



鑫仁铝业 **XINREN ALUMINUM HOLDINGS LIMITED** (Company Registration No. 200612545H)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

The Board of Directors of XinRen Aluminum Holdings Limited (the “Company”) is pleased to announce the consolidated results for the second quarter and half year ended 30 June 2015. The figures below have not been audited or reviewed by the auditors of the Company.

The Company is an investment holding and trading company and the Group is engaged primarily in the manufacturing of aluminum ingots through the smelting process, and the fabricating and trading of aluminum-related products.

The Company owns 51% of Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd. (“Xinjiang Plant”). This large-scale, coal powered primary aluminum smelter in Xinjiang Province enjoys the benefits of a fully integrated value chain and has one of the most efficient cost structures in the industry.

The Company is set to increase its lead as an integrated upstream aluminum producer as Xinjiang Plant continues to expand its capacity and sharpen its cost competitiveness. This mega facility has acquired an ultra-large coal mine that will supply its in-house power plant, and is in the midst of constructing a carbon anode plant.

The consolidated financial statements are presented in Chinese Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (RMB’000) as indicated.

1(a)(i) A Consolidated Income Statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Second Quarter Ended		+/(-) %	Half Year Ended		+/(-) %
	30/6/2015	30/6/2014		30/6/2015	30/6/2014	
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited (restated)		Unaudited	Unaudited (restated)	
Revenue	8,435,581	1,450,660	481.5	14,040,701	3,119,400	350.1
Cost of sales	(8,007,299)	(1,478,584)	441.6	(13,243,521)	(3,149,106)	320.5
Gross profit/(loss)	428,282	(27,924)	n.m	797,180	(29,706)	n.m
Other items of income						
Finance income	17,324	6,293	175.3	22,276	9,644	131.0
Other income	38,848	21,435	81.2	173,852	60,857	185.7
Other items of expense						
Selling and distribution expenses	(75,320)	(9,567)	687.3	(158,632)	(19,762)	702.7
Administrative expenses	(41,861)	(18,264)	129.2	(89,551)	(38,926)	130.1
Finance costs	(65,553)	(22,731)	188.4	(140,413)	(45,991)	205.3
Other expenses	(869)	(61)	1,324.6	(1,874)	(723)	159.2
Share of result of a jointly controlled entity (Note 1)	-	50,066	(100.0)	-	73,183	(100.0)
Profit/(loss) before income tax	300,851	(753)	(40,053.7)	602,838	8,576	6,929.4
Income tax (expense)/credit	(83,627)	12,066	n.m	(153,693)	20,030	n.m
Profit after income tax	217,224	11,313	1,820.1	449,145	28,606	1,470.1
Profit attributable to:						
Equity holders of the Company	77,866	11,313		175,919	28,606	
Non-controlling interest	139,358	-		273,226	-	
	217,224	11,313		449,145	28,606	

Note 1: share of result of a jointly controlled entity is after tax.

1(a)(ii) A Consolidated Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Second Quarter Ended		+/(-) %	Half Year Ended		+/(-) %
	30/6/2015	30/6/2014		30/6/2015	30/6/2014	
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited (restated)		Unaudited	Unaudited (restated)	
Profit after income tax	217,224	11,313	1,820.1	449,145	28,606	1,470.1
Other comprehensive income:						
Foreign currency translation	22,921	(146)	n.m	4,590	(9,341)	n.m
Other comprehensive income/(loss) for the period	22,921	(146)	n.m	4,590	(9,341)	n/m
Total comprehensive income for the period	240,145	11,167	2,050.5	453,735	19,265	2,255.2
Total comprehensive income attributable to:						
Equity holders of the Company	100,787	11,167		180,509	19,265	
Non-controlling interest	139,358	-		273,226	-	
	240,145	11,167		453,735	19,265	

1(a)(iii) Notes to the Consolidated Income Statement

The following items have been included in arriving at profit before income tax:

