

CHINA EASTERN AIRLINES CORP LTD
Form 6-K
August 27, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934**

For the month of August 2008.

Commission File Number: 001-14550

China Eastern Airlines Corporation Limited

(Translation of Registrant's name into English)

2550 Hongqiao Road
Hongqiao Airport
Shanghai, China 200335

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Eastern Airlines Corporation Limited
(Registrant)

Date August 27, 2008

By

/s/ Luo Zhuping
Name: Luo Zhuping
Title: Company Secretary

Certain statements contained in this announcement may be regarded as "forward-looking statements" within the meaning of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's filings with the U.S. Securities and Exchange Commission. The forward-looking statements included in this announcement represent the Company's views as of the date of this announcement. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company specifically disclaims any obligation to update these forward-looking statements, unless required by applicable laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this announcement.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 670)

2008 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of China Eastern Airlines Corporation Limited (the "Company") hereby presents the unaudited interim consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2008 (which were approved by the Board and the audit committee of the Company (the "Audit Committee") on 26 August 2008), with comparative figures for the corresponding financial information in 2007.

The interim consolidated financial information of the Group for the six months ended 30 June 2008 is unaudited and does not necessarily indicate the annual or future results.

INTERIM FINANCIAL INFORMATION**Prepared in accordance with International Financial Reporting Standards (“IFRS”)****CONDENSED CONSOLIDATED INCOME STATEMENT***For the six months ended 30 June 2008*

		(Unaudited)	
		Six months ended 30 June	
		2008	2007
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Revenues	4	20,310,742	19,047,452
Other operating income, net	5	550,571	547,055
Operating expenses			
Aircraft fuel		(8,567,306)	(6,974,569)
Take-off and landing charges		(2,654,302)	(2,534,090)
Depreciation and amortisation		(2,313,609)	(2,164,814)
Wages, salaries and benefits		(2,028,985)	(1,795,944)
Aircraft maintenance		(1,081,840)	(1,228,105)
Food and beverages		(661,295)	(568,501)
Aircraft operating lease rentals		(1,362,399)	(1,452,674)
Other operating lease rentals		(167,780)	(118,144)
Selling and marketing expenses		(801,723)	(748,180)
Civil aviation infrastructure levies		(373,380)	(382,247)
Ground services and other charges		(78,549)	(84,281)
Office, administrative and other expenses		(1,848,463)	(1,797,546)
Total operating expenses		(21,939,631)	(19,849,095)
Operating loss		(1,078,318)	(254,588)
Finance income	6	1,946,994	778,144
Finance costs	7	(1,065,464)	(899,466)
Share of results of associates		45,700	33,691
Share of results of jointly controlled entities		6,869	9,869
Loss before income tax		(144,219)	(332,350)
Income tax	8	(44,664)	(51,604)
Loss for the period		(188,883)	(383,954)
Attributable to:			
Equity holders of the Company		(212,497)	(305,624)
Minority interests		23,614	(78,330)
		(188,883)	(383,954)
Loss per share attributable to equity holders of the Company during the period			
- basic and diluted	9	(0.04)	(0.06)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		(Unaudited)	(Audited)
		30 June	31
		2008	December
	Note	RMB'000	2007
		RMB'000	RMB'000
Non-current assets			
Intangible assets		1,200,578	1,244,706
Property, plant and equipment	12	48,071,118	47,548,204
Lease prepayments		955,653	967,497
Advanced payments on acquisition of aircraft	13	9,426,705	6,695,573
Investments in associates		1,011,809	601,119
Investments in jointly controlled entities		343,835	336,966
Available-for-sale financial assets		31,268	53,236
Other long-term assets		850,610	660,751
Deferred tax assets		122,281	113,211
Derivative assets		2,374	6,077
		62,016,231	58,227,340
Current assets			
Flight equipment spare parts		1,132,168	1,124,936
Trade receivables	14	2,098,315	2,096,007
Amounts due from related companies		148,024	65,455
Prepayments, deposits and other receivables		3,181,209	2,555,649
Cash and cash equivalents		4,617,799	1,655,244
Derivative assets		417,641	89,470
Non-current assets held for sale		682,914	2,262,058
		12,278,070	9,848,819
Current liabilities			
Sales in advance of carriage		1,172,548	1,211,209
Trade payables and notes payable	15	3,190,505	3,137,880
Amounts due to related companies		656,692	671,593
Other payables and accrued expenses		10,233,425	9,624,491
Current portion of obligations under finance leases	16	1,967,295	2,545,223
Current portion of borrowings	17	25,455,895	18,494,521
Income tax payable		83,134	90,867
Derivative liabilities		59,425	20,238
Liabilities directly associated with non-current assets held for sale		60,635	127,239
		42,879,554	35,923,261
Net current liabilities		(30,601,484)	(26,074,442)
Total assets less current liabilities		31,414,747	32,152,898

