中煤

CHINA COAL ENERGY COMPANY LIMITED*

中國中煤能源股份有限公司

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

(Stock Code: 01898)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

Financial highlights:

- Revenue of the Group in the first half of 2013 was RMB40.398 billion, representing a decrease of RMB5.322 billion (or 11.6%) over the same period of 2012.
- Profit attributable to the equity holders of the Company in the first half of 2013 was RMB3.221 billion, representing a decrease of RMB1.961 billion (or 37.8%) over the same period of 2012.
- Basic earnings per share during the reporting period was RMB0.24, representing a decrease of RMB0.15 over the same period of 2012.
- EBITDA in the first half of 2013 was RMB7.999 billion, representing a decrease of RMB1.514 billion (or 15.9%) over the same period of 2012.
- The Company does not distribute interim dividends for 2013.

The board of directors of China Coal Energy Company Limited (the "China Coal Energy" or the "Company") (the "Board") is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The Group's interim results have not been audited, but have been reviewed by the Company's auditor, PricewaterhouseCoopers.

A. SELECTED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013 Unaudited	**2012 Unaudited and restated**
	Note	*RMB'000*	*RMB'000*
Revenue	4	40,398,169	45,719,981
Cost of sales			
Materials		(16,360,639)	(19,850,961)
Staff costs		(2,284,304)	(2,277,559)
Depreciation and amortisation		(2,524,698)	(2,110,345)
Repair and maintenance		(560,230)	(548,809)
Transportation costs		(5,910,015)	(5,459,156)
Sales taxes and surcharges		(653,888)	(722,360)
Others		(4,866,799)	(5,123,547)
Cost of sales		(33,160,573)	(36,092,737)
Gross profit		7,237,596	9,627,244
Selling, general and administrative expenses		(2,034,747)	(2,352,022)
Other income		2,346	4,175
Other gains, net		15,816	47,349
Profit from operations		5,221,011	7,326,746
Finance income	5	298,993	421,156
Finance costs	5	(455,105)	(593,749)
Share of profits of associates and jointly controlled entities		141,085	207,975
Profit before income tax		5,205,984	7,362,128
Income tax expense	6	(1,307,228)	(1,837,080)
Profit for the period		3,898,756	5,525,048
Profit attributable to:			
Equity holders of the Company		3,221,388	5,182,218
Non-controlling interests		677,368	342,830
		3,898,756	5,525,048
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB Yuan)	7	0.24	0.39
Dividends distributed	8	2,784,319	2,851,145
Dividends proposed after the balance sheet date		–	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited and restated**
	RMB'000	*RMB'000*
Profit for the period	3,898,756	5,525,048
Other comprehensive (loss)/income:		
Fair value changes on available-for-sale financial assets, net of tax	(2,106)	145
Currency translation differences	(25,887)	680
Total items that may be reclassified subsequently to profit or loss	(27,993)	825
Other comprehensive (loss)/income for the period, net of tax	(27,993)	825
Total comprehensive income for the period	3,870,763	5,525,873
Total comprehensive income attributable to:		
Equity holders of the Company	3,193,395	5,183,043
Non-controlling interests	677,368	342,830
	3,870,763	5,525,873

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2013

	Note	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		95,540,728	85,510,277
Investment properties		45,163	45,973
Land use rights		3,530,253	3,528,506
Mining and exploration rights		32,213,074	32,478,629
Intangible assets		130,754	126,677
Investments in associates		9,090,894	8,484,033
Investments in jointly controlled entities		485,305	378,506
Available-for-sale financial assets		1,666,365	1,687,917
Deferred income tax assets		428,169	377,626
Long-term receivables		40,274	137,304
Other non-current assets		3,952,350	3,550,900
Total non-current assets		147,123,329	136,306,348
Current assets			
Inventories		7,316,031	6,697,169
Trade and notes receivables	9	13,395,626	11,393,750
Prepayments and other receivables		6,785,727	6,366,984
Restricted bank deposits		1,926,756	2,229,495
Term deposits with initial terms of over three months		8,627,355	9,471,440
Cash and cash equivalents		8,483,486	13,222,515
Total current assets		46,534,981	49,381,353
TOTAL ASSETS		193,658,310	185,687,701
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		13,258,663	13,258,663
Reserves		43,989,017	43,316,190
Retained earnings			
– Dividends proposed after the balance sheet date		–	2,785,296
– Others		29,887,789	27,366,244
		87,135,469	86,726,393
Non-controlling interests		15,079,876	14,694,025
Total equity		102,215,345	101,420,418

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2013

	Note	30 June 2013 Unaudited *RMB'000*	31 December 2012 Audited *RMB'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		25,074,423	20,170,908
Long-term bonds		19,935,092	19,906,414
Deferred income tax liabilities		7,680,343	7,444,881
Deferred revenue		413,859	392,987
Provision for employee benefits		115,696	144,692
Provision for close down, restoration and environmental costs		1,125,869	1,137,265
Other long-term liabilities		889,274	944,028
Total non-current liabilities		55,234,556	50,141,175
Current liabilities			
Trade and notes payables	10	17,863,728	16,101,537
Accruals, advance and other payables		9,607,212	9,261,601
Taxes payables		753,838	2,184,553
Short-term borrowings		6,546,768	5,130,346
Current portion of long-term borrowings		1,376,712	1,411,010
Current portion of provision for close down, restoration and environmental costs		60,151	37,061
Total current liabilities		36,208,409	34,126,108
Total liabilities		91,442,965	84,267,283
TOTAL EQUITY AND LIABILITIES		193,658,310	185,687,701
NET CURRENT ASSETS		10,326,572	15,255,245
TOTAL ASSETS LESS CURRENT LIABILITIES		157,449,901	151,561,593

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 ORGANISATION

The Company was established in the People's Republic of China (the "PRC") on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring of China National Coal Group Corporation ("China Coal Group" or the "Parent Company").

The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 2006, while its A shares have been listed on the Shanghai Stock Exchange since February 2008.

This condensed consolidated interim financial information has been reviewed, not audited by the independent auditors.

2 BASIS OF PRESENTATION

(a) These condensed consolidated interim financial statements for the six months ended 30 June 2013 has been prepared in accordance 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 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Acquisition of China Coal Sales and Transportation Company Limited ("China Coal Sales and Transportation Company") in the six months ended 30 June 2012

In order to further enhance coal sales networks of the Group, on 27 March 2012, the Company entered into a share purchase agreement with China Coal Group, pursuant to which 100% equity interest in China Coal Sales and Transportation Company, was transferred to the Company for a consideration of RMB206,581,200. The acquisition date of this transaction is 30 June 2012, when the consideration was paid and control was obtained. China Coal Sales and Transportation Company is principally engaged in the trading of coal product in China.

As China Coal Group is the ultimate holding company of both the Company and China Coal Sales and Transportation Company, this acquisition is a transaction under common control, and the Company had accounted for it in a manner similar to a uniting of interests. Comparative information has been restated as if the operations of China Coal Sales and Transportation Company had been under the control of the Company since the beginning of the earliest period presented.

(c) Acquisition of Shanxi Zhongxin Tangshangou Coal Industry Company Limited ("Tang Shan Gou Company") in 2012

In order to increase the Group's coal resources, on 27 March 2012, the Company entered into a share purchase agreement with China Coal Group, pursuant to which 80% equity interest in Tang Shan Gou Company, was transferred to the Company for a consideration of RMB1,112,609,000. The acquisition date of this transaction is 31 December 2012, when the consideration was fully paid and control was obtained. Tang Shan Gou Company is principally engaged in the coal mining activities in China.

As China Coal Group is the ultimate holding company of both the Company and Tang Shan Gou Company, this acquisition is a transaction under common control, and the Group had accounted for it in a manner similar to a uniting of interests. Comparative information has been restated as if the operations of Tang Shan Gou Company had been under the control of the Company since the beginning of the earliest period presented.

3 SIGNIFICANT ACCOUNTING POLICIES

Except described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

The Group has adopted the following standards, amendments to standards and interpretation which are effective from 1 January 2013 and relevant to the operations of the Group in the current period.

- Amendment to IFRS 7 'Financial instruments: Disclosures'
- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosures of interests in other entities'
- IFRS 13 'Fair value measurement'
- IAS 1 (Amendment) 'Presentation of financial statements'
- IAS 19 (Revised 2011) 'Employee benefits'
- IAS 27 (Revised 2011) 'Separate financial statements'
- IAS 28 (Revised 2011) 'Investments in associates and joint ventures'
- IFRIC 20 'Stripping costs in the production phase of a surface mine'

The adoptions, apart from certain additional disclosures, don't have significant impact on the condensed consolidated interim financial information of the Group.

The Group has not early adopted any new or amended standards that have been issued but are not effective for the financial year beginning 1 January 2013.

4 SEGMENT INFORMATION

1) General information

a. Factors that management used to identify the entity's reportable segments

The chief operating decision maker ("CODM") has been identified as the President Office (總裁辦公會).

The Group's reportable segments are entities or group of entities that offer different products and services. The following reportable segments are presented in a manner consistent with the way in which information is reported internally to the Group's CODM for the purpose of resource allocation and performance assessment. They are managed according to different nature of products and services, production process and the environment in which they are operating. Most of these entities engage in just one single business, except for a few entities dealing with a variety of operations. Financial information of these entities has been separately presented as discrete segment information for CODM's review.

b. *Reportable segment*

The Group's reportable segments are coal, coke and coal-chemical product and mining machinery:

- Coal – Production and sales of coal;
- Coke and coal-chemical products – Production and sales of coke and coal-chemical products;
- Mining machinery – Manufacturing and sales of mining machinery.