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2015	30/6/2014	+/(-) %	30/6/2015	30/6/2014	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited		Unaudited	Unaudited	
Other income:						
Government subsidy (note 1)	17,827	3,415	422.0	117,436	5,567	2,009.5
Sale of scraps	22,574	324	6,867.3	26,326	1,385	1,800.8
Foreign exchange gain	(1,389)	3,947	n.m	15,999	9,952	60.8
Gain on disposal of a subsidiary (note 2)	-	-	-	-	27,948	(100.0)
Reversal of impairment of inventories	-	-	-	13,350	-	n.m
Arrangement fee	-	12,133	(100.0)	-	12,133	(100.0)
Others	(164)	1,616	n.m	741	3,872	(80.9)
Other expenses:						
Others	(869)	(61)	1,324.6	(1,874)	(723)	159.2
Interest income	17,324	6,293	175.3	22,276	9,644	131.0
Finance expense:						
Interest expense	(18,373)	(10,939)	68.0	(26,008)	(19,241)	35.2
Accretion of finance lease liabilities	(19,968)	-	n.m	(37,753)	-	n.m
Amortisation of discount related to payables arising from acquisition of a subsidiary (note 3)	(13,395)	-	n.m	(52,955)	-	n.m
Bank charges and discount charges for notes receivables	(13,817)	(11,792)	17.2	(23,697)	(26,750)	(11.4)
Amortisation of deferred income of financial lease (note 4)	12,544	-	n.m	25,088	-	n.m
Amortisation of intangible assets	(32,362)	-	n.m	(64,724)	-	n.m
Amortisation of land use rights	(4,104)	(253)	1,522.1	(8,611)	(493)	1,646.7
Depreciation of property, plant and equipment	(148,617)	(21,143)	602.9	(300,575)	(42,572)	606.0
Staff costs	(105,665)	(19,197)	450.4	(189,622)	(35,473)	434.6

n.m- not meaningful

Notes:

- These relate to: (i) freight allowance provided by the local government; and (ii) other subsidies provided by the local government on income earned by the Group's subsidiaries.
- On 25 February 2014, the Group entered into a sale and purchase agreement to dispose of its entire interest in a wholly owned subsidiary, Yichang Changjiang Aluminum Co. Ltd. ("Yichang Plant"). With effect from 1 January 2014, the Group no longer consolidates the results of Yichang Plant.
- Payables arising from the acquisition of the 30% equity interest in China Leading International Limited ("CLI") were measured at fair value at the date of acquisition and the difference between the fair value and the acquisition cost is amortised over the payment period.
- The Group sold certain electrobaths and immediately leased back these electrobaths from the buyer. Since the Group did not dispose of the risks and rewards of ownership of the electrobaths, the lease was classified as a finance lease. The difference between the sale price and the previous carrying amount of the assets is deferred and amortised over the lease term.

1(b)(i) A Consolidated Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
Non-current assets				
Property, plant and equipment	16,868,191	16,202,903	-	217
Land use rights	804,868	812,164	-	-
Intangible assets	4,639,642	4,704,366	-	-
Investments in subsidiaries	-	-	5,874,214	5,691,127
Deferred income tax assets	114,064	98,974	1,532	252
	22,426,765	21,818,407	5,875,746	5,691,596
Current assets				
Inventories	1,550,186	1,504,792	-	-
Prepayments	3,119,080	2,745,342	-	-
Amounts due from related parties	161,206	172,902	-	-
Amounts due from subsidiaries	-	-	418,889	752,035
Amounts due from directors	31,926	24,609	-	-
Income tax receivable	3,359	10,194	-	-
Trade and other receivables	1,993,947	1,954,412	358,254	442,421
Restricted cash	4,345,878	1,933,562	-	-
Cash and cash equivalents	130,248	313,913	8,233	40,604
	11,335,830	8,659,726	785,376	1,235,060
Current liabilities				
Borrowings	4,308,654	4,475,096	894,023	1,029,606
Notes payables	7,178,015	4,132,159	-	-
Payables arising from acquisition of a subsidiary	52,734	52,734	-	-
Trade and other payables	4,139,751	4,490,953	10,369	4,280
Advances from customers	1,967,208	1,335,431	-	-
Finance lease liabilities	267,439	265,129	-	-
Income tax payable	132,071	99,488	1,363	1,163
	18,045,872	14,850,990	905,755	1,035,049
Net current (liabilities)/assets	(6,710,042)	(6,191,264)	(120,379)	200,011
Non-current liabilities				
Deferred income tax liabilities	1,009,364	987,573	-	-
Deferred income	326,046	356,701	-	-
Payables arising from acquisition of a subsidiary	3,083,276	3,030,216	3,083,276	3,030,216
Borrowings	378,531	376,876	-	-
Finance lease liabilities	669,696	801,495	-	-
Advances from customers	4,266,716	4,485,435	1,611,724	1,677,785
	9,733,629	10,038,296	4,695,000	4,708,001
Net assets	5,983,094	5,588,847	1,060,367	1,183,606
Equity attributable to equity holders of the Company				
Share capital	995,377	995,377	995,377	995,377
Treasury shares	(12,483)	(12,483)	(12,483)	(12,483)
Retained profits	1,347,594	1,236,395	72,967	199,618
Other reserves	162,767	152,945	4,506	1,094
	2,493,255	2,372,234	1,060,367	1,183,606
Non-controlling interests	3,489,839	3,216,613	-	-
Total equity	5,983,094	5,588,847	1,060,367	1,183,606

