterprise in November 2008 and were able to obtain the renewed certificate in October 2011 for another three years. Huainan Longwall Coal Mining Machinery Co., Ltd. ("Huainan Longwall") and Qingdao Tianxun Electric Co., Ltd. ("Qingdao Tianxun") obtained the Certificate of National High-Tech Enterprise in May 2010 and November 2009, respectively. Accordingly, they were entitled to a lower PRC corporate income tax rate of 15% for the year ended 31 December 2011.

The share of tax attributable to associates for the years ended 31 December 2010 and 2011, respectively, is included in "Share of profits/(losses) of associates" on the face of the consolidated income statements.

The major components of income tax charge for the year are as follows:

	2011	2010
	RMB'000	*RMB'000*
Current tax		
– Income tax in the PRC for the year	**106,444**	77,133
– Deferred tax	**(9,025)**	(10,281)
Total tax charge for the year	**97,419**	66,852

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled (i.e., in their respective countries of incorporation) to the tax expense at the effective tax rate for the year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit before tax	**434,160**	416,893
Tax at an applicable tax rate	**108,540**	104,223
Lower tax rate for certain loss making entities in different jurisdictions	**7,010**	37,397
Tax concession for certain subsidiaries*	**(71,250)**	(76,890)
Losses attributable to associates	**(132)**	(97)
Adjustments in respect of current tax of previous periods	**(847)**	(16,194)
Income not subject to tax	**–**	(8,222)
Tax losses not recognised	**8,607**	–
Expenses not deductible for tax	**40,877**	15,779
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**4,614**	10,856
Tax charge at the Group's effective rate	**97,419**	66,852

* Jiamusi Machinery and Jixi Machinery were recognised as High-Tech companies and enjoyed a tax rate of 15% (2010: 12.5%, subject to a 50% deduction of the standard tax rate) starting from 1 January 2011. Huainan Longwall and Qingdao Tianxun were recognised as High-Tech companies and enjoyed a tax rate of 15% starting from 1 January 2010.

7. DIVIDENDS

(a) Dividends attributable to the current year

	2011	2010
	RMB'000	*RMB'000*
Proposed final – nil (2010: RMB5.4 cents) per ordinary share	**–**	70,200

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2011.

(b) Special dividend declared in connection with the initial public offering

	2011	2010
	RMB'000	*RMB'000*
Declared during the year	**–**	280,263
Paid during the year	**–**	280,263

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,300,091,473 (2010: 1,242,222,222) in issue during the year, as adjusted to reflect the rights issued during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share includes the 520,000,000 ordinary shares issued in connection with the listing of the Company's ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2010.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. 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 on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,300,091,473**	1,242,222,222
Effect of dilution – weighted average number of ordinary shares:	**3,002,167**	639,986
	1,303,093,640*	1,242,862,208

* Diluted earnings per share amount is based on the profit for the year of RMB336,741,000, and the weighted average number of ordinary shares of 1,303,093,640 in issue during the year.

9. TRADE AND BILLS RECEIVABLES

Group

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**1,510,096**	1,073,888
Bills receivable	**435,654**	381,130
Less: Impairment provision	**(25,487)**	(14,281)
	1,920,263	1,440,737

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivables are approximate to their fair values.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

Group

	2011	2010
	RMB'000	*RMB'000*
Outstanding balances with ages:		
Within 90 days	**576,615**	502,967
91 to 180 days	**394,388**	295,240
181 to 365 days	**362,381**	176,112
1 to 2 years	**143,140**	75,638
Over 2 years	**8,085**	9,650
	1,484,609	1,059,607

The movements in the provision for impairment of trade receivables are as follows:

Group

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**14,281**	14,895
Reversal of impairment losses	**(13,532)**	(3,925)
Amount written off as uncollectible	**(463)**	–
Impairment of trade receivables	**25,201**	3,311
At 31 December	**25,487**	14,281

The impaired trade receivables relate to individual customers that were in financial difficulties and the receivables that are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances. The bills receivable all mature within 180 days from the end of the reporting period.