2) Information about reportable segment profit, assets and liabilities

a. *Measurement of operating segment profit or loss, assets and liabilities*

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance on the basis of profit or loss before income tax expense. The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices. The amounts of segment information are denominated in RMB, which is consistent with the amounts in the reports used by the CODM.

b. *Reportable segments' profit, assets and liabilities*

	For the six months ended and as at 30 June 2013 (Unaudited)						
	Coal *RMB'000*	**Coke and coal-chemical product** *RMB'000*	**Machinery** *RMB'000*	**Others** *(Note (a))* *RMB'000*	**Non operating Segment** *RMB'000*	**Inter-segment Elimination** *RMB'000*	**Total** *RMB'000*
Revenue							
Total Revenue	33,512,268	1,947,271	3,929,971	1,784,742	–	(776,083)	40,398,169
Inter-segment revenue	(139,006)	–	(266,606)	(370,471)	–	776,083	–
Revenue from external customers	33,373,262	1,947,271	3,663,365	1,414,271	–	–	40,398,169
Profit/(loss) from operations	5,070,488	(2,364)	323,457	15,654	(186,066)	(158)	5,221,011
Profit/(loss) before income tax	4,847,341	(15,304)	322,532	(7,265)	58,838	(158)	5,205,984
Interest income	93,887	8,160	3,907	1,095	415,928	(223,984)	298,993
Interest expense	(455,077)	(52,046)	(8,261)	(23,391)	(238,689)	223,984	(553,480)
Depreciation and amortisation	(2,405,728)	(76,060)	(78,715)	(204,218)	(13,012)	–	(2,777,733)
Share of profits of associates and jointly controlled entities	45,248	30,832	4,506	–	60,499	–	141,085
Income tax expense	(1,266,969)	(1,459)	(22,261)	(14,494)	(2,045)	–	(1,307,228)
Other material non-cash items							
Reversal of/(provision for) impairment of other assets	(6,616)	34	(31,563)	(1,392)	–	–	(39,537)
Segment assets and liabilities							
Total assets	97,274,479	29,991,305	15,282,141	8,826,685	46,638,704	(4,355,004)	193,658,310
Include: investment in associates and jointly controlled entities	532,604	612,264	79,575	–	8,351,756	–	9,576,199
Expenditures for non-current assets	5,622,506	6,370,636	524,228	137,524	5,877	–	12,660,771
Total liabilities	34,643,500	9,382,200	5,395,874	4,839,398	40,881,724	(3,699,731)	91,442,965

	For the six months ended 30 June 2012 (Unaudited and restated) and as at 31 December 2012 (Audited)						
	Coal	**Coke and coal-chemical product**	**Machinery**	**Others** *(Note (a))*	**Non operating Segment**	**Inter-segment Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
Total Revenue	37,814,130	2,344,797	4,531,808	2,058,369	–	(1,029,123)	45,719,981
Inter-segment revenue	(166,364)	–	(556,097)	(306,662)	–	1,029,123	–
Revenue from external customers	37,647,766	2,344,797	3,975,711	1,751,707	–	–	45,719,981
Profit/(loss) from operations	7,262,307	(118,083)	346,664	(188)	(157,273)	(6,681)	7,326,746
Profit/(loss) before income tax	7,259,853	(173,049)	337,875	(27,200)	(28,670)	(6,681)	7,362,128
Interest income	96,203	36,899	4,559	1,496	695,450	(413,451)	421,156
Interest expense	(220,153)	(84,834)	(17,880)	(28,050)	(672,060)	413,451	(609,526)
Depreciation and amortisation	(1,974,255)	(85,606)	(73,508)	(44,892)	(7,747)	–	(2,186,008)
Share of profits of associates and jointly controlled entities	107,073	(9,247)	5,712	–	104,437	–	207,975
Income tax expense	(1,763,754)	(1,807)	(51,640)	(16,747)	(3,132)	–	(1,837,080)
Other material non-cash items							
Provision for impairment of property, plant and equipment	(30,104)	(43,000)	–	–	–	–	(73,104)
Reversal of/(provision for) impairment of other assets	(54,194)	11	(16,905)	(41,974)	–	–	(113,062)
Segment assets and liabilities							
Total assets	89,980,877	24,014,970	13,958,356	8,004,666	53,685,199	(3,956,367)	185,687,701
Include: investment in associates and jointly controlled entities	414,034	581,432	78,316	–	7,788,757	–	8,862,539
Expenditures for non-current assets	18,633,417	12,112,439	1,376,956	451,864	333,608	–	32,908,284
Total liabilities	29,963,400	7,357,638	5,440,008	4,751,442	39,959,442	(3,204,647)	84,267,283

Note:

(a) Others segment comprises of the five operating segments of the Group with the revenue below the quantitative thresholds. Those segments include two aluminium factories, four power generating plants, an equipment purchase agency, a tendering service provider and four manufacturing enterprises. None of those segments has ever met any of the quantitative thresholds for determining reportable segments.

3) Geographical information

Analysis of revenue

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited and restated**
	RMB'000	*RMB'000*
Domestic markets	40,188,328	45,303,371
Asia-Pacific markets	209,841	416,610
	40,398,169	45,719,981

Note:

(a) Revenue is attributed to countries on the basis of the customer's location.

Analysis of non-current assets

	30 June 2013	**31 December 2012**
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Domestic markets	144,978,034	134,087,597
Other overseas markets	10,487	15,904
	144,988,521	134,103,501

4) Information about major customers

Revenue from top five customers of the Group for the six months ended 30 June 2013 represents approximately 11.91% of the Group's total revenue (for the six months ended 30 June 2012(restated): 18.66%).

5 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited and restated**
	RMB'000	*RMB'000*
Interest expense:		
– Bank borrowings	979,950	513,932
– Long-term bonds	576,945	446,384
– Provisions: unwinding of discount	22,122	22,258
Other incidental borrowing costs and charges	5,262	1,314
Net foreign exchange gains	(103,637)	(17,091)
Finance costs	1,480,642	966,797
Less: amounts capitalised on qualifying assets	(1,025,537)	(373,048)
Total finance costs	455,105	593,749
Finance income:		
– interest income on bank deposits	292,217	396,577
– interest income on loans to related parties	6,776	24,579
Total finance income	298,993	421,156
Net finance costs	156,112	172,593

Note:

(a) Finance costs capitalised on qualifying assets are related to funds borrowed for the purpose of obtaining a qualifying asset. Capitalisation rates on such borrowings were as follows:

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited**
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	6.14% – 6.77%	5.68% – 7.05%

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited and restated**
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(Note (a))*	1,121,606	1,747,638
Deferred income tax	185,622	89,442
	1,307,228	1,837,080

Note:

(a) The provision for PRC enterprise income tax ("EIT") is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in 2013 and 2012 is 25% of the assessable income of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate 15% based on the relevant PRC tax laws and regulations.

7 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2013 and 2012 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,000 ordinary shares in issue during the period.

As the Company had no dilutive instruments for the six months ended 30 June 2013 and 2012, diluted earnings per share is the same as basic earnings per share.

8 DIVIDENDS

	Six months ended 30 June	
	2013	**2012**
	Unaudited	**Unaudited**
	RMB'000	*RMB'000*
Dividends		
– final dividends for 2011 *(Note (a))*	–	2,851,145
– final dividends for 2012 *(Note (b))*	2,784,319	–

Notes:

(a) The Board of Directors, in a meeting held on 27 March 2012, proposed to distribute a final dividend for 2011 to equity holders of the Company of RMB2,851,145,000 (RMB0.2150 Yuan per share), based on total number of shares which are in issue as at 31 December 2011. Such dividend distribution was approved by the shareholders' meeting held on 25 May 2012 and has been fully paid to shareholders in June and July 2012.

(b) On 13 May 2013, after approval from the annual general meeting of shareholders, the Company declared 2012 final dividend of RMB0.2100 Yuan per share, and the Company made dividend payment of approximately RMB2,784,319,000 for the six months ended 30 June 2013.

9 TRADE AND NOTES RECEIVABLES

	30 June 2013	31 December 2012
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Trade receivables, net *(Note (a))*	9,489,216	8,174,843
Notes receivables *(Note (b))*	3,906,410	3,218,907
	13,395,626	11,393,750

Notes:

(a) Aging analysis of trade receivables on each balance sheet date is as follows:

	30 June 2013	31 December 2012
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Within 6 months	7,521,049	7,025,354
6 months – 1 year	1,314,510	735,979
1 – 2 years	624,579	388,223
2 – 3 years	139,842	116,579
Over 3 years	254,981	242,860
Trade receivables, gross	9,854,961	8,508,995
Less: Impairment of receivables	(365,745)	(334,152)
Trade receivables, net	9,489,216	8,174,843

Trade receivables for sale of coal, coking and other products are with credit terms of six months, while those for sale of machineries generally are with longer credit terms. There are no significant trade receivables that are past due but are not impaired.

The individually impaired receivables relate to customers which are in unexpected difficult economic situations.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, domestically and internationally dispersed.

The Group does not hold any collateral as security.

Trade receivables from related parties are unsecured, interest free and repayable on demand in accordance with the relevant contract entered into between the Group and the related parties.

(b) Notes receivables are principally bank accepted bills of exchange with maturity of less than one year.

10 TRADE AND NOTES PAYABLES

	30 June 2013	31 December 2012
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	16,392,505	14,628,126
Notes payables	1,471,223	1,473,411
	17,863,728	16,101,537

Note:

(a) Aging analysis of trade payables on the balance sheet date is as follows:

	30 June 2013	31 December 2012
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Less than 1 year	14,764,604	13,003,636
1 – 2 years	916,927	1,126,700
2 – 3 years	366,353	333,837
Over 3 years	344,621	163,953
	16,392,505	14,628,126

11 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30 June 2013	**31 December 2012**
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Property, plant and equipment	24,792,549	18,725,052
Others	270,334	379,316
	25,062,883	19,104,368

(b) Operating lease commitments – where the Group is the lessee

The Group has commitments to make the following future minimum lease payments under non–cancelable operating leases:

	30 June 2013	**31 December 2012**
	Unaudited	**Audited**
	RMB'000	*RMB'000*
Land and buildings:		
– Within 1 year	122,663	126,211
– From 1 year to 5 years	285,164	314,828
– Over 5 years	831,869	862,680
	1,239,696	1,303,719

(c) Investment commitments

The Company and China Coal Group signed an investment agreement on 21 August 2012 and agreed to jointly set up China Coal Energy Finance Company Limited, which has been approved by China Banking Regulatory Commission. As of 30 June 2013, the Company is committed to invest RMB2,730 million in this company.

The Company and China Railway Investment Corporation along with other 14 companies signed a founders' agreement on 16 August 2012 and agreed to jointly set up Mengxi-Huazhong Railway Company Limited. Up to 30 June 2013, the Company has paid the first investment instalment of RMB100 million and is committed to further invest RMB5,300 million in this company in future years.

12 SUBSEQUENT EVENTS

On 23 July 2013, the Company issued corporate bonds with a total amount of RMB5,000,000,000 at a par value of RMB100 for each and received total proceeds of RMB5,000,000,000. The bonds are fully repayable on 25 July 2020 when they become due. These bonds carry a coupon rate of 5.26% per annum and the interest charge will be paid on 25 July annually in each of the following 7 years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The grim world economy showed few fundamental improvements in the first half of 2013, as witnessed by the slow recovery course in the United States and other developed economies coupled with the lingering depression in the Eurozone. The international coal market experienced a slowdown in demand, leading to an oversupply and the declining coal prices. In China, the structural contradictions were still apparent and the domestic economy, albeit with a continued stable growth, slowed down its momentum notably. The domestic coal market remained sufficient in overall supply with disproportionable surplus, mainly attributable to the gradual commissioning of new coal production capacities, increasing coal imports and slower growth in demand from major coal consuming sectors. The bloating total coal inventory and an unqualified downward trend of thermal coal prices resulted in a sharp decrease in profitability of coal enterprises amid substantially increased difficulties in operation.