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	30/6/2015		31/12/2014	
	Secured RMB'000 Unaudited	Unsecured RMB'000 Unaudited	Secured RMB'000 Audited	Unsecured RMB'000 Audited
Borrowings	3,178,209	1,130,445	3,851,776	623,320
Notes payables	4,524,255	2,653,760	3,180,430	951,729
Finance lease liabilities	267,439	-	265,129	-
	<u>7,969,903</u>	<u>3,784,205</u>	<u>7,297,335</u>	<u>1,575,049</u>

Amount repayable after one year

	30/6/2015		31/12/2014	
	Secured RMB'000 Unaudited	Unsecured RMB'000 Unaudited	Secured RMB'000 Audited	Unsecured RMB'000 Audited
Borrowings	278,531	100,000	276,876	100,000
Finance lease liabilities	669,696	-	801,495	-
	<u>948,227</u>	<u>100,000</u>	<u>1,078,371</u>	<u>100,000</u>

Details of any collateral

Borrowings, notes payables and finance lease liabilities are secured by charges over restricted cash, land use rights and buildings, inventories and plant and machinery, and/or guarantees by directors of the Company and its subsidiaries.

1(c) A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited
		(restated)		(restated)
Cash flow from operating activities				
Profit/(loss) before income tax	300,851	(753)	602,838	8,576
Adjustments for:				
Amortisation of discount related to payable arising from acquisition of a subsidiary	13,395	-	52,955	-
Accretion of financial lease liabilities	19,968	-	37,753	-
Accretion of deferred income	(2,784)	-	(5,567)	-
Amortisation of deferred income of financial lease	(12,544)	-	(25,088)	-
Depreciation of property, plant and equipment	148,617	21,143	300,575	42,572
Reversal of impairment of inventories	-	-	(13,350)	-
Gain on disposal of a subsidiary	-	-	-	(27,948)
Amortisation of intangibles	32,362	-	64,724	-
Amortisation of land use rights	4,104	253	8,611	493
Exchange realignment	20,841	2,436	18,057	2,926
Share of result in a jointly controlled entity	-	(50,066)	-	(73,183)
Bank charges and discount fee for notes receivables	13,817	11,792	23,697	26,750
Interest income	(17,324)	(6,293)	(22,276)	(9,644)
Unrealised exchange gain	(4,863)	(2,553)	(16,973)	(11,749)
Interest expense	18,373	10,939	26,008	19,241
Operating profit/(loss) before changes in working capital	534,813	(13,102)	1,051,964	(21,966)
Decrease/(increase) in inventories	88,274	43,495	(32,044)	(59,671)
(Increase)/decrease in prepayments	(455,333)	2,469	(373,738)	(18,376)
Decrease/(increase) in amounts due from directors and related parties	16,510	(45,070)	4,379	68,554
Increase in amounts due from a jointly controlled entity	-	(607,919)	-	(1,100,954)
(Increase)/decrease in trade and other receivables	(386,641)	35,655	(39,535)	(445,726)
(Decrease)/increase in trade and other payables	(336,181)	586,297	(343,200)	945,384
Increase/(decrease) in advances from customers	124,066	(311,451)	413,058	(18,548)
Cash (used in)/ generated from operating activities	(414,492)	(309,626)	680,884	(651,303)
Interest income received	17,324	6,293	22,276	9,644
Interest expense paid	(32,190)	(22,731)	(49,705)	(45,991)
Tax paid	(26,246)	-	(107,574)	(1,765)
Net cash (used in)/ generated from operating activities	(455,604)	(326,064)	545,881	(689,415)
Cash flows from investing activities				
Purchase of property, plant and equipment	(330,084)	(12,963)	(965,856)	(25,171)
Purchase of land used rights	(1,315)	-	(1,315)	-
Proceeds from disposal of a subsidiary	-	226,933	-	237,155
Payment for payable arising from acquisition of a jointly controlled entity	-	-	-	(572,084)
Net cash (used in)/ generated from investing activities	(331,399)	213,970	(967,171)	(360,100)