The carrying amounts of bills receivables pledged as security for interest-bearing bank loans granted to the Group and for the issuance of bank acceptance notes are as follows:

	2011	2010
	RMB'000	*RMB'000*
Pledged for interest-bearing bank loans	**3,000**	30,420
Pledged for bank acceptance notes	**36,000**	–
	39,000	30,420

The analysis of trade receivables that are not considered to be impaired is as follows:

Group

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	**770,819**	599,202
Past due but not impaired:		
Less than 90 days	**376,871**	268,759
91 to 180 days	**205,648**	107,465
181 to 365 days	**108,836**	66,432
1 to 2 years	**22,435**	17,749
	1,484,609	1,059,607

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND BILLS PAYABLES

Group

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**499,118**	377,524
Bills payable	**54,495**	23,780
	553,613	401,304

An aged analysis of outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**231,454**	225,527
91 to 180 days	**130,524**	83,223
181 to 365 days	**102,704**	34,036
1 to 2 years	**19,488**	4,922
2 to 3 years	**1,069**	1,777
Over 3 years	**13,879**	28,039
	499,118	377,524

The trade payables are non-interest-bearing and are normally settled within 180 days. The carrying amounts of the trade payables approximate to their fair values.

11. EVENTS AFTER THE REPORTING PERIOD

On 6 January 2012, Joy Global Asia Limited launched mandatory cash offers to acquire all of the outstanding issued shares of the Company (the "Share Offer") and for the cancellation of all outstanding options over shares in the Company. On 10 February 2012, the Share Offer closed. Joy Global Asia Limited acquired approximately 29.6% of the Company's issued shares pursuant to the Share Offer increasing its total shareholding in the Company to 98.9%.

As Joy Global Asia Limited acquired more than 90% of the shares the subject of the Share Offer within four months of the making of the Share Offer, Joy Global Asia Limited will exercise its rights to compulsorily acquire the remaining 1.1% of the Company's issued shares under Section 88 of the Companies Law of the Cayman Islands (the "Compulsory Acquisition").

If the Compulsory Acquisition is completed, the Company will become a wholly-owned subsidiary of Joy Global Asia Limited and an application will be made for the withdrawal of listing of the Company from the Stock Exchange.

As at the date of approval of the financial statements, the Compulsory Acquisition is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

China's economic growth moderated to hit 9.2% in 2011 against 10.3% growth in 2010. This supported growth in China's coal output which reached 3.52 billion tonnes, up 8.7% year on year. Following the success in initiating coal mine consolidation for Shanxi province, other prominent coal producing provinces such as Henan, Shaanxi, Shandong, Hebei and Inner Mongolia have also seen good starts on their coal mine consolidation, which will continue for the next five years. The consolidation initiative has driven higher demand for coal mining machinery, continued to be led by roadheaders.

Business Overview

Results

For the year ended 31 December 2011, our revenue grew by 8.0% to RMB2,097.9 million as a result of the strong market demand for our roadheaders, shearers and electric control systems. The gross profit grew by 8.1% over prior year to RMB910.2 million, and we managed to slightly improve our gross margin to 43.4%.

New Product Introductions

We are strongly committed to pursuing technological development through the engineering of new products. We continued to invest in research and development which is key for distinction in market competition. We offer the broadest range of roadheaders and shearers in the industry, and our electric control systems are extensively used by mining machinery manufacturers in China. In 2011, our notable developments include (i) a cutting-edge thin-seam shearer (MG180/420-BWD) which is specially designed and constructed with a low body profile and high cutting power, for thin seams ranging from 0.95 to 1.10 meters; and (ii) an intelligently designed roadheader (EBZ260A) which has a remote control equipped with the most advanced technology and is the best solution in safety and efficiency.

Sale and Purchase of Shares in the Company and Unconditional Mandatory Cash Offers

On 14 July 2011, Joy Global lnc. ("Joy Global") and the Company announced that Joy Global Asia Limited had entered into a Share Purchase Agreement to acquire approximately 41.1% of the entire issued share capital of the Company at the purchase price of HK$8.50 per share. Completion of the Share Purchase Agreement was conditional on, amongst other things, the receipt of anti-trust clearance for Joy Global's acquisition of the Company from the Anti-Monopoly Bureau of the PRC Ministry of Commerce ("MOFCOM").