In face of the challenging market, the Company exerted itself to tap on internal potentials, responding to market impacts proactively in the principle of "adjustment, improvement, enhancement and upgrading". During the first half of 2013, the Company produced 58.84 million tonnes of commercial coal, representing an increase of 5.2%, as a result of the balanced and efficient production on the back of the proven scale merit and intensive production strengths of its major coal mines. Taking efforts in building up a safety-assured enterprise with safe and efficient mines, the Company set a new record in coal production safety for 26 consecutive months. Sales volume of coal increased by 3.3% to 75.17 million tonnes, thanks to the strengthened coal quality management and optimised product mix to draw upon the Company's brand strengths under a realigned marketing strategy. With an aim at enhancing cost-effectiveness to improve profitability, the unit cost of sales of self-produced commercial coal and the selling, general and administrative expenses recorded decrease of 4.6% and 13.5% respectively as compared to the same period of 2012. The Company managed to improve the quality of operations and risk resistance capacity by promoting collaboration across its business segments, strengthening centralised management on core businesses, streamlining inefficient operations and eliminating backward production capacity. Despite the broader loss-making scope across the industry, the Company posted profit before income tax of RMB5.206 billion and maintained stable production and operation during the reporting period.

While seeking to stabilise its business performance, the Company accelerated its industrial layout and restructuring paces. Adhering to the concept of recycling economy, the Company explored a new road in a coal-based approach featuring efficient utilisation and low carbon to create new strengths for future development. New mines including Pingshuo East Open Pit Mine, Wangjialing and Hecaogou Coal Mine further increased utilisation of coal production capacity, while Xiaohuigou Coal Mine and other coal mines projects expedited their construction paces. New progress was made in coal conversion projects: the Yulin Methanol and Acetic Acid Deep Processing Project and the Mengda Engineering Plastics Project broke ground; the coke oven gas produced fertiliser project in Lingshi of Shanxi was expected to reach full capacity by the end of 2013; and the Tuke Fertiliser project was planned to complete the commissioning test run by the end of 2013. The power generation segment was promoted proactively, as demonstrated by the faster progress of the 2x660MW mine mouth coal gangue power generation model project in Pingshuo Mining Area. The new businesses and bases will greatly promote the synergy of the Company's relevant segments, laying a solid foundation for a globally competitive energy giant with more reasonable industrial layout and healthy growth in operating performance.

Currently, in spite of the short-term difficulties in a correction cycle, China's coal industry shall benefit from the following positive factors in the long run. Firstly, the PRC government is committed to upgrading China's economy based upon stabilised growth and optimised structure. The improving economic structure will be conducive for maintaining healthy economic growth and hence the continuous expansion in coal demand in the future. Secondly, according to China's resource endowments and energy consumption structure, coal will remain as one of the most important fundamental energy resources in a longer horizon, along with the persisted imbalance between short-term sufficient supply and long-term insufficiency as a whole. Thirdly, China is eager to cultivate new coal economic advantages by encouraging the construction of large-scale coal bases and conglomerates and increasing the industry concentration. The current market implies favourable acquisition and consolidation opportunities for large-scale coal enterprises with cost strength and strong background. As a leading player in domestic coal industry, China Coal Energy will uphold its philosophy of "rooted in coal operations for extension and breakthroughs" and leverage on its resource concentration pattern to build up two growth engines in Pingshuo and Inner Mongolia-Shaanxi, so as to create new cutting edge by formulating a scientific landscape. The Company will leverage on its pattern of industrial value chain to speed up industrial restructuring, including shifting the application of coal from fuel to both raw material and fuel and increasing the coal conversion ratio, to translate resource strength into economic advantage as soon as possible to foster new growth drivers. The Company will also leverage on the pattern of industrial cycle, capturing market consolidation opportunities to draw upon its strong market competitiveness in cost control, customer retention, product profitability and railway transportation capacity so as to create new advantages from transformation and upgrading. During the "Twelfth Five-year Plan" period, a string of projects with an aim at industrial chain extensions and structural adjustments will be expedited and expected to gradually generate income in the coming years. The second 100 million-tonne coal electricity chemical base is taking shape.

During the second half of 2013, the Company will keep a close eye on market evolution while enhancing the coordination among production, transportation and sales, refining management and speeding up project construction in order to improve the quality and efficiency of business operations. Focuses will be placed on the following aspects under the annual targets of production and operation:

– Reinforcing production organisation to expand coal production capacity. The Company will strengthen on-site management, continuously carry forward technical researches on complicated geological conditions, and tackle the technological bottlenecks restricting unit output and unit roadheading level in order to increase production efficiency.

– Aggressively exploring market to improve economic efficiency. With increasing marketing efforts, the Company will optimise customer management system and make timely adjustments to sales strategy in order to enhance its rapid market responsiveness.

– Strengthening coal quality management to sharpen the market competitive edge. The Company will improve its coal quality management by strengthening source management, continuing to promote coal quality forecast, exercising stricter coal production process control and standardising operational activities in coal production.

– Focusing on cost effectiveness to upgrade corporate management. With a comprehensive budgetary system for stricter control on unbudgeted expenditures, a number of initiatives will be introduced to ensure that the unit cost of sales of self-produced commercial coal shall stay within the budget target.

– Speeding up project construction for earlier commissioning and faster payback. While assigning the targets and responsibilities under well-paced investment schedules for better quality of project construction and utilisation of information technology, the Company will strengthen staff training to prepare for the commissioning of new production capacity, aiming to translate resource strength into development advantage as soon as possible.

Victory belongs to the team united by sharing common goals and weathering storms together. Facing difficult market environment and unprecedented operating pressure, the management and the whole staff of the Company will collaborate with each other in a courageous, confident and determined manner to go against the odds and forge through all difficulties with concerted efforts and endless vitality. We shall be committed to improving the operating performance and quality of development with an aim to realise the long-term goals of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The following discussion and analysis should be read in conjunction with the Group's reviewed financial statements and the notes thereto. The Group's interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

I. OVERVIEW

In the first half of 2013, the Group proactively addressed the grave situation in coal market by organising production scientifically, optimising product structure, adjusting marketing strategies in a timely manner and reinforcing the efforts to bring down costs and boost efficiency. As a result, costs remained under effective control. However, due to the decline of coal prices, for the six months ended 30 June 2013, the Group's total revenue (net of inter-segmental sales) amounted to RMB40.398 billion, representing a decrease of 11.6% as compared to the same period of 2012; profit before income tax amounted to RMB5.206 billion, representing a decrease of 29.3% as compared to the same period of 2012; profit attributable to the equity holders of the Company amounted to RMB3.221 billion, representing a decrease of 37.8% as compared to the same period of 2012; and basic earnings per share were RMB0.24, representing a decrease of RMB0.15 as compared to the same period of 2012.

Unit: RMB100 million

	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/decrease	
			Increase/ decrease in amount	Increase/ decrease *(%)*
Revenue	403.98	457.20	-53.22	-11.6
Profit before income tax	52.06	73.62	-21.56	-29.3
EBITDA	79.99	95.13	-15.14	-15.9
Profit attributable to the equity holders of the Company	32.21	51.82	-19.61	-37.8
Net cash generated from operating activities	31.32	41.82	-10.50	-25.1

Note: In the second half of 2012, the Group acquired the 80% equity interest in Tang Shan Gou Company from Import and Export Company, a subsidiary of China Coal Group. The relevant data for the comparative period have been restated (same as below).

As at 30 June 2013, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 34.1%, representing an increase of 2.6 percentage points from the beginning of 2013.

Unit: RMB100 million

	As at 30 June 2013	**As at 31 December 2012**	**Increase/ decrease**	
			Increase/ decrease in amount	**Increase/ decrease (%)**
Assets	1,936.58	1,856.87	79.71	4.3
Liabilities	914.43	842.67	71.76	8.5
Interest-bearing debts	529.33	466.19	63.14	13.5
Equity	1,022.15	1,014.20	7.95	0.8
Equity attributable to the equity holders of the Company	871.35	867.26	4.09	0.5

II. OPERATING RESULTS

(1) Consolidated Operating Results

1. Revenue

For the six months ended 30 June 2013, the Group's total revenue (net of inter-segmental sales) decreased from RMB45.720 billion for the six months ended 30 June 2012 to RMB40.398 billion, representing a decrease of 11.6%.

Changes in revenue net of inter-segmental sales from the Group's four operating segments of coal, coking, coal mining equipment and other operations for the six months ended 30 June 2012 in comparison with the six months ended 30 June 2012 are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		**Increase/decrease**	
	For the six months ended 30 June 2013	**For the six months ended 30 June 2012 (Restated)**	**Increase/ decrease in amount**	**Increase/ decrease (%)**
Coal operations	333.73	376.47	-42.74	-11.4
Coking operations	19.47	23.45	-3.98	-17.0
Coal mining equipment operations	36.63	39.76	-3.13	-7.9
Other operations	14.15	17.52	-3.37	-19.2
Total	403.98	457.20	-53.22	-11.6

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the six months ended 30 June 2013 and the six months ended 30 June 2012 in the Group's total revenue is set out as follows:

	Proportion of revenue net of inter-segmental sales		
	For the six months ended 30 June 2013 *(%)*	**For the six months ended 30 June 2012 (Restated)** *(%)*	**Increase/ decrease** *(Percentage point)*
Coal operations	82.6	82.3	0.3
Coking operations	4.8	5.1	-0.3
Coal mining equipment operations	9.1	8.7	0.4
Other operations	3.5	3.9	-0.4
Total	100.0	100.0	–

2. Cost of sales

For the six months ended 30 June 2013, the Group's cost of sales decreased from RMB36.093 billion for the six months ended 30 June 2012 to RMB33.161 billion, representing a decrease of 8.1%.

Material costs decreased from RMB19.851 billion for the six months ended 30 June 2012 to RMB16.361 billion, representing a decrease of 17.6%. The decrease was mainly attributable to the decrease in sales volume of proprietary coal purchased by the Group and the decrease in external purchase of raw coal for washing purpose as compared to the same period of 2012. In addition, the Group's further enhancement of the management of per unit consumption of materials in response to market changes and the decrease in per unit purchasing prices of some materials as compared to the same period of 2012 also led to a decrease in material costs.

Staff costs increased from RMB2.278 billion for the six months ended 30 June 2012 to RMB2.284 billion, representing an increase of 0.3%. The increase was mainly attributable to the commencement of operation of the Group's construction-in-progress projects during the reporting period, such as Wangjialing coal mine, which led to an increase in staff number on the payroll as expensed in costs. However, thanks to the salary adjustment linked with the Group's results and the on-going optimisation of staff salary strategies, the increase in costs as a result of additional number of staff was offset, thus effectively curbing the rise in labour cost.

Depreciation and amortisation expenses increased from RMB2.110 billion for the six months ended 30 June 2012 to RMB2.525 billion, representing an increase of 19.7%. The increase was mainly attributable to the transfer of the Group's construction-in-progress projects, such as Wangjialing coal mine, to fixed assets, and an increase in equipment and facilities purchased to satisfy the need in production and operation.