		(Unaudited)	(Audited)
		30 June	31
		2008	December
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Obligations under finance leases	<i>16</i>	13,494,754	13,906,987
Borrowings	<i>17</i>	11,232,953	11,369,307
Provision for aircraft overhaul expenses		1,057,774	956,910
Other long-term liabilities		804,823	864,336
Deferred tax liabilities		50,369	50,369
Post-retirement benefit obligations		1,395,870	1,370,702
Derivative liabilities		48,154	21,558
		28,084,697	28,540,169
Net assets		3,330,050	3,612,729
Equity			
Capital and reserves attributable to the equity holders of the Company			
- Share capital	<i>18</i>	4,866,950	4,866,950
- Reserves		(2,093,780)	(1,839,187)
		2,773,170	3,027,763
Minority interests		556,880	584,966
Total equity		3,330,050	3,612,729

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY*For the six months ended 30 June 2008*

	Share capital <i>RMB'000</i>	Attributable to equity holders of the Company		Subtotal <i>RMB'000</i>	Minority interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
		Other reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>			
Six months ended 30 June 2008 (Unaudited)						
Balances as at 1 January 2008	4,866,950	798,039	(2,637,226)	3,027,763	584,966	3,612,729
Cash flow hedges, net of tax	-	(22,900)	-	(22,900)	-	(22,900)
(Loss)/profit for the period	-	-	(212,497)	(212,497)	23,614	(188,883)
Revaluation of available for sale investments in associates	-	(19,196)	-	(19,196)	-	(19,196)
Transfer of revaluation surplus to accumulated loss upon disposal of aircraft	-	(100,803)	100,803	-	-	-
Dividends paid to minority investors in subsidiaries	-	-	-	-	(51,700)	(51,700)
Balances as at 30 June 2008	4,866,950	655,140	(2,748,920)	2,773,170	556,880	3,330,050
Six months ended 30 June 2007 (Unaudited)						
Balances as at 1 January 2007	4,866,950	1,282,877	(3,334,930)	2,814,897	661,746	3,476,643
Cash flow hedges, net of tax	-	17,563	-	17,563	-	17,563
Loss for the period	-	-	(305,624)	(305,624)	(78,330)	(383,954)
Dividends paid to minority investors in subsidiaries	-	-	-	-	(500)	(500)
Balances as at 30 June 2007	4,866,950	1,300,440	(3,640,554)	2,526,836	582,916	3,109,752

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2008*

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	1,082,688	2,567,926
Net cash outflow from investing activities	(3,046,153)	(1,398,654)
Net cash inflow/(outflow) from financing activities	4,960,802	(1,341,253)
Net increase/(decrease) in cash and cash equivalents	2,997,337	(171,981)
Cash and cash equivalents at 1 January	1,655,244	1,987,486
Exchange adjustments	(34,782)	66,678
Cash and cash equivalents at 30 June	4,617,799	1,882,183

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Corporate Information

China Eastern Airlines Corporation Limited (the “Company”), a joint stock company limited by shares was incorporated in the People’s Republic of China (“the PRC”) on 14 April 1995. The address of its registered office is 66 Airport Street, Pudong International Airport, Shanghai, the PRC. The Company and its subsidiaries (together, the “Group”) are principally engaged in the operation of civil aviation, including the provision of passenger, cargo, and mail delivery and other extended transportation services.