During the period from 29 July 2011 to 7 September 2011, Joy Global Asia Limited disclosed its acquisition of approximately 28.2% of the issued share capital of the Company.

On 23 December 2011, Joy Global and the Company jointly announced that unconditional MOFCOM anti-trust clearance had been received and on 30 December 2011, Joy Global and the Company announced that the Share Purchase Agreement for the 41.1% of the issued share capital of the Company had been completed.

Events After the Reporting Period

As a result of completion of the Share Purchase Agreement, on 6 January 2012 Joy Global Asia Limited made unconditional mandatory cash offers for the remaining 30.7% of the issued share capital of the Company at HK$8.50 per share and for the cancellation of all outstanding options over shares in the Company. At the close of the Share Offer on 10 February 2012, Joy Global had received valid acceptances in respect of approximately 29.6% of the issued share capital of the Company. As at the date of this report, Joy Global is interested in an aggregate of 1,285,379,247 the Company's shares, representing approximately 98.9% of the total issued share capital of the Company. As Joy Global has acquired more than 90% in value of the shares the subject of the Share Offer within four months of the making of the Share Offer, Joy Global will exercise its Compulsory Acquisition rights to compulsorily acquire the remaining 1.1% of the Company's issued shares. Upon completion of the Compulsory Acquisition, the Company will become a wholly-owned subsidiary of Joy Global and will withdraw the listing of the Company's shares from the Stock Exchange.

Financial Review

Revenue

For the year ended 31 December 2011, the Group's revenue amounted to RMB2,097.9 million, representing an increase of RMB155.3 million or 8.0% as compared to RMB1,942.6 million in 2010. The increase was primarily due to the increase in sales of roadheader products, shearer products, and electric control systems, complemented by favourable product mix. This was, however, partially offset by a decrease in sales of armoured-face conveyors and related products.

The total sales including intersegment sales amounted to RMB2,192.4 million. The intersegment sales were related to the sales between Jiamusi Machinery, Jixi Machinery and Qingdao Tianxun, as Qingdao Tianxun's electric control systems continued to sell to Jiamusi Machinery and Jixi Machinery after it became a subsidiary of the Company post-acquisition. These numbers are derived from the attached Consolidated Financial Statements as audited by the Company's auditors, Ernst & Young.

For the two years ended 31 December 2011 and 2010, the Group's revenue analysis by product segment is as follows:

Product Segments	**2011**		2010		Change	Change
	RMB million	**%**	*RMB million*	%	*RMB million*	%
Roadheaders	**1,235.4**	**58.9**	1,081.8	55.7	153.6	14.2
Shearers	**561.3**	**26.8**	538.6	27.7	22.7	4.2
Armoured-face conveyors and related products	**208.1**	**9.9**	267.5	13.8	(59.4)	(22.2)
Electric control systems	**93.1**	**4.4**	54.7[1]	2.8	38.4	70.2
Total	**2,097.9**	**100.0**	1,942.6	100.0	155.3	8.0

1 In 2010, revenue from electric control systems segment is only for the period from the date of the acquisition of Qingdao Tianxun on 27 August 2010 to 31 December 2010.

Roadheaders: The revenue from roadheader products increased by RMB153.6 million, or 14.2%, from RMB1,081.8 million in 2010 to RMB1,235.4 million in 2011. This increase is attributable to an increase in market demand for medium and heavy-duty machines.

Shearers: The revenue from shearer products increased by RMB22.7 million, or 4.2%, from RMB538.6 million in 2010 to RMB561.3 million in 2011, primarily due to a favourable sales mix and an increase in thin seam and thick seam shearers and spare parts, offset by a sales decrease in medium seam shearers.

Armoured-face conveyors and related products: The revenue from armoured-face conveyors and related products recorded a decrease of RMB59.4 million, or 22.2%, from RMB267.5 million in 2010 to RMB208.1 million in 2011. We saw great success with our delivering of the first Chinese made armoured-face conveyor to an Australian customer. However, sales and margins were impacted due to lower pricing, intense domestic competition and raw material price during the current year.

Electric control systems: The revenue from electric control system amounted to RMB93.1 million for 2011. Qingdao Tianxun produces electric control system for our other subsidiaries and third party customers.