Repair and maintenance costs increased from RMB0.549 billion for the six months ended 30 June 2012 to RMB0.560 billion, representing an increase of 2.0%. During the reporting period, the Group's subsidiaries made full play to their own repair and maintenance capacities for the equipment used in production and operation despite the intensified operation of such equipment, and therefore the repair expenditures incurred remained stable.

Transportation costs increased from RMB5.459 billion for the six months ended 30 June 2012 to RMB5.910 billion, representing an increase of 8.3%. The increase was mainly attributable to the combined effect of the increased tariff rate of cargo transport through certain railway routes as well as the increase in the sales of self-produced coal that bore transport costs in the Group's Pingshuo Mining Area as compared to the same period of 2012, resulting in the increase in transportation costs.

Outsouring mining engineering fees for coal mines decreased from RMB1.623 billion for the six months ended 30 June 2012 to RMB1.500 billion, representing a decrease of 7.6%. The decrease was mainly attributable to the scientific arrangement of stripping and fully-mechanised mining projects in light of production schedules by the Group's coal producing subsidiaries as well as the strengthening of the management of outsourcing businesses.

Sales taxes and surcharges decreased from RMB0.722 billion for the six months ended 30 June 2012 to RMB0.654 billion, representing a decrease of 9.4%. The decrease was mainly attributable to the decrease in revenue from operation as compared to the same period of 2012.

Other costs decreased from RMB3.501 billion for the six months ended 30 June 2012 to RMB3.367 billion, representing a decrease of 3.8%. During the reporting period, the decrease was mainly attributable to the decrease in payment of water discharge fees levied on mining activities and mining resources compensation fee as compared to the same period of 2012. The decrease was also attributed to the decrease in the corresponding expenses as compared to the same period of 2012 due to the Group's enhanced management of small and medium engineering projects expenses in the normal course of business.

3. Gross profit and gross profit margin

For the six months ended 30 June 2013, gross profit of the Group decreased from RMB9.627 billion for the six months ended 30 June 2012 to RMB7.237 billion, representing a decrease of 24.8%, and gross profit margin decreased from 21.1% for the six months ended 30 June 2012 to 17.9%, representing a decrease of 3.2 percentage points.

The gross profit and gross profit margin of the Group's each operating segment for the six months ended 30 June 2013 and for the six months ended 30 June 2012 are as follows:

Unit: RMB100 million

	Gross profit			Gross profit margin(%)		
	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease (%)	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease (Percentage point(s))
Coal operations	62.71	85.83	-26.9	18.7	22.7	-4.0
Self-produced commercial coal	62.07	83.78	-25.9	25.2	30.9	-5.7
Proprietary coal trading	0.70	1.60	-56.3	0.8	1.5	-0.7
Coking operations	0.58	0.01	–	3.0	0.04	2.96
Coal mining equipment operations	7.89	8.80	-10.3	20.1	19.4	0.7
Other operations	1.24	1.75	-29.1	6.9	8.5	-1.6
Group	72.37	96.27	-24.8	17.9	21.1	-3.2

Note: The above gross profit and gross profit margin of each operating segment are figures before netting of inter-segmental sales.

(2) Operating results of segments

1. Coal segment

- Revenue

Revenue from the coal operations of the Group was mainly generated from sales of coal produced from our own coal mines and coal washing plants (sales of self-produced commercial coal) to domestic and overseas customers. In addition, the Group also purchased coal from external coal enterprises for resale to customers (sales of proprietary coal trading) and was engaged in coal import and export agency services.

For the six months ended 30 June 2013, the total revenue from coal operations of the Group decreased from RMB37.814 billion for the six months ended 30 June 2012 to RMB33.512 billion, representing a decrease of 11.4%; revenue net of other inter-segmental sales decreased from RMB37.647 billion for the six months ended 30 June 2012 to RMB33.373 billion, representing a decrease of 11.4%.

For the six months ended 30 June 2013, revenue from sales of self-produced commercial coal of the Group decreased from RMB27.087 billion for the six months ended 30 June 2012 to RMB24.672 billion, representing a decrease of 8.9%; revenue net of other inter-segmental sales decreased from RMB26.977 billion for the six months ended 30 June 2012 to RMB24.538 billion, representing a decrease of 9.0%. Revenue from sales of proprietary coal trading decreased from RMB10.489 billion for the six months ended 30 June 2012 to RMB8.650 billion, representing a decrease of 17.5%. Revenue from coal import and export agency services decreased from RMB24 million for the six months ended 30 June 2012 to RMB19 million, representing a decrease of 20.8%.

Changes in the Group's coal sales volume and selling price for the six months ended 30 June 2013 in comparison with the six months ended 30 June 2012 are set out as follows:

		For the six months ended 30 June 2013		For the six months ended 30 June 2012 (Restated)		Increase/decrease in amount		Increase/decrease	
		Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(%)*	Selling price *(%)*
1. Self-produced commercial coal	Total	5,629	436	5,443	496	186	-60	3.4	-12.1
	(I) Thermal coal	5,347	416	5,440	496	-93	-80	-1.7	-16.1
	1. Domestic sale	5,321	415	5,401	494	-80	-79	-1.5	-16.0
	(1) Long-term contract	3,327	434	2,352	463	975	-29	41.5	-6.3
	(2) Spot trading	1,994	383	3,049	518	-1,055	-135	-34.6	-26.1
	2. Export	26	624	39	797	-13	-173	-33.3	-21.7
	(1) Long-term contract	26	624	39	797	-13	-173	-33.3	-21.7
	(2) Spot trading	☆	☆	☆	☆	–	–	–	–
	(II) Coking coal	282	810	3	812	279	-2	–	-0.2
	1. Domestic sale	282	810	3	812	279	-2	–	-0.2
	(1) Long-term contract	☆	☆	☆	☆	–	–	–	–
	(2) Spot trading	282	810	3	812	279	-2	–	-0.2
	2. Export	☆	☆	☆	☆	–	–	–	–
2. Proprietary coal trading	Total	1,709	506	1,665	630	44	-124	2.6	-19.7
	(I) Domestic resale	1,639	503	1,441	631	198	-128	13.7	-20.3
	(II) Self-operated exports	2*	2,245	2*	3,144	–	-899	–	-28.6
	(III) Import trading	54	539	217	599	-163	-60	-75.1	-10.0
	(IV) Transshipment trading	14	551	5	1,056	9	-505	180.0	-47.8
3. Import and export agency★	Total	179	10	169	14	10	-4	5.9	-28.6
	(I) Import agency	77	11	41	6	36	5	87.8	83.3
	(II) Export agency	102	10	128	17	-26	-7	-20.3	-41.2

☆ : N/A for the period (same as below)
★ : Selling price is agency service fee
* : Briquette export

• Cost of sales

For the six months ended 30 June 2013, cost of sales for the Group's coal operations decreased from RMB29.231 billion for the six months ended 30 June 2012 to RMB27.241 billion, representing a decrease of 6.8%. Changes in the major cost items are set out as follows:

Unit: RMB100 million

Items	For the six months ended 30 June 2013	Percentage (%)	For the six months ended 30 June 2012 (Restated)	Percentage (%)	Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding cost of external purchase of raw coal for washing purpose and proprietary coal trading cost)	28.06	10.3	30.11	10.3	-2.05	-6.8
Cost of external purchase of raw coal for washing purpose	6.42	2.4	12.02	4.1	-5.60	-46.6
Proprietary coal trading cost	85.20	31.3	103.29	35.3	-18.09	-17.5
Staff costs	17.22	6.3	16.91	5.8	0.31	1.8
Depreciation and amortisation	22.06	8.1	17.77	6.1	4.29	24.1
Repairs and maintenance	5.19	1.9	5.07	1.7	0.12	2.4
Transportation costs	56.78	20.8	52.64	18.0	4.14	7.9
Coal sustainable development fund (reserve)	10.94	4.0	10.48	3.6	0.46	4.4
Outsourcing mining engineering fees	15.00	5.5	16.23	5.6	-1.23	-7.6
Sales taxes and surcharges	6.21	2.3	6.60	2.3	-0.39	-5.9
Other costs*	19.33	7.1	21.19	7.2	-1.86	-8.8
Total costs of sales for coal operations	272.41	100.0	292.31	100.0	-19.90	-6.8

*: Other costs include environmental restoration expenses incurred in relation to coal mining operation and expenses for small and medium projects etc. incurred in direct correlation to coal production.

For the six months ended 30 June 2013, the Group's cost of sales of self-produced commercial coal was RMB18.465 billion, representing a decrease of RMB244 million or 1.3% over the same period of 2012. The unit cost of sales of self-produced commercial coal was RMB328.09/tonne, representing a decrease of RMB15.64/tonne or 4.6% over the same period of 2012.

Changes of the major items of the Group's unit cost of sales of self-produced commercial coal are as follows:

Unit: RMB/tonne

Items	For the six months ended 30 June 2013	Percentage (%)	For the six months ended 30 June 2012 (Restated)	Percentage (%)	Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding the cost of external purchase of raw coal for washing purpose)	49.87	15.2	55.33	16.1	-5.46	-9.9
Cost of external purchase of raw coal for washing purpose	11.41	3.5	22.08	6.4	-10.67	-48.3
Staff costs	30.60	9.3	31.06	9.0	-0.46	-1.5
Depreciation and amortisation	39.19	12.0	32.72	9.5	6.47	19.8
Repairs and maintenance	9.23	2.8	9.31	2.7	-0.08	-0.9
Transportation costs	99.83	30.4	96.72	28.1	3.11	3.2
Sales taxes and surcharges	11.03	3.4	12.23	3.6	-1.20	-9.8
Coal sustainable development fund (reserve)	19.44	5.9	19.26	5.6	0.18	0.9
Outsourcing mining engineering fees	26.65	8.1	29.83	8.7	-3.18	-10.7
Other costs	30.84	9.4	35.19	10.3	-4.35	-12.4
Total unit cost of sales of self-produced commercial coal	328.09	100.0	343.73	100.0	-15.64	-4.6

The decrease in the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2013 as compared to the same period of 2012 was mainly attributable to:

Unit material cost decreased by RMB5.46/tonne as compared to the same period of 2012. The decrease was mainly attributable to stepped-up management of unit consumption of materials and enhancement of obsolete materials repair and waste reuse, as well as decreased procurement prices for some of the materials as compared to the same period of 2012.

Unit cost of external purchase of raw coal for washing purpose decreased by RMB10.67/tonne as compared to the same period of 2012. The decrease was mainly attributable to the decrease in the procurement volume of external purchase of raw coal for washing purpose and the procurement price of raw coal during the reporting period, which led to the decrease in cost of external purchase of raw coal for washing purpose.

Unit depreciation and amortisation cost increased by RMB6.47/tonne as compared to the same period of 2012. The increase was mainly attributable to the transfer of the Group's construction projects such as Wangjialing coal mine to fixed assets during the reporting period and continuous procurement of equipment, which led to the increase in depreciation cost.