1(c) A Consolidated Statement of Cash Flows– continued

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited (restated)	Unaudited	Unaudited (restated)
Cash flow from financing activities				
Dividends paid on ordinary shares	(59,488)	-	(59,488)	-
Proceeds from borrowings	1,931,668	361,587	2,778,082	536,344
Repayments of borrowings	(1,947,545)	(49,693)	(2,939,229)	(397,885)
Repayments of finance lease	(82,759)	-	(175,245)	-
Increase in restricted cash	(2,061,345)	(180,087)	(2,412,316)	(457,502)
Decrease/(increase) in notes payables	2,870,893	(464,788)	3,045,856	(217,288)
Purchase of treasury shares	-	-	-	(5,556)
Net cash generated from/(used in) financing activities	651,424	(332,981)	237,660	(541,887)
Net decrease in cash and cash equivalents	(135,579)	(445,075)	(183,630)	(1,591,402)
Effects of exchange rate changes on cash and cash equivalents	(189)	(2)	(35)	(159)
Cash and cash equivalents at beginning of the period	266,016	535,798	313,913	1,682,282
Cash and cash equivalents at end of the period	130,248	90,721	130,248	90,721

1(d)(i) A Statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to Equity Holders of the Company					Non-controlling interest	Total equity
	Share capital	Treasury shares	Retained profits	Other reserves	Total reserves		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
Balance at 1 January 2014 (restated)	995,377	(6,927)	831,572	251,648	1,083,220	2,071,670	2,071,670
Purchase of treasury shares	-	(5,556)	-	-	-	(5,556)	(5,556)
Realisation of reserve upon disposal of a subsidiary	-	-	148,690	(148,690)	-	-	-
Profit for the period (restated)	-	-	17,293	-	17,293	17,293	17,293
Other comprehensive loss for the period	-	-	-	(9,195)	(9,195)	(9,195)	(9,195)
Total comprehensive income/(loss) for the period	-	-	17,293	(9,195)	8,098	8,098	8,098
Appropriation to special reserve	-	-	(1,885)	1,885	-	-	-
Balance at 31 March 2014 (restated)	995,377	(12,483)	995,670	95,648	1,091,318	2,074,212	2,074,212
Profit for the period (restated)	-	-	11,313	-	11,313	11,313	11,313
Other comprehensive loss for the period	-	-	-	(146)	(146)	(146)	(146)
Total comprehensive income/(loss) for the period	-	-	11,313	(146)	11,167	11,167	11,167
Appropriation to special reserve	-	-	(1,870)	1,870	-	-	-
Balance at 30 June 2014 (restated)	995,377	(12,483)	1,005,113	97,372	1,102,485	2,085,379	2,085,379
Balance at 1 January 2015	995,377	(12,483)	1,236,395	152,945	1,389,340	2,372,234	3,216,613
Profit for the period	-	-	98,053	-	98,053	98,053	133,868
Other comprehensive loss for the period	-	-	-	(18,331)	(18,331)	(18,331)	(18,331)
Total comprehensive income/(loss) for the period	-	-	98,053	(18,331)	79,722	79,722	133,868
Appropriation to special reserve	-	-	(890)	890	-	-	-
Balance at 31 March 2015	995,377	(12,483)	1,333,558	135,504	1,469,062	2,451,956	3,350,481
Profit for the period	-	-	77,866	-	77,866	77,866	139,358
Dividend on ordinary shares	-	-	(59,488)	-	(59,488)	(59,488)	(59,488)
Other comprehensive income for the period	-	-	-	22,921	22,921	22,921	-
Total comprehensive income for the period	-	-	18,378	22,921	41,299	41,299	139,358
Appropriation to special reserve	-	-	(4,342)	4,342	-	-	-
Balance at 30 June 2015	995,377	(12,483)	1,347,594	162,767	1,510,361	2,493,255	3,489,839
Company							
Balance at 1 January 2014 (restated)	995,377	(6,927)	180,544	(14,014)	166,530	1,154,980	
Purchase of treasury shares	-	(5,556)	-	-	-	(5,556)	
Loss for the period (restated)	-	-	(11,427)	-	(11,427)	(11,427)	