Cost of Sales

During the year, the Group's cost of sales amounted to RMB1,187.6 million, representing an increase of RMB87.1 million or 7.9% as compared to 2010. The increase was mainly attributable to the corresponding increase in the Group's sales.

The cost of raw materials increased by RMB45.2 million, or 5.3%, from RMB849.4 million in 2010 to RMB894.6 million in 2011, primarily due to cost increases in major components of our raw materials, such as hydraulic parts and outsourced parts. Manufacturing costs increased by RMB33.5 million, or 19.2%, from RMB174.2 million in 2010 to RMB207.7 million in 2011 which was primarily due to the increased depreciation expenses from the asset revaluation at Qingdao Tianxun. Direct labour costs increased by RMB8.4 million, or 10.9%, from RMB76.9 million in 2010 to RMB85.3 million in 2011, primarily due to our increased sales.

Gross Profit and Gross Margin

Gross profit increased by RMB68.1 million, or 8.1%, from RMB842.1 million in 2010 to RMB910.2 million in 2011. During 2011, the gross margin saw a slight growth to 43.4%, from 43.3% in 2010.

Other Income and Gains

The Group's other income and gains amounted to RMB20.8 million in 2011 which represented a decrease of RMB35.4 million as compared to 2010. The decrease was primarily attributable to the waiver of tax liabilities recorded in 2010 that did not reoccur in 2011.

Selling and Distribution Costs

Selling and distribution costs increased by RMB34.8 million, or 22.8%, from RMB152.9 million in 2010 to RMB187.7 million in 2011. The increase was primarily attributable to higher sales resulting in increased (i) commission expenses, and (ii) warranty expenses.

Administrative Expenses

The Group's administrative expenses decreased by RMB35.4 million or 12.9% from RMB274.7 million in 2010 to RMB239.3 million in 2011. The decrease was primarily due to IPO related expenses recorded in 2010.

Other Expenses

The Group's other expenses increased by RMB14.3 million to RMB57.4 million in 2011 as compared to RMB43.1 million in 2010. The increase was attributable to the share option cancellation expenses recorded during the year.

Income Tax

Income tax expense for the Group was RMB97.4 million in 2011 as compared to RMB66.9 million in 2010. The increase in income tax expense is directly attributable to the expiration of certain favourable tax rates enjoyed by the Company since its inception in 2006, as well as the increase in our profits driven by higher revenue. Upon formation as a wholly owned foreign enterprise, from 1 January 2008 to 31 December 2010, the applicable enterprise income tax rate for two of our subsidiaries, Jiamusi Machinery and Jixi Machinery, was 12.5%, which is a 50% reduction from the statutory rates. This favourable tax rate is no longer available to us in 2011.

Jiamusi Machinery and Jixi Machinery obtained the Certificate of National High-Tech Enterprise in November 2008. Huainan Longwall and Qingdao Tianxun obtained the Certificate of National High-Tech Enterprise in May 2010 and November 2009, respectively, and accordingly, they were entitled to a lower PRC corporate income tax rate of 15% for the year ended 31 December 2011.

Net Profit Attributable to the Owners of the Parent

The net profit attributable to owners of the parent was RMB336.7 million, which was a decrease of RMB13.4 million or 3.8% over the net profit attributable to owners of the parent in 2010.

EBITDA

Management has chosen to disclose EBITDA, which is not recognized as a financial measurement under IFRS accounting rules. Management uses EBITDA and other operating metrics as tools to evaluate the profitability of its operations and the effectiveness of its various initiatives. EBITDA is calculated as net profit before taxes, plus depreciation, amortization and finance costs and is reduced by finance revenue.

EBITDA was RMB555.8 million for 2011, an increase of RMB57.0 million or 11.4% over the prior year.

	2011 ***RMB millions***	2010 *RMB millions*
Profit before tax	**434.2**	416.9
Depreciation	**47.1**	34.3
Amortization	**64.6**	36.5
Finance revenue	**(1.7)**	(0.6)
Finance cost	**11.6**	11.7
EBITDA	**555.8**	498.8

Liquidity and Capital Resources

We currently use a combination of cash generated from operations and bank loans to meet our financial obligations. As of 31 December 2011, the total current assets amounted to RMB2,927.3 million, and the total current liabilities of the Group amounted to RMB926.9 million. As of 31 December 2011, we had an aggregate of RMB93.0 million in outstanding bank loans, bearing interest at an annual rate ranging from 5.31% to 14.40% and repayable within one year, as compared to an outstanding balance of RMB123.4 million as of 31 December 2010. We also obtained advance payments on equipment orders to support the purchase of inventory.