Unit transportation cost increased by RMB3.11/tonne as compared to the same period of 2012. The increase was mainly attributable to the combined effect of the increased tariff rate of cargo transport through certain railway routes since May 2012 and February 2013 respectively and the increase in the sales of the self-produced coal that bore transport costs in the Group's Pingshuo Mining Area as compared to the same period of 2012, resulting in the increase in transportation costs.

Unit outsourcing mining engineering fees decreased by RMB3.18/tonne as compared to the same period of 2012. The decrease was mainly attributable to the scientific arrangement of stripping and fully-mechanised mining projects in light of production schedules by the Group's coal producing subsidiaries as well as the strengthening of the management of outsourcing businesses, which led to the decrease in unit outsourcing mining engineering fee as compared to the same period of 2012.

Unit other costs decreased by RMB4.35/tonne as compared to the same period of 2012. During the reporting period, the decrease was mainly attributable to the decrease in payment of water discharge fees levied on mining activities and mining resources compensation fee as compared to the same period of 2012. The decrease was also attributed to the decrease in the corresponding expenses as compared to the same period of 2012 due to the Group's enhanced management of small and medium engineering projects expenses in the normal course of business.

- Gross profit and gross profit margin

For the six months ended 30 June 2013, gross profit of the Group's coal operations segment decreased from RMB8.583 billion for the six months ended 30 June 2012 to RMB6.271 billion, representing a decrease of 26.9%, and gross profit margin decreased by 4.0 percentage points from 22.7% for the six months ended 30 June 2012 to 18.7%, which was mainly attributable to a decrease in gross profit margin of coal segment as a result of a significant decrease in coal selling price as compared to the same period of 2012 due to coal market conditions.

2. Coking Segment

- Revenue

For the six months ended 30 June 2013, the Group's revenue from coking operations decreased from RMB2.345 billion for the six months ended 30 June 2012 to RMB1.947 billion (generated entirely from revenue of external sales), representing a decrease of 17.0%. This was mainly due to a reduction in the weighted average selling price of coke as compared to the same period of 2012.

The revenue from coke sales of the Group for the six months ended 30 June 2013 was RMB1.532 billion, representing a decrease of RMB371 million as compared to the same period of 2012.

Changes in the sales volume and selling price of coke of the Group for the six months ended 30 June 2013 and for the six months ended 30 June 2012 are set out in the table below:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012		Increase/decrease in amount		Increase/decrease	
	Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(10,000 tonnes)*	Selling price *(RMB/ tonne)*	Sales volume *(%)*	Selling price *(%)*
Self-produced	90.8	1,256	90.2	1,601	0.6	-345	0.7	-21.5
Domestic sales	90.8	1,256	90.2	1,601	0.6	-345	0.7	-21.5
Exports	☆	☆	☆	☆	–	–	–	–
Proprietary trading	28.3	1,382	27.5	1,663	0.8	-281	2.9	-16.9
Domestic sales	25.7	1,404	27.2	1,659	-1.5	-255	-5.5	-15.4
Exports	2.6	1,166	0.3	2,004	2.3	-838	766.7	-41.8
Export agency*	0.6	13	1.5	20	-0.9	-7	-60.0	-35.0

*: Selling price is agency service fee

For the six months ended 30 June 2013, the Group's revenue from sales of chemical products including methanol, coal tar, crude benzol, urea etc. in the coking operations of the Group (in addition to coke sales) amounted to RMB415 million, representing a decrease of RMB27 million as compared to the same period of 2012. Among the sales, the sales volume of self-produced methanol of China Coal Heilongjiang Coal Chemical Company Limited of the Group amounted to 42.4 thousand tonnes. In addition, all methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of the China Coal Group, were sold externally via the Company, which increased the sales volume of methanol by 25.3 thousand tonnes. For the six months ended 30 June 2013, the Group's total sales volume of methanol amounted to 67.7 thousand tonnes with weighted average selling price of RMB2,049/tonne, achieving operating revenue of RMB139 million.

- Cost of sales

For the six months ended 30 June 2013, the Group's cost of sales for coking operations decreased from RMB2.344 billion for the six months ended 30 June 2012 to RMB1.889 billion, representing a decrease of 19.4%. The details are as follows:

Unit: RMB100 million

Items	**For the six months ended 30 June 2013**	**For the six months ended 30 June 2012**	**Increase/ decrease in amount**	**Increase/ decrease *(%)***
Material costs	15.87	20.64	-4.77	-23.1
Staff costs	0.37	0.32	0.05	15.6
Depreciation and amortisation	0.70	0.79	-0.09	-11.4
Repair expenses	0.14	0.08	0.06	75.0
Transportation costs	1.66	1.42	0.24	16.9
Sales taxes and surcharges	0.04	0.10	-0.06	-60.0
Other costs	0.11	0.09	0.02	22.2
Total costs of coking operations	18.89	23.44	-4.55	-19.4

- Gross profit and gross profit margin

For the six months ended 30 June 2013, the gross profit of the Group's coking operations increased by RMB57 million from RMB1 million for the six months ended 30 June 2012 to RMB58 million, and the gross profit margin increased from 0.04% for the six months ended 30 June 2012 to 3.0%, representing an increase of 2.96 percentage points. This was mainly due to a continued decrease in the price of coal, resulting in a decrease in the purchase price of feed coal as compared to the same period of 2012. Since the decrease in costs was higher than the decrease in revenues, the gross profit margin of the coking operations increased as compared to the same period of 2012.

3. Coal mining equipment segment

- Revenue

For the six months ended 30 June 2013, the Group's revenue from the coal mining equipment operations decreased from RMB4.532 billion for the six months ended 30 June 2012 to RMB3.930 billion, representing a decrease of 13.3%, of which the revenue net of other inter-segmental sales decreased from RMB3.976 billion for the six months ended 30 June 2012 to RMB3.663 billion, representing a decrease of 7.9%. The decrease was mainly attributable to a decrease in the sales volume of products as compared to the same period of 2012.

- Cost of sales

For the six months ended 30 June 2013, the Company's cost of sales for the coal mining equipment operations decreased from RMB3.652 billion for the six months ended 30 June 2012 to RMB3.141 billion, representing a decrease of 14.0%. The decrease was mainly attributable to a decrease in the sales volume of major products as compared to the same period of 2012, and a decrease in the unit cost of products such as armoured face conveyors and hydraulic roof supports as compared to the same period of 2012 to further strengthen the cost control in response to market changes. The details are as follows:

Unit: RMB100 million

Items	**For the six months ended 30 June 2013**	**For the six months ended 30 June 2012**	**Increase/ decrease in amount**	**Increase/ decrease *(%)***
Material costs	25.49	30.41	-4.92	-16.2
Staff costs	3.09	3.42	-0.33	-9.6
Depreciation and amortisation	0.49	0.46	0.03	6.5
Repair expenses	0.18	0.25	-0.07	-28.0
Transportation costs	0.60	0.63	-0.03	-4.8
Sales taxes and surcharges	0.16	0.37	-0.21	-56.8
Other costs	1.40	0.98	0.42	42.9
Total costs of coal mining equipment operations	31.41	36.52	-5.11	-14.0

- Gross profit and gross profit margin

  For the six months ended 30 June 2013, the gross profit of the Group's coal mining equipment operations segment decreased from RMB880 million for the six months ended 30 June 2012 to RMB789 million, representing a decrease of 10.3%, and the gross profit margin increased from 19.4% for the six months ended 30 June 2012 to 20.1%, representing an increase of 0.7 percentage point. This was mainly due to further strengthening of cost control and an increase in the sales of high-end products and accessories with higher gross profit margins as compared to the same period of 2012.

4. Other operating segments

For the six months ended 30 June 2013, the Group's revenue from other operating segments decreased from RMB2.058 billion for the six months ended 30 June 2012 to RMB1.785 billion, representing a decrease of 13.3%, of which the revenue net of other inter-segmental sales decreased from RMB1.752 billion for the six months ended 30 June 2012 to RMB1.415 billion, representing a decrease of 19.2%. Cost of operations decreased from RMB1.883 billion for the six months ended 30 June 2012 to RMB1.661 billion, representing a decrease of 11.8%. Gross profit decreased by 29.1% from RMB175 million for the six months ended 30 June 2012 to RMB124 million, and gross profit margin decreased from 8.5% for the six months ended 30 June 2012 to 6.9%, representing a decrease of 1.6 percentage points.

(3) Selling, general and administrative expenses

For the six months ended 30 June 2013, the Group's selling, general and administrative expenses decreased from RMB2.352 billion for the six months ended 30 June 2012 to RMB2.035 billion, representing a decrease of 13.5%. This was mainly attributed to a decrease of RMB151 million in provision for impairment of assets and a decrease of RMB34 million in stamp duty and other taxes as compared to the same period of 2012. Besides, the selling, general and administrative expenses decreased as compared to the same period of 2012 due to the decreased controllable costs and expenses under the further strengthened cost control of the Group.

(4) Other net gains

For the six months ended 30 June 2013, the other net gains of the Group decreased from RMB47 million for the six months ended 30 June 2012 to RMB16 million, representing a decrease of 66.0%. This was mainly attributable to a decrease in the transfer of unpaid payables from subsidiaries of the Group as compared to the same period of 2012.

(5) Profit from operations

For the six months ended 30 June 2013, the Group's profit from operations decreased from RMB7.327 billion for the six months ended 30 June 2012 to RMB5.221 billion, representing a decrease of 28.7%. Changes in profit from operations for each operating segment are as follows:

Unit: RMB100 million

Items		For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease in amount	Increase/ decrease *(%)*
The Group		52.21	73.27	-21.06	-28.7
Of which:	Coal operations	50.70	72.62	-21.92	-30.2
	Coking operations	-0.02	-1.18	1.16	-98.3
	Coal mining equipment operations	3.23	3.47	-0.24	-6.9
	Other operations	0.16	–	0.16	–

Note: The above profits from operations for each operating segment are figures before netting of inter-segmental sales.

(6) Finance income and finance cost

For the six months ended 30 June 2013, the Group's net finance costs decreased from RMB173 million for the six months ended 30 June 2012 to RMB156 million, representing a decrease of 9.8%, of which finance income decreased from RMB421 million for the six months ended 30 June 2012 to RMB299 million, representing a decrease of 29.0%. This was mainly attributable to the decrease in interest income. The finance costs decreased from RMB594 million for the six months ended 30 June 2012 to RMB455 million, representing a decrease of 23.4%. This was mainly attributable to an increase in capitalised interest expenses of interest-bearing debts and a decrease in expensed interest expenses of interest-bearing debts due to the utilisation of proceeds for project constructions of the Group. Besides, foreign exchange gains from the Japanese Yen borrowings by Pingshuo Company gained an increase of RMB87 million as compared to the same period of 2012.