Other comprehensive loss for the period	-	-	-	(7,123)	(7,123)	(7,123)	
Total comprehensive loss for the period	-	-	(11,427)	(7,123)	(18,550)	(18,550)	
Balance at 31 March 2014 (restated)	995,377	(12,483)	169,117	(21,137)	147,980	1,130,874	
Profit for the period (restated)	-	-	1,376	-	1,376	1,376	
Other comprehensive loss for the period	-	-	-	(97)	(97)	(97)	
Total comprehensive income/(loss) for the period	-	-	1,376	(97)	1,279	1,279	
Balance at 30 June 2014 (restated)	995,377	(12,483)	170,493	(21,234)	149,259	1,132,153	
Balance at 1 January 2015	995,377	(12,483)	199,618	1,094	200,712	1,183,606	
Loss for the period	-	-	(30,705)	-	(30,705)	(30,705)	
Other comprehensive loss for the period	-	-	-	(14,260)	(14,260)	(14,260)	
Total comprehensive loss for the period	-	-	(30,705)	(14,260)	(44,965)	(44,965)	
Balance at 31 March 2015	995,377	(12,483)	168,913	(13,166)	155,747	1,138,641	
Loss for the period	-	-	(36,458)	-	(36,458)	(36,458)	
Dividend on ordinary shares	-	-	(59,488)	-	(59,488)	(59,488)	
Other comprehensive income for the period	-	-	-	17,672	17,672	17,672	
Total comprehensive (loss)/income for the period	-	-	(95,946)	17,672	(78,274)	(78,274)	
Balance at 30 June 2015	995,377	(12,483)	72,967	4,506	77,473	1,060,367	

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the half year ended 30 June 2015, there were no changes to the total number of 1,303,567,528 issued ordinary shares of the Company (the "Shares") excluding treasury shares.

The holders of the Shares (other than treasury shares) are entitled to receive dividends as and when declared by the Company. All Shares (other than treasury shares) carry one vote per share without restriction. The Shares do not have par value.

There were no convertibles issued by the Company as at 30 June 2015, 31 December 2014 and 30 June 2014.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and at as the end of the immediately preceding year.

	As at 30 June 2015	As at 31 December 2014	As at 30 June 2014
Number of issued shares excluding treasury shares :	1,303,567,528	1,303,567,528	1,303,567,528
Number of treasury shares held :	6,980,000	6,980,000	6,980,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares by the Company as of 30 June 2015.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited nor reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in section 5 below, there were no changes in accounting policies and methods of computation in the consolidated financial statements for the current reporting period as compared to the most recently audited consolidated financial statements for the financial year ended 31 December 2014.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period compared with the audited financial statements as at 31 December 2014 except for the adoption of new or revised FRS that are mandatory for financial years beginning on or after 1 January 2015. The adoption of these FRS has no significant impact on the Group's consolidated financial statements.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

The calculation of basic earnings per share is based on the Group's profit after taxation attributable to owners of the parent for the respective periods divided by:

- (a) the total number of issued Shares of the Company of 1,303,567,528 Shares excluding treasury shares as of 30 June 2015; and
- (b) the weighted average of total number of issued Shares of the Company of 1,304,506,202 Shares excluding treasury shares as of 30 June 2014.