As of 31 December 2011 and 2010, the company was in a net cash position and hence, the gearing ratio was not applicable.

Cash Flow

We had a net cash inflow from operating activities of RMB135.6 million in 2011 which increased by RMB268.4 million as compared to the net cash outflow of RMB132.8 million in 2010. The inflow in our cash from operating activities was primarily attributable to an increase in trade payables due to a corresponding increase of purchases for production to support increased sales volumes.

Net cash inflow from investing activities in 2011 was RMB164.4 million, which increased by RMB1,082.5 million as compared to the net cash used of RMB918.1 million in 2010. The increase in cash from investing activities is mainly due to (i) the maturing of time deposits with maturity of more than three months that were not fully reinvested, and (ii) the payment of 25% equity interest in Huainan Longwall and 100% in Qingdao Tianxun recorded in 2010 that did not occur in 2011.

Net cash used in financing activities in 2011 was RMB105.1 million which decreased by RMB1,348.9 million as compared to RMB1,243.8 million of cash generated from financing activities in 2010. The decrease is mainly due to the proceeds from the Global Offering recorded in the 2010 that did not occur in 2011.

Asset Structure

As of 31 December 2011, the Group's total assets amounted to approximately RMB4,147.0 million, representing an increase of approximately RMB372.2 million or approximately 9.9% as compared to the balance as of 31 December 2010. The increase was mainly attributable to the increase in trade receivables over those of the prior period due to increased sales levels. Current assets amounted to approximately RMB2,927.3 million, and mainly consisted of cash, trade receivables and inventories, accounting for approximately 70.6% of total assets; non-current assets amounted to approximately RMB1,219.7 million, representing an increase of approximately RMB9.6 million as compared to the balance as at 31 December 2010.

Liabilities

As of 31 December 2011, the Group's total liabilities amounted to approximately RMB1,032.9 million, representing an increase of approximately RMB83.0 million as compared to the balance as at 31 December 2010. Current liabilities amounted to approximately RMB926.9 million, accounting for approximately 89.7% of total liabilities and non-current liabilities amounted to approximately RMB106.0 million, accounting for approximately 10.3% of total liabilities. The increase in liabilities was mainly attributable to the increase in trade payables due to the corresponding increase of purchases for production of inventory for increased sales volumes.

Turnover Days

During the year, the average inventory turnover days increased from 122 days to 134 days. This was due to increased finished goods which will be delivered upon receiving notice from our customers that the coal mines are ready for production.

During the year, the average turnover days of trade receivables increased from 173 days to 219 days as compared to 2010 due to longer credit periods that were granted to our strategic customers.

During the year, the average turnover days of trade payables was 147 days, representing an increase of 26 days as compared to 121 days in 2010. This is mainly due to our continuing effort to maximize cash flow while continuing to stabilize our relationship with our suppliers.

Contingent Liabilities

As of 31 December 2011, we had no material contingent liabilities.

Pledge of Assets

As of 31 December 2011, we pledged assets with a value of RMB74.6 million for secured bank loans and bank acceptance notes, comprising primarily of building, land use rights, bill receivables and cash deposits.

Capital Expenditure and Commitment

Our capital expenditures were RMB142.6 million in 2011 as compared to RMB461.7 million in 2010. Our capital expenditures during 2011 related primarily to the purchases and overhaul of machinery, establishing new buildings, upgrading information technology systems and investing in associates.

As of 31 December 2011, the Group had capital commitments of RMB61.8 million, which primarily related to commitments to purchase machinery.

Foreign Exchange Exposure

As of 31 December 2011, the Group's foreign currency deposits were equivalent to approximately RMB255.4 million.

Employee Remuneration and Benefit

As of 31 December 2011, the Group had 3,718 employees as compared to 3,675 as of 31 December 2010. All of our employees have employment contracts which specify the individual's position, responsibilities, remuneration and grounds for termination pursuant to Chinese Labour Law and relevant regulations. Our employees are selected through a competitive process.

