

**CHINA NATIONAL BUILDING MATERIAL COMPANY LTD:
WHAT A LOAD OF CODSWALLOP !
THE FIRST INTERIM REPORT INDICATES A FINANCIAL DISASTER AREA**

Did The Prospectus Fail To State Something, Important ?

It has happened so often that it is, now, extremely onerous for **TARGET** () to recall the exact number of times that a publicly listed company, controlled, legally and beneficially, by an organ of the Government of the People's Republic of China (PRC), has, quite soon after pitching an **Initial Public Offering** (IPO) in the Hongkong Special Administrative Region (HKSAR) of the PRC, brings out a financial report which indicates that there has been a reversal of fortunes.

On scanning the IPO prospectus, things looked good ... but, then, a short time later, something happens.

In the case of China National Building Material Company Ltd () (Code: 3323, Main Board, The Stock Exchange of Hongkong Ltd), it went public in the HKSAR on March 13, 2006, and, on August 28, 2006, just 5 months and 15 days later, the Company brought out its Interim Report for the 6 months, ended June 30, 2006.

The Bottom Line of this Interim Report was that the Net Profit Attributable to Shareholders for the first half of the Current Financial Year, ended June 30, 2006, was about 61.98 billion renminbi (about \$HK60 million), compared with the like period in 2005 when the Net Profit Attributable to Shareholders came in at 110.85 million renminbi (about \$HK106.59 million), nearly 78.85 percent more.

The following is the Condensed Consolidated Income Statement, copied from Page 34 of this Interim Report:

	For The Six Months, Ended 30 June	
	2006	2005
	<u>All Figure Are Denominated In Renminbi'000*</u>	
Revenue	2,703,484	1,886,360
Cost Of Sales	(2,203,431)	(1,570,805)
Cross Profit	500,053	315,555
Other Income	191,358	85,243
Selling And Distribution Costs	(148,370)	(129,275)
Administrative Expenses	(170,338)	(126,660)

Other Expenses	(4,367)	(5,771)
Share Of Profit Of Associates	23,112	40,121
Finance Costs	(107,604)	(57,020)
Loss Arising From Share Conversion Schemes Of: A Subsidiary An Associate	(202,264) (11,210)	Nil Nil
Profit Before Taxation	70,010	122,193
Income Taxation Expense	(8,034)	(11,344)
Profit For The Period	61,976	110,849
Attributable To:		
Equity Holders Of The Company	(2,277)	86,347
Minority Interests	64,253	24,502
Profit For The Period	61,976	110,849
Dividends	80,382	135,637
(Loss) Earnings Per Share – Basic	(0.001)	(0.062)

* \$HK1.00 = 1.04 renminbi

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