	Group			
	Second Quarter Ended		Half Year Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	Unaudited	Unaudited (restated)	Unaudited	Unaudited (restated)
Profit after taxation attributable to owners of the parent (RMB'000)	77,866	11,313	175,919	28,606
Basic earnings per Share (RMB cents)	5.97	0.87	13.50	2.19

* There were no potential dilutive options for the periods

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury of shares of the issuer at the end of the:**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	Unaudited	Unaudited	Unaudited	Unaudited
Net asset value (RMB'000)	2,493,255	2,372,234	1,060,367	1,183,606
Net asset value per share (RMB cents)	191.26	181.98	81.34	90.80

The calculation of net asset value per share is based on the net asset value as at the end of respective periods divided by the total number of issued shares of the Company of 1,303,567,528 Shares (31 December 2014: 1,303,567,528 shares) excluding treasury shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Second Quarter Ended 30 June 2015 ("2Q2015") vs Second Quarter Ended 30 June 2014 ("2Q2014")

Half Year Ended 30 June 2015 ("1H2015") vs Half Year Ended 30 June 2014 ("1H2014")

Revenue (excluding all inter-segment transactions)

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2015	30/6/2014	+/(-) %	30/6/2015	30/6/2014	+/(-) %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Unaudited (restated)		Unaudited	Unaudited (restated)	
Smelting	3,849,976	378,610	916.9	6,701,542	700,614	856.5
Fabrication	127,317	111,571	14.1	203,911	217,784	(6.4)
Trading	4,458,288	960,479	364.2	7,135,248	2,201,002	224.2
	<u>8,435,581</u>	<u>1,450,660</u>	<u>481.5</u>	<u>14,040,701</u>	<u>3,119,400</u>	<u>350.1</u>

The Group's revenue increased by approximately 350.1% to RMB14,041 million in 1H2015 from RMB3,119 million in 1H2014. On a quarterly basis, the Group's revenue for 2Q2015 increased by approximately 481.5% to RMB8,436 million from RMB1,451 million in 2Q2014. The increase in revenue was largely due to (i) the consolidation of the Group's 51%-owned subsidiary, CLI (which wholly owns Xinjiang Production and Construction Corps Agricultural Division Eight Xinjiang Tianshan Aluminum Plant Co., Ltd., or "Xinjiang Plant") since July 2014; and (ii) higher smelting output from Xinjiang Plant.

The Group's revenue from the smelting segment increased by approximately 856.5% to RMB6,702 million in 1H2015 from RMB701 million in 1H2014. The increase was primarily due to (i) the consolidation of Xinjiang Plant's results into the Group's financial statements from July 2014; and (ii) higher sales volume from Xinjiang Plant.

The Group's revenue from the fabrication segment decreased by approximately 6.4% to RMB204 million in 1H2015 from RMB218 million in 1H2014. The decrease in revenue was largely because the sales volume of fabricated aluminum products decreased from 17,900 metric tons ("MT") in 1H2014 to 14,800 MT in 1H2015.

The Group's revenue from the trading segment increased by approximately 224.2% to RMB7,135 million in 1H2015 from RMB2,201 million in 1H2014. The increase was mainly attributable to: (i) expansion of the Group's customer base to cater for the increase in Xinjiang Plant's production capacity, which is expected to come on-stream in the ensuing quarters; and (ii) contribution from Xinjiang Plant as the Group started to consolidate its 51% stake in CLI from July 2014.

Gross profit/(loss)margin

The Group's gross profit increased to RMB797 million in 1H2015 from a gross loss of RMB30 million in 1H2014, as gross profit margin rose to approximately 5.7% in 1H2015. The increase in gross profit was mainly due to: (i) Xinjiang Plant's relatively lower electricity costs as compared to other plants, because its electricity is self-supplied by its in-fence independent power plant with four fully operational power-generating units of 350MW each; and (ii) Xinjiang Plant's higher sales volume.

The gross profit margins in 1H2015 for the smelting and fabrication segments were 12.8% and 7.2% respectively, and the gross loss margin for the trading segment was 1.1%.