The table below sets forth the number of our employees by their functions.

	As of 31 December 2011	
	Number	**% of total**
Manufacturing personnel	**2,352**	**63.3%**
Technical personnel (including R&D)	**408**	**11.0%**
Sales and marketing personnel	**347**	**9.3%**
Administrative personnel	**279**	**7.5%**
Procurement personnel	**134**	**3.6%**
Financial personnel	**76**	**2.0%**
Others	**122**	**3.3%**
Total employees	**3,718**	**100.0%**

Staff costs including Directors' remuneration were approximately RMB238.8 million for 2011 as compared to approximately RMB225.7 million for 2010. The remuneration package for our employees generally includes salaries and bonuses. We conduct periodic performance reviews for all of our employees and their salaries and provide our employees with performance-based bonuses. Employees also receive welfare benefits, including medical care, housing subsidies, retirement, occupational injury insurance and other miscellaneous benefits as required by Chinese law. In addition, we contribute to various pension funds organized by municipal and provincial governments for our employees in compliance with applicable laws and regulations.

PROSPECTS

China is the world's largest producer and consumer of coal and the China National Coal Machinery Industry Association ("CMIA") expects it to remain so for the foreseeable future. Chinese coal spot prices have been on a downward trend since November 2011 and are stablizing in 2012. We see steady growth in demand and the need for increased supply. CMIA also estimates that companies will invest RMB77 billion in coal mining machinery in 2012 to meet the demand of increasing coal production. We expect this to directly benefit the coal mining machinery industry and our customers will gradually turn to new and additional automation to help them extract coal in a more cost efficient and timely manner.

Guided by the Twelfth Five-Year Plan, the provincial governments have commanded the consolidation of coal resources as well as coal enterprises, and they will continue the restructuring in the next five years. To meet the objective of the Twelfth Five-Year Plan, large mining companies are likely to increase the capacity of existing large mines or restructure small mines and introduce mining machines to the consolidated coal mines. The market leaders, including the Company are set to benefit from the increasing demand for equipment from large mining companies and continue to outperform the industry's growth.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011.

Code on Corporate Governance Practices (the "Code")

The Company has adopted the code provisions set out in the Code. For the year ended 31 December 2011, the Company has complied with all the applicable code provisions set out in the Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. The Company has made specific enquiry to all of the Directors, and all of the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2011.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year 2011.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 24 January 2010 in compliance with the Code. The Audit Committee has written terms of reference as suggested under the code provisions under the Code. The Audit Committee is comprised of independent non-executive directors.

The Audit Committee has adopted the terms of reference as outlined under the Code. The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2011.

Auditors

Ernst & Young was approved as the Company's auditor for the past four years. The consolidated financial statements included in this report were audited by Ernst & Young who will retire as auditors of the Company and, being eligible, offer themselves for re-appointment.

Change of Chairman of Remuneration Committee

To enhance the corporate governance level and pursuant to the latest modified provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board appointed Dr. Fung Man Norman Wai, an independent non-executive director of the Company, as the Chairman of the Remuneration Committee with effect from 30 March 2012.

APPOINTMENT OF MEMBERS OF AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Board has also made the following appointment to the board committees of the Company:-

1. Mr. Michael S. Olsen, a non-executive director of the Company, has been appointed as a member of the Audit Committee; and

2. Mr. Edward L. Doheny II, a non-executive director of the Company, has been appointed as a member of the Remuneration Committee.

By order of the Board of
International Mining Machinery Holdings Limited
Mr. Michael W. Sutherlin
Chairman

Hong Kong, 30 March 2012

As at the date of this announcement the board of directors of the Company comprises 12 directors. Michael W. Sutherlin, Kee-Kwan Allen Chan, Kwong Ming Pierre Tsui, and Yinghui Wang are executive Directors, Michael S. Olsen, Edward L. Doheny II, Eric A. Nielsen and John D. Major (also known as Sean D. Major) are non-executive Directors and Yiming Hu, Xuezheng Wang, Zhenduo Yuan and Fung Man Norman Wai are independent non-executive Directors.