The Company is majority owned by China Eastern Air Holding Company (“CEA Holding”), a state-owned enterprise incorporated in the PRC.

The Company’s shares are traded on The Stock Exchange of Hong Kong Limited, The New York Stock Exchange and The Shanghai Stock Exchange.

2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

The Group’s accumulated losses were approximately RMB2,749 million as at 30 June 2008 and its current liabilities exceeded its current assets by approximately RMB30,601 million. Based on the Group’s history of obtaining finance, its relationships with its bankers and banking facilities available, the Board of Directors (the “Board”) of the Company (the “Directors”) consider that the Group will be able to obtain sufficient financing to enable it to operate and meet its liabilities as and when they fall due. Accordingly, it is appropriate that these consolidated financial statements should be prepared on a going concern basis and they do not include any adjustments that would be required should the Company and the Group fail to continue as a going concern.

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has adopted the following interpretation which is relevant to the Group’s operations and is mandatory for the financial year ending 31 December 2008.

IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the above interpretation did not have any significant impact on its results of operations or financial position.

The Group has not early adopted new standards, amendments to standards and interpretations which have been issued but are not effective for 2008. The Group is assessing the impact of these new standards, amendments to standards and interpretations but is not yet in a position to state whether any substantial changes to the Group’s accounting policies or to the presentation of the financial statements will be required.

4. Revenues and segment information

(a) Revenues

The Group is principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Revenues		
- Passenger	16,850,421	16,252,553
- Cargo and mail	2,838,951	2,475,853
Ground service income	609,806	437,388
Cargo handling income	181,122	168,517
Commission income	91,761	63,956
Others	259,108	138,597
	20,831,169	19,536,864
Less: Business tax (<i>Note</i>)	(520,427)	(489,412)
	20,310,742	19,047,452

Note:

Except for traffic revenues derived from inbound international and regional flights, which are not subject to the PRC business tax, the Group's traffic revenues, commission income, ground service income, cargo handling income and other revenues are subject to PRC business tax levied at rates of 3% or 5%, pursuant to PRC business tax rules and regulations.

(b) Segment information

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

(i) Primary reporting format by business segment

The Group has two business segments, namely passenger and cargo and logistics, which are structured and managed separately, according to the nature of their operations and the services they provide.

(1) Passenger business segment includes cargo carried by passenger flights.

(2) Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

The segment results for the six months ended 30 June 2008 are as follows:

	(Unaudited)			
	Passenger RMB'000	Cargo and logistics RMB'000	Unallocated RMB'000	Total RMB'000
Traffic revenues	17,515,033	1,682,290	-	19,197,323
Other revenues and operating income	716,753	546,148	131,791	1,394,692
Total segment revenue	18,231,786	2,228,438	131,791	20,592,015
Inter-segment revenue	(204,678)	-	(76,595)	(281,273)
Revenue	18,027,108	2,228,438	55,196	20,310,742
Operating (loss)/profit - segment results	(1,280,463)	160,861	41,284	(1,078,318)

The segment results for the six months ended 30 June 2007 are as follows:

	(Unaudited)			
	Passenger RMB'000	Cargo and logistics RMB'000	Unallocated RMB'000	Total RMB'000
Traffic revenues	16,991,665	1,268,516	-	18,260,181
Other revenues and operating income	417,811	394,332	103,782	915,925
Total segment revenue	17,409,476	1,662,848	103,782	19,176,106
Inter-segment revenue	(67,087)	-	(61,567)	(128,654)
Revenues	17,342,389	1,662,848	42,215	19,047,452
Operating (loss)/profit - segment results	(214,774)	(56,657)	16,843	(254,588)

(ii) Secondary reporting format by geographical segment

The Group's two business segments operate in four main geographical areas, even though they are managed on a worldwide basis.