Profit/(loss) before taxation(excluding all inter-segment transactions)

	Group					
	Second Quarter Ended			Half Year Ended		
	30/6/2015	30/6/2014	+/(−)	30/6/2015	30/6/2014	+/(−)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Unaudited	Unaudited (restated)		Unaudited	Unaudited (restated)	
Smelting	336,681	(45,258)	(843.9)	677,633	(71,445)	(1,048.5)
Fabrication	2,131	8,692	(75.5)	4,177	7,580	(44.9)
Trading	(37,961)	(14,253)	166.3	(78,972)	(742)	10,543.1
Share of result in a jointly controlled entity	-	50,066	(100.0)	-	73,183	(100.0)
	<u>300,851</u>	<u>(753)</u>	(40,053.7)	<u>602,838</u>	<u>8,576</u>	6,929.4

The Group recorded a profit before income tax of RMB603 million in 1H2015, largely because the smelting segment posted a higher profit contribution. Gains for this segment came from Xinjiang Plant, as its profit contribution rose on higher smelting output and lower production cost.

The higher loss incurred by the trading segment was due to the volatility of aluminum prices during 1H2015.

Selling and distribution expenses increased by approximately 702.7% to RMB159 million in 1H2015 from RMB20 million in 1H2014. The increase was mainly attributable to the inclusion of selling and distribution expenses of Xinjiang Plant.

Administrative expenses increased by approximately 130.1% to RMB90 million in 1H2015 from RMB39 million in 1H2014, due to the inclusion of administrative expenses of Xinjiang Plant.

Finance costs increased by approximately 205.3% to RMB140 million in 1H2015 from RMB46 million in 1H2014. The increase was mainly due to: (i) interest cost of RMB38 million arising from finance lease liabilities for machinery leased by Xinjiang Plant; and (ii) amortisation of discount of RMB53 million related to payables arising from the acquisition of subsidiary. Finance costs incurred by Xinjiang Plant were mostly capitalised as Xinjiang Plant is still expanding its smelting production capacity and in-house power plant.

Other income increased by approximately 185.7% to RMB174 million in 1H2015 from RMB61 million in 1H2014. The increase was mainly due to: (i) government subsidies received from the local government; (ii) reversal of impairment of inventories of RMB13 million; and (iii) unrealised foreign exchange gain related to export sales.

Income tax (expense)/credit

The increase in tax was mainly due to the higher taxable profit of Xinjiang Plant. However, the increase was partially offset by income tax credits resulting from the tax losses of some of the Group's subsidiaries that are expected to be realised in the near future.

Profit after income tax

Profit after income tax for the owners of the Company was lower than that of the non-controlling interests', mainly due to: (i) losses incurred by some of the Group's wholly-owned subsidiaries; and (ii) non-cash items such as amortisation of discount related to payables arising from acquisition of subsidiary during the period under review.

Review of Statement of Financial Position

Non-current assets increased by approximately 2.8% from RMB21,818 million as at 31 December 2014 to RMB22,426 million as at 30 June 2015. These assets consist of property, plant and equipment, land use rights, intangible assets, and deferred income tax assets. The increase in non-current assets was attributable primarily to the purchase of property, plant and equipment in Xinjiang Plant.

Current assets

A slight increase in inventories by RMB45 million from RMB1,505 million as at 31 December 2014 to RMB1,550 million as at 30 June 2015 was recorded.

Prepayments increased from RMB2,745 million as at 31 December 2014 to RMB3,119 million as at 30 June 2015. The increase was mainly due to the advance payments made for the purchase of raw materials.

Trade and other receivables increased from RMB1,954 million as at 31 December 2014 to RMB1,994 million as at 30 June 2015. The increase was primarily attributable to the increase in sales of aluminum products.

Restricted cash increased from RMB1,934 million as at 31 December 2014 to RMB4,346 million as at 30 June 2015. This was the result of more deposits being held as collateral for the bank loans taken as well as the increase in utilisation of notes payable.

Current liabilities

Borrowings decreased from RMB4,475 million as at 31 December 2014 to RMB4,309 million as at 30 June 2015. The decrease was due to the repayment of short term loans.

Notes payable increased from RMB4,132 million as at 31 December 2014 to RMB7,178 million as at 30 June 2015, because the notes payable was utilised as working capital and to also partially finance the expansion of production at Xinjiang Plant.

Payables arising from the acquisition of a subsidiary was for the acquisition of a 55% shareholding interest in Xinjiang Tianfu Coal Mining Co., Limited, which is in the business of mining and selling coal.