(7) Share of profits of associates and jointly controlled entities

For the six months ended 30 June 2013, the Group's share of profits of associates and jointly controlled entities decreased from RMB208 million for the six months ended 30 June 2012 to RMB141 million, representing a decrease of 32.2%. This was mainly attributable to the recognition of an investment gain of RMB28 million from Huajin Coking Coal Company by the Group in proportion to its shareholding during the reporting period, representing a decrease of RMB57 million as compared to the same period of 2012. In addition, the investment gain from other associates and jointly controlled entities decreased by RMB10 million as compared to the same period of 2012.

(8) Profit before income tax

For the six months ended 30 June 2013, the profit of the Group before income tax decreased from RMB7.362 billion for the six months ended 30 June 2012 to RMB5.206 billion, representing a decrease of 29.3%.

(9) Income tax expenses

For the six months ended 30 June 2013, the Group's income tax expenses decreased from RMB1.837 billion for the six months ended 30 June 2012 to RMB1.307 billion, representing a decrease of 28.9%.

(10) Profit attributable to the equity holders of the Company

For the six months ended 30 June 2013, profit attributable to the equity holders of the Company decreased from RMB5.182 billion for the six months ended 30 June 2012 to RMB3.221 billion, representing a decrease of 37.8%.

III. CASH FLOW

As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB8.483 billion, representing a decrease of RMB4.739 billion or 35.8% as compared to RMB13.222 billion as at 31 December 2012.

Net cash generated from operating activities decreased from RMB4.182 billion for the six months ended 30 June 2012 to RMB3.132 billion, representing a decrease of 25.1%. This was mainly attributable to a decrease of RMB2.156 billion in profit before income tax due to a drop in profitability of the Group as compared to the same period of 2012, as a result of the continuously decreasing prices in coal market. However, as the Group took initiatives to speed up collection of receivables which led to a decrease in the additional receivables attributable to operating activities as compared to the same period of 2012, together with an increase in non-cash costs such as depreciation and amortisation as compared to the same period of 2012, the net cash inflow generated from operating activities recorded a decrease of RMB359 million as compared to the same period of 2012. In addition, cash paid for interests increased by RMB457 million, cash inflow from interest income decreased by RMB284 million, and cash paid for taxes decreased by RMB50 million as compared to the same period of 2012.

Cash used in investing activities decreased from RMB12.276 billion for the six months ended 30 June 2012 to RMB11.236 billion, representing a decrease of 8.5%. This was mainly attributable to an increase of RMB1.045 billion in expenses as compared to the same period of 2012 on project construction and equipment purchase related to core businesses of the Group along with the advancement of project constructions, as well as a cash inflow of RMB844 million, with a decrease of RMB1.289 billion as compared to the same period of 2012, which was generated from less term deposits with initial terms exceeding three months arranged as compared to the beginning of 2013. However, the cash paid for equity investment decreased by RMB3.392 billion as compared to the same period of 2012 (mainly due to the decrease in the consideration paid for acquisition of subsidiaries as compared to the same period of 2012), resulting in the decrease in cash used in investing activities as compared to the same period of 2012.

Net cash inflow generated from financing activities increased from RMB1.973 billion for the six months ended 30 June 2012 to RMB3.370 billion, representing an increase of 70.8%. This was mainly attributable to an increase of RMB2.336 billion in net cash inflow as compared to the same period of 2012 as a result of borrowings, partially offset by an increase of RMB858 million in cash paid for dividend distribution as compared to the same period of 2012.

IV. SOURCES OF CAPITAL

For the six months ended 30 June 2013, the Group's funds were mainly derived from the amounts generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical and coal mining equipment operations, repayment of debts, and working capital and general recurring expenditures of the Group.

The cash generated from the Group's operation, the net proceeds from share offering in the global and domestic capital markets, and the relevant banking facilities obtained will ensure the sufficiency of capital funds for future production and operating activities as well as project construction.

V. ASSETS AND LIABILITIES

(1) Property, plant and equipment

As at 30 June 2013, property, plant and equipment of the Group amounted to RMB95.541 billion, representing a net increase of RMB10.031 billion or 11.7% as compared to RMB85.510 billion as at 31 December 2012. This was mainly attributable to an increase in project investment by the Group's subsidiaries and the increase in equipment and facilities for production and operation.

(2) Mining and exploration rights

As at 30 June 2013, the Group's mining and exploration rights amounted to RMB32.213 billion, representing a decrease of RMB266 million or 0.8% as compared to RMB32.479 billion as at 31 December 2012. This was mainly attributable to the amortisation during the reporting period.

(3) Other non-current assets

As at 30 June 2013, other non-current assets of the Group amounted to RMB3.952 billion, representing a net increase of RMB401 million or 11.3% as compared to RMB3.551 billion as at 31 December 2012. This was mainly attributable to the increase in the advance payment of the Group for investment and resource acquisition, which will be transferred to investment or mining and exploration rights according to the progress of projects.

(4) Trade and notes receivables

As at 30 June 2013, the net amount of trade and note receivables of the Group amounted to RMB13.396 billion, representing an increase of RMB2.002 billion or 17.6% as compared to RMB11.394 billion as at 31 December 2012, of which the net amount of trade receivables amounted to RMB9.489 billion, representing an increase of RMB1.314 billion or 16.1% as compared to RMB8.175 billion as at 31 December 2012. The increase in trade receivables was mainly attributable to the longer sales settlement period of products for coal mining equipment business due to the impact from the market.

(5) Borrowings

As at 30 June 2013, the balance of borrowings of the Group amounted to RMB32.998 billion, representing a net increase of RMB6.286 billion or 23.5% as compared to RMB26.712 billion as at 31 December 2012. This was mainly attributable to an increase in bank borrowings used for project construction, production and operation of the Group, of which the balance of long-term borrowings (including the portion due within one year) was RMB26.451 billion, representing a net increase of RMB4.869 billion as compared to RMB21.582 billion as at 31 December 2012, and the balance of short-term borrowings amounted to RMB6.547 billion, representing a net increase of RMB1.417 billion as compared to RMB5.130 billion as at 31 December 2012.

(6) Long-term bonds

As at 30 June 2013, the balance of long-term bonds of the Group amounted to RMB19.935 billion, which were the medium-term notes issued by the Group.

VI. SIGNIFICANT PLEDGE OF ASSETS

The Group did not have significant pledge of assets during the reporting period.

VII. SIGNIFICANT INVESTMENT

For details of significant investment of the Group during the reporting period, please refer to the paragraph "V. Other Significant Events" under the section headed "Disclosure of Major Events" in this announcement.

VIII. MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition and disposal related to its subsidiaries and associates during the reporting period.

IX. RISKS OF EXCHANGE RATE

The business operations of the Group are subject to the impact of fluctuations in the exchange rate of RMB. The export sales of the Group are primarily settled in US dollars and the Group had liabilities denominated in foreign currencies, including Japanese Yen and US dollars. Meanwhile, the Group needs foreign currencies, mainly US dollars, to pay for imported equipment and accessories. As such, the fluctuations in foreign exchange rates against RMB will have bilateral compound effects on the operating results of the Group. An appreciation of RMB would decrease the Group's export income but also decrease the cost for the import of equipment and accessories as well as the repayment of external debts.

X. RISKS OF COMMODITY VALUE

The Group was also exposed to risks of commodity value arising from the changes in product prices and material costs of the Group.

XI. INDUSTRY RISKS

Like other coal companies and coking companies in China, the Group's operational activities are subject to the regulations by the Chinese government in terms of industry policies, project approvals, granting of permits, industry specific taxes and surcharges, environmental protection and safety standards, etc. As a result, the Group may be subject to restrictions in business expansion or profitability enhancement. Certain future policies of the coal and coal chemical related industries promulgated by the Chinese government may have an impact on the operational activities of the Group.

XII. CONTINGENT LIABILITIES

(1) Bank guarantees

As at 30 June 2013, the Group provided guarantees for a total amount of RMB6.315 billion, of which RMB3.483 billion were the guarantees provided in proportion to the Group's shareholdings for the bank borrowings of the Group's associates and jointly controlled entities. Details are set out below:

Unit: RMB10 thousand

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Completed or not	Overdue or not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Related party relationship
China Coal Energy Company Limited	Company headquarters	Shanxi Pingshuo Gangue-fired Power Generation Company Limited	9,300	19 December 2008	19 December 2008	18 December 2020	Joint and several liability guarantee	No	No	–	Yes	No	Associate
China Coal Energy Company Limited	Company headquarters	Shanxi Pingshuo Gangue-fired Power Generation Company Limited	47,400	24 December 2008	24 December 2008	23 December 2020	Joint and several liability guarantee	No	No	–	Yes	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	10,575	28 March 2008	28 March 2008	20 December 2022	Joint and several liability guarantee	No	No	–	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	41,576	28 March 2008	28 March 2008	20 December 2023	Joint and several liability guarantee	No	No	–	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	9,981	28 March 2008	28 March 2008	20 December 2023	Joint and several liability guarantee	No	No	–	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	8,500	21 November 2012	21 November 2012	20 November 2027	Joint and several liability guarantee	No	No	–	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Taiyuan Coal Gasification Longquan Energy Development Company Limited	58,344	29 October 2012	29 October 2012	31 January 2021	Joint and several liability guarantee	No	No	–	No	No	Associate
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	13,500	23 August 2012	23 August 2012	31 August 2017	Joint and several liability guarantee	No	No	–	Yes	No	Joint venture
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	3,600	17 September 2012	17 September 2012	17 September 2015	Joint and several liability guarantee	No	No	–	Yes	No	Joint venture
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	4,500	7 March 2013	7 March 2013	7 March 2018	Joint and several liability guarantee	No	No	–	Yes	No	Joint venture
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	141,000	28 April 2013	28 April 2013	28 April 2023	Joint and several liability guarantee	No	No	–	Yes	No	Associate

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	178,819
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	348,276
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	–39,964
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	283,233
Total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	631,509
Percentage of total guarantee to net assets of the Company (%)	7.3
Of which:	
Amount of guarantee provided to shareholders, de facto controllers and related parties (C)	–
Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)	217,694
Excess amount of total guarantee over 50% of net assets (E)	–
Total amount of the above three categories (C+D+E)	217,694

(2) Environmental protection responsibilities

Environmental protection laws and regulations have been fully implemented in China. However, the management of the Group is of the opinion that other than those that have been accounted for in the financial statements, there are currently no other environmental protection responsibilities that may have a material adverse impact on the financial position of the Group.

(3) Contingent legal liabilities

For the six months ended 30 June 2013, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there is no material litigation or arbitration pending or threatened against or involving the Group.