The Group's revenues (net of business tax) by geographical segment are analysed based on the following criteria:

- (1) Traffic revenue from services within the PRC (excluding the Hong Kong Special Administrative Region ("Hong Kong")) is classified as domestic operations. Traffic revenue from inbound and outbound services between the PRC, Hong Kong or overseas markets is attributed to the segments based on the origin and destination of each

flight segment.

- (2) Revenue from ticket handling services, airport ground services and other miscellaneous services are classified on the basis of where the services are performed.

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	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Domestic (the PRC, excluding Hong Kong)	11,450,374	10,734,319
Hong Kong	1,253,071	1,342,746
Japan	1,727,293	1,566,153
Other countries	5,880,004	5,404,234
Total	20,310,742	19,047,452

5. Other operating income, net

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Government subsidies (<i>Note</i>)	180,031	408,129
Net fair value gains on financial instruments		
- forward foreign exchange contracts	14,759	2,350
- fuel hedging income	355,781	136,576
	550,571	547,055

Note:

The government subsidies represent (i) subsidies granted by the local government to the Group; and (ii) other subsidies granted by various local municipalities to encourage the Group to operate certain routes to cities where these municipalities are located.

6. Finance income

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Exchange gains, net (<i>Note</i>)	1,891,422	726,009
Interest income	55,572	52,135
	1,946,994	778,144

Note:

The exchange gain for the period ended 30 June 2008 primarily relates to the translation of the Group's foreign currency denominated borrowings and obligations under finance leases at period-end exchange rates.

7. Finance costs

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Interest relating to obligations under finance leases	337,358	300,115
Interest on loans from banks and other payables	932,259	816,993
Fair value gain on financial instruments - transfer from equity in respect of interest rate swaps qualified as cash flow hedges	(29,747)	(3,145)
	1,239,870	1,113,963
Less: amounts capitalised into advance payments on acquisition of aircraft (<i>Note 13</i>)	(174,406)	(214,497)
	1,065,464	899,466

8. Income tax

Income tax is charged to the consolidated income statement as follows:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Provision for PRC income tax - current period	46,103	35,417
Deferred taxation	(1,439)	16,187
	44,664	51,604

Note:

The Company is subject to PRC income tax at a rate of 25%. No provision for PRC profits tax has been made as the Company did not have assessable profit for the period. Subsidiaries of the Group are generally subject to the PRC corporate income tax at the standard tax rate.

The Group operated international flights to certain overseas destinations. There was no material overseas taxation for the six months ended 30 June 2008 as there exists double tax relief between the PRC and the corresponding jurisdictions (including Hong Kong) (2007: Nil).

9. Loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company of RMB212,497,000 (2007: RMB305,624,000) and 4,866,950,000 (2007: 4,866,950,000) shares in issue during the period. The Company has no potentially dilutive ordinary shares.

10. Dividend

The Board of Directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

11. Profit appropriation

No appropriation to the statutory reserves has been made during the six months ended 30 June 2008. Such appropriations will be made at the year end in accordance with the PRC regulations and the Articles of association of individual group companies.