Trade and other payables decreased by RMB351 million from RMB4,491 million as at 31 December 2014 to RMB4,140 million as at 30 June 2015 due to the settlement to suppliers.

The increase in advances from customers from RMB1,335 million as at 31 December 2014 to RMB1,967 million as at 30 June 2015 was primarily attributable to the sales contracts entered with customers during 1H2015 that required upfront payment before delivery and also reclassification from non-current liabilities.

Net current liabilities

Although the Group's current liabilities exceeded its current assets by RMB6,710 million, the Group was able to: (i) generate positive cash flows from its operations; (ii) renew its existing funding; and (iii) obtain new funding from its lenders, so as to enable the Group to meet their financial obligations as and when they fall due.

Non-current liabilities

Non-current liabilities decreased by RMB304 million from RMB10,038 million as at 31 December 2014 to RMB9,734 million as at 30 June 2015. The decrease was primarily due to: (i) repayment of finance lease liabilities of RMB132 million; and (ii) reclassification of advances from customers to current liabilities.

Review of Statement of Cash Flows

The Group generated a net cash inflow from operating activities of approximately RMB546 million in 1H2015. This was mainly attributable to the operating profit for the period and an increase in advances from customers. However, the overall increase was partially offset by the increase in prepayments and a decrease in trade and other payables.

There was a net cash outflow of RMB967 million from investing activities in 1H2015, which was primarily due to the purchase of property, plant and equipment in Xinjiang Plant.

Financing activities resulted in net cash inflows of RMB238 million in 1H2015, which was mainly attributable to the increase in notes payables. However, it was offset by the increase in restricted cash and dividend payout of ordinary shares.

Cash and cash equivalents decreased from RMB 314 million as at 31 December 2014 to RMB 130 million as at 30 June 2015 for the reasons discussed above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Aluminum prices remain volatile. Promising signs of a recovery dissipated as aluminum prices fell sharply, falling from the year's high at the end of May to a five-year low currently. With the difficult operating conditions likely to persist for the rest of the year, aluminum producers worldwide will need to re-evaluate their strategy and operations especially in the face of mounting losses. In contrast, XinRen has been able to grow its revenues, reporting an impressive profit in 1H2015, mainly because of its 51%-owned subsidiary, Xinjiang Plant. The smelter's very cost-efficient structure has enabled it to remain profitable even with the severe decline in global aluminum prices.

The Group will continue to boost output at Xinjiang Plant, raising it to around 1.1 million tonnes for this year from about 800,000 tonnes in 2014. When the expansion is completed in coming years, Xinjiang Plant will have a total smelting capacity of 1.6 million tonnes per annum (tpa), and will be one of the single largest smelting facilities in the industry.

XinRen is also working to further sharpen the plant's cost-effectiveness. It aims to add two more power-generating units of 350 MW each to its in-fence independent power plant by end-2015. The Group has also begun construction of a carbon anode plant (capacity: 900,000 tpa), which will fully meet all of Xinjiang Plant's requirements and provide greater cost savings when it is completed.

Given Xinjiang Plant's highly competitive cost structure and ongoing efforts to extract further cost synergies from the integrated aluminum value chain, the Group is in a strong position to weather the current market challenges. It expects to ride the upturn when global aluminum prices improve, shored up by stronger economic fundamentals or a better supply-demand equilibrium.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the half year ended 30 June 2015.

13. Update on Utilisation of IPO Proceeds

As at 30 June 2015, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of Proceeds	Amount Allocated SGD'million	Amount Utilised SGD'million	Balance SGD'million
Increasing the capacity of Jiangyin fabrication plant	52.9	47.9	5.0
Strategic investments, acquisitions and general corporate purposes	14.4	14.4	-
Working capital	28.8	28.8	-
Total	96.1	91.1	5.0

14. If the Group has obtained a general mandate from Shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain any general mandate from its shareholders for IPTs.

15. Negative Assurance Confirmation on Interim Financial Results pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Board of Directors of XinRen Aluminum Holdings Limited hereby confirm that, to the best of its knowledge, nothing has come to their attention which may render the financial results for the half year ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Zeng Chaolin
Executive Chairman
12 August 2015