XIII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND EQUITY INVESTMENT COMPANIES

(1) Operation and result of principal subsidiaries

Unit: RMB10 thousand

Company name	Nature of business	Principal products or services	Registered capital	Total assets	Equity attributable to the equity holders of the Company	Revenue	Profit attributable to the equity holders of the Company	Proportion of profit attributable to the equity holders of the Company in the profit attributable to the equity holders of the Company recorded in the consolidated statement of the Group (%)
China Coal Pingshuo Group Company Limited	Coal production	Coal	1,607,828.80	6,073,545.39	2,894,719.24	1,774,608.08	219,263.79	68.1
Shanghai Datun Energy Resources Company Limited	Coal production	Coal and primary Aluminium, etc.	72,271.80	1,196,286.20	800,621.60	452,066.80	26,746.75	8.3
Shanxi China Coal Huajin Energy Company Limited	Coal production	Coal	165,641.00	963,211.83	255,571.29	229,974.15	82,952.33	25.8

(2) Operation and result of principal equity investment companies

Unit: RMB10 thousand

Company Name	Nature of business	Shareholding (%)	Registered capital	Total assets	Revenue	Profit attributable to the equity holders of the Company
Huajin Coking Coal Company Limited	Coal production	49	51,987.00	1,117,357.34	275,030.38	5,742.07
China Coal and Coke Xuyang China Coal Group	Coke production	45	10,000.00	348,095.69	291,832.04	9,694.62
Datong Zhongxin Energy Company Limited	Coal production	42	16,100.00	22,095.72	7,318.09	-935.07
Guotou China Coal Tongmei Jingtang Port Company Limited	Coal quay construction	21	20,000.00	349,256.93	48,758.78	18,392.43
Tianjin Port China Coal Huaneng Coal Terminal Co. Ltd.	Port logistics	24.50	112,500.00	202,389.46	21,874.19	-1,233.11
Zhongtian Synergetic Energy Company Limited	Coal production and coal chemical	38.75	540,376.85	901,002.44	–	–
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	Coal chemical	30	700,000.00	1,715,157.59	–	–

BUSINESS PERFORMANCE

I. COAL OPERATIONS

(1) Coal production volume maintained growth

Domestic demand of coal continued to slow down since 2013 and coal import exerted an ever-increasing adverse impact. Coal price plummeted further due to insufficient demand from major coal-consuming industries. Facing severe market conditions, the Company spared no efforts in organising coal production actively, strengthening the coordination among production, transportation and sales and improving coal quality. In the first half of 2013, the production volume of raw coal amounted to 78.15 million tonnes, representing an increase of 6.98 million tonnes or 9.8% as compared to the same period of 2012. The production volume of commercial coal reached 58.84 million tonnes, representing an increase of 2.92 million tonnes or 5.2% as compared to the same period of 2012. The Company secured stable growth in coal production against the backdrop of decrease in national coal production as compared to the same period of 2012. The Company reinforced the management of production safety and continued to promote the development of a safety-assured enterprise, in a bid to improve coal production efficiency. All mines achieved the standards of production safety, marking the best historical record of the Company in terms of production safety.

Taking full advantage of its position as a large coal base with production capacity of one hundred million tonnes, the Company's Pingshuo Mining Area optimised the layout of underground mine working faces, shortened the transport distance and elevation difference of open pits, and enhanced the equipment utilisation efficiency so as to achieve a commercial coal production volume of 45.01 million tonnes in the first half of 2013, with the momentum of production growth sustained. By streamlining its production system and making efforts in maintaining stable production while increasing productivity, Datun Mining Area recorded a commercial coal production volume of 4.04 million tonnes, representing an increase of 3.6% as compared to the same period of 2012. China Coal Huajin Company realised a commercial coal production volume of 3.01 million tonnes, representing a sharp increase of 2.88 million tonnes as compared to the same period of 2012, through actively utilising the production capacity of new mine which contributed to rapid growth in coking coal production volume. Nanliang Company attained a 44.4% increase in commercial coal production volume as compared to the same period of 2012 by strengthening its production organisation, reinforcing its coal quality management and maximising the equipment operating efficiency.

Commercial Coal Production Volume (10 thousand tonnes)	**January to June 2013**	**January to June 2012 (Restated)**	**Change** *(%)*
Pingshuo Company	4,501	4,439	1.4
Shanghai Energy Company	404	390	3.6
China Coal Huajin Company	301	13	2,215.4
Dongpo Company	349	415	-15.9
Nanliang Company	104	72	44.4
Tang Shan Gou Company	66	68	-2.9
Shuozhong Company	264	334	-21.0
Dazhong Company	151	204	-26.0
Shaanxi Company	69	5	1,280.0
Total	5,884	5,592	5.2

Notes: 1. 3.25 million tonnes were eliminated from the total commercial coal production volume for January to June 2013 due to intra-group transactions, while 3.48 million tonnes were eliminated for January to June 2012.

2. As Hecaogou Coal Mine has not been consolidated into the Company, the commercial coal production volume of Shaanxi Company was calculated based on management statistics.

(2) Coal sales volume grew steadily

In the first half of 2013, coal demand from major domestic coal-consuming industries slowed down, and the pressure of oversupply escalated. Meanwhile, as the linkage between on-grid power tariffs and coal prices brought forth heightened market competition, the sales of coal faced further challenges. The Company strengthened its marketing management, optimised the decision-making mechanism, and adopted various measures to actively cope with the market impact. The Company also reinforced the coordination among production, transportation and sales, and established a dynamic coordination mechanism to respond to the market in a speedy manner. The Company stepped up its management in coal quality and strived to improve product quality tailoring to the needs of users to enhance the market competitiveness of the products. The Company also deepened the reform of the sales system, speeded up the establishment of the logistics network, and further improved the system for large-scale marketing. The sales volume of commercial coal reached 75.17 million tonnes during the reporting period, representing an increase of 2.4 million tonnes or 3.3% as compared to the same period of 2012.

Sales volume of commercial coal (10 thousand tonnes)		January to June 2013	January to June 2012 (Restated)	Change (%)
(1) Domestic sales of self-produced coal		5,603	5,404	3.7
By region:	North China	2,974	2,115	40.6
	East China	2,024	2,266	-10.7
	South China	605	995	-39.2
	Others	☆	28	–
By coal type:	Thermal coal	5,321	5,401	-1.5
	Coking coal	282	3	9,300.0
By contract:	Long-term contract	3,327	2,352	41.5
	Spot trading	2,276	3,052	-25.4
(2) Self-produced coal export		26	39	-33.3
By region:	Taiwan, China	26	7	271.4
	Japan	☆	32	–
By coal type:	Thermal coal	26	39	-33.3
	Coking coal	☆	☆	–
By contract:	Long-term contract	26	39	-33.3
	Spot trading	☆	☆	–
(3) Proprietary trading		1,709	1,665	2.6
Of which:	Domestic resale	1,639	1,441	13.7
	Self-operated exports	2	2	0.0
	Import trading	54	217	-75.1
	Transshipment trading	14	5	180.0
(4) Import & export agency sales		179	169	5.9
Of which:	Import agency	77	41	87.8
	Export agency	102	128	-20.3
Total		7,517	7,277	3.3

The Company consolidated its long-term and key customers and further expanded its sales channels to ensure smooth sales of its self-produced resources. In the first half of 2013, the sales volume of self-produced coal reached 56.29 million tonnes, representing an increase of 1.86 million tonnes or 3.4% as compared to the same period of 2012, of which the domestic sales volume of self-produced coal reached 56.03 million tonnes, representing an increase of 3.7% as compared to the same period of 2012; and the export volume of self-produced coal reached 260 thousand tonnes, representing a decrease of 33.3% as compared to the same period of 2012.

The Company endeavoured to increase its external purchase of complementary premium coal resources to further optimise the product structure by blending with self-produced coal for sale and improved the product recycling capacity. In the first half of 2013, the volume of proprietary coal trading reached 17.09 million tonnes, representing an increase of 440 thousand tonnes or 2.6% as compared to the same period of 2012, of which domestic sales volume reached 16.39 million tonnes, representing an increase of 13.7% as compared to the same period of 2012; and import volume reached 540 thousand tonnes, representing a decrease of 75.1% as compared to the same period of 2012.

In the first half of 2013, the Company's import and export agency sales volume of coal maintained its growth momentum. Import and export agency sales of coal reached 1.79 million tonnes, representing an increase of 5.9% as compared to the same period of 2012, of which import agency sales reached 770 thousand tonnes, representing an increase of 87.8% as compared to the same period of 2012; and export agency sales reached 1.02 million tonnes, representing a decrease of 20.3% as compared to the same period of 2012.

Affected by falling market demand, national railway and port transportation volume of coal decreased in the first half of 2013 as compared to the same period of 2012. The Company actively organised its coal transportation and achieved the commercial coal transportation volume by railway at 44.79 million tonnes, representing a decrease of 1.72 million tonnes or 3.7% as compared to the same period of 2012.

II. COKING OPERATIONS

Coke market remained sluggish during the first half of 2013, mainly due to the insufficient demand of the downstream steel industries etc. The price of coke recorded a decrease as compared to the same period of 2012, while widened losses incurred in the whole industry. However, product profitability was slightly improved as there was a relatively large decrease in price of feed coal which lowered the production cost of coke. The Company gradually closed down and transferred three coking plants over the years so that substantial losses were avoided. Currently, China Coal and Coke Jiuxin Limited is the only coking plant which is still under operation. Meanwhile, the Company recorded a significant improvement in coking business thanks to the trial production of the coke-oven gas produced chemical fertiliser project which commenced in the first half of 2013. During the reporting period, the production volume of coke amounted to 920 thousand tonnes, which remained the similar level as compared to the same period of 2012. Coke sales volume amounted to 1.2 million tonnes, representing an increase of 0.8% as compared to the same period of 2012, of which the self-produced coke sales volume was 910 thousand tonnes, representing an increase of 1.1% as compared to the same period of 2012. Production volume of methanol and urea amounted to 58 thousand tonnes and 50 thousand tonnes respectively. In the coming years, the coal chemical business will become the growth driver to generate additional profits for the Company as new projects are completed and put into operation gradually.

Production and sales volume of coking and chemical products (10 thousand tonnes)	**January to June 2013**	**January to June 2012**	**Change *(%)***
Production volume of coke	92	92	0.0
Sales volume of coke	120	119	0.8
Of which: Sales volume of self-produced coke	91	90	1.1
Production volume of methanol	5.8	6.5	-10.8
Sales volume of methanol	6.8	9.4	-27.7
Production volume of urea	5.0	☆	–
Sales volume of urea	1.2	☆	–

Notes: 1. The Company is concurrently responsible for the sales of all methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.

2. The Company's coke oven gas produced fertiliser project in Lingshi of Shanxi was transferred to fixed asset at the end of May 2013. The sales volume of urea for the reporting period comprises the data for June only.