12. Property, plant and equipment

	(Unaudited)		
	Six months ended 30 June 2008		
	Aircraft and flight equipment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Carrying amounts at 1 January 2008	43,036,472	4,511,732	47,548,204
Transfers from advance payments on acquisition of aircraft (<i>Note 13</i>)	883,151	-	883,151
Other additions	1,702,237	295,368	1,997,605
Depreciation charged for the period	(1,998,439)	(248,847)	(2,247,286)
Disposals	(78,920)	(31,636)	(110,556)
Carrying amounts at 30 June 2008	43,544,501	4,526,617	48,071,118

	(Unaudited)		
	Six months ended 30 June 2007		
	Aircraft and flight equipment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Carrying amounts at 1 January 2007	35,793,370	4,257,096	40,050,466
Transfers from advance payments on acquisition of aircraft (<i>Note 13</i>)	1,556,572	-	1,556,572
Other additions	1,953,789	497,151	2,450,940
Depreciation charged for the period	(1,895,020)	(253,972)	(2,148,992)
Disposals	(53,222)	(69,691)	(122,913)
Carrying amounts at 30 June 2007	37,355,489	4,430,584	41,786,073

13. Advance payments on acquisition of aircraft

	(Unaudited)	(Unaudited)
	30 June	30 June
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of period	6,695,573	7,668,708
Additions	3,439,877	1,665,948
Interest capitalized (<i>Note 7</i>)	174,406	214,497
Transfers to property, plant and equipment (<i>Note 12</i>)	(883,151)	(1,556,572)
At end of period	9,426,705	7,992,581

Included in the Group's balance sheet as at 30 June 2008 is accumulated interests capitalized of RMB666 million (2007: RMB553 million), at an average interest rate of 5.82% (2007: 5.90%).

14. Trade receivables

The credit terms given to trade customers are determined on an individual basis, with credit periods generally ranging from half a month to two months.

The aging analysis of trade receivables and notes receivable is as follows:

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	1,811,992	1,761,799
91 to 180 days	110,921	104,991
181 to 365 days	131,845	187,355
Over 365 days	103,155	101,769
	2,157,913	2,155,914
Less: Provision for impairment of receivables	(59,598)	(59,907)
	2,098,315	2,096,007

15. Trade payables and notes payable

The aging analysis of trade payables and notes payable is as follows:

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	2,052,907	1,465,079
91 to 180 days	495,071	1,126,091
181 to 365 days	504,233	449,391
Over 365 days	138,294	97,319
	3,190,505	3,137,880

16. Obligations under finance leases

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,967,295	2,545,223
In the second year	1,428,245	1,567,253
In the third to fifth year inclusive	4,235,031	4,205,352
After the fifth year	7,831,478	8,134,382
Total	15,462,049	16,452,210

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Less: amount repayable within one year	(1,967,295)	(2,545,223)
Long-term portion	13,494,754	13,906,987

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17. Borrowings

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	<i>RMB'000</i>	<i>RMB'000</i>
Long-term bank borrowings		
- secured	4,152,094	4,767,233
- unsecured	12,165,077	9,907,593
	16,317,171	14,674,826
Less: current portion	(5,084,218)	(3,305,519)
Non-current portion	11,232,953	11,369,307
Short-term bank borrowings	20,371,677	15,189,002

18. Share capital

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	<i>RMB'000</i>	<i>RMB'000</i>
Registered, issued and fully paid of RMB1.00 each		
Circulating shares with restricted transfer held by CEA Holding and employees	2,904,000	2,904,000
A shares listed on The Shanghai Stock Exchange	396,000	396,000
H shares listed on The Stock Exchange of Hong Kong Limited	1,566,950	1,566,950
	4,866,950	4,866,950

Pursuant to articles 49 and 50 of the Company's Articles of Association, each of the unlisted shares, the listed A shares and the listed H shares are all registered ordinary shares and carry equal rights.

19. Commitments**(a) Capital commitments**

The Group had the following capital commitments:

	(Unaudited)	(Audited)
	30 June	31
	2008	December
	RMB'000	2007
		RMB'000
Authorised and contracted for:		
- Aircraft, engines and flight equipment	59,457,656	50,852,865
- Investment in associates	210,000	-
- Other property, plant and equipment	200,357	353,771
	59,868,013	51,206,636
Authorised but not contracted for:		
- Other property, plant and equipment		