III. COAL MINING EQUIPMENT OPERATIONS

The weak demand of coal gradually affected the coal mining equipment industry during the first half of 2013. The domestic coal mining equipment market witnessed its first decline in demand and decrease in orders over the years, thus dampening the Company's coal mining equipment operations. With an aim to strengthening product technology and competitive edges, the Company put great efforts in enhancing technological innovation and proactively developing new models of products, so as to strengthen the research and development of the complete sets of high-end and green equipment. By widening the product profitability and opening up the equipment leasing business, the Company expanded its service provision from technical services and after-sales services to the front line of coal production, thus creating greater value for its customers. Moreover, the Company also secured steady market sales through stringent control over product quality and optimisation of production process and procedure control. In order to seize new market share, the Company consolidated its long-term strategic partnership and enhanced the exploration of international markets. The Company achieved RMB3.33 billion of production value of coal mining equipment during the first half of 2013, representing a decrease of 28.4% as compared to the same period of 2012. The production volume of coal mining equipment reached 167 thousand tonnes, representing a decrease of 19.7% as compared to the same period of 2012, of which 8,265 units (sets) were major coal mining equipment. The Company's market share in major coal mining equipment product remained a leading position in the PRC.

Coal mining equipment	Production value (RMB100 million) January to June 2013	January to June 2012	Change *(%)*	Revenue of principle operation (RMB100 million) January to June 2013	Percentage of revenue of the coal mining equipment segment *(%)*
Conveyor equipment	13.2	17.6	-25.0	6.2	16.4
Support equipment	9.9	13.9	-28.8	8.6	22.8
Road header	3.1	4.5	-31.1	1.0	2.7
Shearer	4.0	5.0	-20.0	2.3	6.1
Electric mining motor	3.1	5.5	-43.6	3.8	10.1
Total	33.3	46.5	-28.4	37.7	–

Note: The revenue of principle operation represents the revenue of principle operation of the coal mining equipment segment before elimination.

Product type	Percentage of sales of the product (%)	Market share (%)
Medium and high-end armoured face conveyors	83	56
Medium and high-end hydraulic roof supports	74	23
Medium and high-end shearers	85	30
Medium and high-end electric motors	62	69
Medium and high-end road headers and drilling machines	45	10

IV. OTHER OPERATIONS

In order to further reduce losses, the Company closed 50 thousand tonnes of production capacity of primary aluminium and production lines of carbon anodes respectively at the beginning of 2013. In the first half of 2013, the production volume of primary aluminium decreased by 47.4% to 30 thousand tonnes, representing a decrease of 27 thousand tonnes over the same period of 2012. In the first half of 2013, the Company generated electricity of 1.79 billion Kwh, representing a decrease of 13.9% over the same period of 2012 due to the decrease in production of primary aluminium.

V. PROGRESS OF OPERATING PLANS

From January to June 2013, as the global economy did not show any signs of complete recovery, the coal demand remained sluggish in the PRC and coal prices decreased as well. With a view to achieving the annual production and operation target, the Company adopted scientific measures to organise production and strengthened the linkage among production, transportation and sales, so as to enhance cost control and accelerate the pace of structural improvement, thereby optimising product portfolios and market sales. In the first half of 2013, the raw coal production increased by 9.8% over the same period of 2012, while the unit cost of sales of self-produced commercial coal dropped by 4.6% over the same period of 2012, which laid a solid foundation for the Company to attain annual operating target amidst a challenging market environment.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company always attaches great importance to corporate governance and the enhancement of its transparency. In this regard, the Company has complied with the requirements on corporate governance prescribed by domestic and overseas regulatory bodies and made ongoing efforts to improve the internal control of the Company, so as to facilitate more standardised and efficient operation of the Company and maximise returns through excellent corporate governance.

During the reporting period, the Company had complied with the principles and code provisions under the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules of HKSE.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules of HKSE. Upon making specific enquiries, the Company confirmed that all directors and supervisors had complied with the Model Code during the reporting period.

AUDIT COMMITTEE

The Audit Committee under the Board reviewed the interim results of the Company. In addition, PricewaterhouseCoopers, the external auditor of the Company, performed an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2013 in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, PricewaterhouseCoopers confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

DISCLOSURE OF MAJOR EVENTS

I. Distribution of Final Dividends for 2012

The Company's 2012 profit distribution plan was approved at the Company's 2012 Annual General Meeting held on 13 May 2013. Cash dividends of RMB2,785,296,150 were distributed to the Shareholders, representing 31.5% of the profit attributable to the Shareholders in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards, which was RMB8,842,210,000, being 30% of the net profit attributable to the shareholders of the parent company under the PRC Accounting Standards for Business Enterprises. The distribution was based on the Company's total issued share capital of 13,258,663,400 shares, representing a dividend of RMB 0.210 per share (inclusive of tax). The aforesaid final dividends were duly paid to the Shareholders by 30 June 2013.

II. Interim Profit Distribution Plan for 2013

The Company will not distribute any interim profit for 2013.

III. Assets Transactions

During the reporting period, the Company had no significant assets transactions.

IV. Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2013, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term "securities" has the meaning ascribed to it under the Listing Rules of HKSE) of the Company.

V. Other Significant Events

(1) Issues on the relocation of the neighbouring residents of China Coal and Coke Jiuxin Limited

In May 2010, the Ministry of Environmental Protection of China issued the Circular on Examination Results after Environmental Protection Inspection on Listed Companies, which addressed the environmental issues on the relocation of China Coal and Coke Jiuxin Limited (a subsidiary of the Company) in Lingshi. The Company took the initiative to converse and coordinate with the local government and residents, and the "Agreement on the Relocation of Residents" was entered into by China Coal and Coke Jiuxin Limited and the Lingshi county government in July 2012. The company paid a one-off relocation expense in full, while the Lingshi county government was responsible for the execution of relocation. So far, most of the residents have been relocated and the relocation of the remaining residents is under progress.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 27 May 2010.

(2) Shareholding increase in the Company by China Coal Group

China Coal Group intended to increase its shareholdings in the Company, either in its own name or through parties acting in concert with it, via the secondary market within 12 months from 10 October 2012 subject to the share price performance of the Company. China Coal Group and its parties acting in concert undertook that they would not decrease the shareholding in the Company during the period of increase of shareholding.

During the reporting period, China Coal Group increased its shareholding in the Company by acquiring a total of 46,357,722 A shares. As at the end of the reporting period, China Coal Group and China Coal Hong Kong Limited held 7,585,191,069 A shares and 125,351,000 H shares, respectively. The A shares and H shares held by China Coal Group and its parties acting in concert represented 58.15% of the total issued shares of the Company. China Coal Group and its parties acting in concert have honoured their undertakings not to decrease their shareholding in the Company during the implementation period of the plan on shareholding increase and within the statutory period.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 10 October 2012.

(3) Change of directors and election of new vice chairman of the second session of the Board

Due to the expiration of terms of office of Mr. Zhang Ke and Mr. Wu Rongkang, the independent non-executive directors of the second session of the Board, Mr. Li Yanjiang was elected as the non-executive director, and Mr. Zhou Qinye was elected as the independent non-executive director of the second session of the Board of the Company as approved at the sixth meeting of the second session of Board for the year of 2012 convened on 11 December 2012 and the first extraordinary general meeting for the year of 2013 convened on 1 February 2013.

Mr. Peng Yi has resigned as the vice chairman of the second session of the Board due to job rearrangement. However, he will continue to serve as the non-executive director of the Company. As approved at the first meeting of the second session of the Board for the year of 2013 convened on 1 February 2013, Mr. Li Yanjiang, the non-executive director of the Company, was elected as the vice chairman of the second session of the Board.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 11 December 2012 and 1 February 2013.

(4) Investment in the Construction of China Coal Shaanxi Yulin Energy Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project

The Resolution on the Investment in the Construction of China Coal Shaanxi Yulin Energy Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project was considered and approved at the fourth meeting of the second session of the Board of the Company for the year of 2013 on 13 May 2013. The same was considered and approved at the second extraordinary general meeting of the Company for the year of 2013 on 5 July 2013. The project is currently undergoing steady progress as scheduled.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 13 May 2013 and 5 July 2013.

VI. Subsequent Event

On 23 July 2013, the Company issued the first tranche of the Medium Term Notes of 2013 with an aggregate amount of RMB5 billion and a term of 7 years. The par value is RMB100 each, with the coupon interest rate of 5.26%. All the proceeds were fully credited into the Company's account on 25 July 2013.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 26 July 2013.

FORWARD-LOOKING STATEMENT

The Company would like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to various risks, uncertainties and assumptions, which are beyond the Company's control. Potential risks and uncertainties include those concerning the market conditions of coal, coal mining equipment and coking industry in China, the changes of the regulatory environment and the Company's ability to successfully execute its business strategies. In addition, these forward-looking statements only reflect the Company's current views with respect to future events but are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual result may differ from the information contained in the forward-looking statements as a result of a number of factors.

DEFINITIONS

The Group/The Company/Company/ China Coal Energy	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Directors	the directors of the Company, including all the executive directors, non-executive directors and independent non-executive directors
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
CSRC	China Securities Regulatory Commission
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
SSE	the Shanghai Stock Exchange
SSE Listing Rules	the Listing Rules of the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
HKSE	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk

Company Website	www.chinacoalenergy.com
Pingshuo Mining Area	the coal mining area in Shanxi Province, mainly comprising the Antaibao Open Pit Mine and Underground Mine, the Anjialing Open Pit Mine and Underground Mine, the Jingdong Mine and Pingshuo East Open Pit Mine
Datun Mining Area	the coal mining area in Jiangsu Province operated by Shanghai Energy Company, comprising the Yaoqiao, Kongzhuang, Xuzhuang and Longdong mines
Pingshuo Company	China Coal Pingshuo Group Co., Ltd.
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
China Coal Huajin Company	Shanxi China Coal Huajin Energy Co., Ltd.
Dongpo Company	Shanxi China Coal Dongpo Coal Industry Company Limited
Nanliang Company	Shaanxi Nanliang Coal Company Limited
Shuozhong Company	Shuozhou China Coal Pingshuo Energy Company Limited
Dazhong Company	Datong China Coal Export Base Development Company Limited
Shaanxi Company	China Coal Shaanxi Yulin Energy Chemical Company Limited
Tang Shan Gou Company	Shanxi Zhongxin Tangshangou Coal Industry Company Limited
Huajin Coking Coal Company	Huajin Coking Coal Company Limited
Import and Export Company	China Coal Import and Export Company
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited
RMB	RMB yuan

By Order of the Board
China Coal Energy Company Limited
Chairman of the Board, Executive Director
Wang An

Beijing, the PRC
20 August 2013

As at the date of this announcement, the executive directors of the Company are Wang An and Yang Lieke; the non-executive directors of the Company are Li Yanjiang, Li Yanmeng and Peng Yi, and the independent non-executive directors of the Company are Zhang Jiaren, Zhao Pei, Ngai Wai Fung and Zhou Qinye.

The interim report of the Company for the six months ended 30 June 2013 will be despatched to the shareholders of the Company shortly and will also be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.chinacoalenergy.com).

* *For identification purposes only*