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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

**Maanshan Iron & Steel Company Limited**

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

(Stock Code: 00323)

**PRICE-SENSITIVE INFORMATION/  
OVERSEAS REGULATORY ANNOUNCEMENT  
2012 FIRST QUARTERLY REPORT**

**This announcement is made pursuant to rules 13.09(1) and (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.**

**1 IMPORTANT NOTICES**

- 1.1 The board of directors (the “Board”), the Supervisory Committee, the Directors, the Supervisors and Senior Management of Maanshan Iron & Steel Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this report; and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All members of the Board attended the Board meeting.
- 1.3 The financial statements contained in this first quarterly report have not been audited.
- 1.4 Name of the person-in-charge of the Company Su Jiangang  
 Name of the person overseeing the accounting operations Qian Haifan  
 Name of the person-in-charge of the Accounting Department Zhang Qianchun
- Mr. Su Jiangang, the person-in-charge of the Company, Mr. Qian Haifan, the person overseeing of accounting operations, and Mr. Zhang Qianchun, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial statements contained in this quarterly report.

**2 COMPANY PROFILE**

**2.1 Major accounting data and financial indicators**

	As at the end of the reporting period	As at the end of the previous year	<i>Currency: RMB</i> Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB)	84,219,343,444	81,113,028,919	3.83
Owners' equity (or shareholders' equity) (RMB)	26,486,353,245	26,954,410,503	-1.74
Net assets per share attributable to shareholders of the Company (RMB/share)	3.44	3.50	-1.71

		<b>Beginning of the year to the end of the reporting period</b>	<b>Increase/(decrease) as compared to the same period of the previous year (%)</b>
Net cash flows from operating activities (RMB)		816,555,994	211.67
Net cash flows per share from operating activities (RMB/share)		0.106	211.76
	<b>Reporting period</b>	<b>Beginning of the year to the end of the reporting period</b>	<b>Increase/(decrease) of the reporting period as compared to the same period of the previous year (%)</b>
Net profit attributable to shareholders of the Company (RMB)	-467,926,806	-467,926,806	-541.07
Basic earnings per share (RMB/share)	-0.0608	-0.0608	-540.58
Basic earnings per share excluding non- recurring gains or losses (RMB/share)	-0.0633	-0.0633	-575.45
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Return on net assets – Weighted average (%)	-1.75	-1.75	Decreased by 2.14 percentage points
Return on net assets excluding non- recurring gains or losses – Weighted average (%)	-1.82	-1.82	Decreased by 2.14 percentage points

**Excluding items and amounts of non-recurring gains or losses:**

<b>Item</b>	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
		<b>Amount</b>
Gains or losses from disposal of non-current assets		1,943,120.87
Subsidy income accounted for in the profit and loss account for the reporting period		3,357,209.22
Gains or losses from change in fair value		300.00
Other non-operating income and expenses other than the above items		-164,515.99
Income tax effect		-6,026,920.07
Effect on minority interests (After tax)		-580,417.67
Amortisation of deferred income		20,879,091.45
Total		19,407,867.81

**2.2 Total number of shareholders as at the end of the reporting period and table of shareholding of the top ten holders of circulating shares (or shareholders of shares not subject to selling restrictions)**

**Total number of shareholders as at the end of the reporting period** 364,885

**Shareholding of the top ten holders of circulating shares not subject to selling restrictions**

<b>Name of shareholder</b>	<b>Number of circulating shares held</b>	<b>Type of shares</b>
Magang (Group) Holding Company Limited	3,886,423,927	RMB-denominated ordinary shares
HKSCC (Nominees) Limited	1,706,783,897	Overseas-listed foreign shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	45,000,000	RMB-denominated ordinary shares
中國建設銀行－上投摩根中國優勢證券投資基金	35,923,074	RMB-denominated ordinary shares
王勇	20,700,000	RMB-denominated ordinary shares
通用電氣資產管理公司－GEAM信託基金中國A股基金	15,739,536	RMB-denominated ordinary shares
中國銀行－嘉實滬深300指數證券投資基金	13,019,990	RMB-denominated ordinary shares
中國工商銀行－南方隆元產業主題股票型證券投資基金	9,999,928	RMB-denominated ordinary shares
中國工商銀行股份有限公司－華夏滬深300指數證券投資基金	8,818,900	RMB-denominated ordinary shares
白計平	7,709,900	RMB-denominated ordinary shares

### **3 SIGNIFICANT MATTERS**

#### **3.1 Details of and reasons for material changes in the major financial statement items and financial indicators of the Company**

During the reporting period, the world economy underwent a slow recovery and the debt crisis in Europe was alleviated, resulting in an upward fluctuation in the prices of steel products. At the end of March, the price index for international steel products was 196.90, down 11.6% year-on-year, representing an increase of 5.4% as compared to the end of 2011. The growth of China's domestic economy slowed down. The prices of steel products in January and February continued to fluctuate downwards, with a slight pickup in March. At the end of March, the price index for domestic steel products was 121.18, down 8.2% year-on-year, representing an increase of 0.6% as compared to the end of 2011.

During the reporting period, the Company and its subsidiaries (the "Group") produced 4,090,000 tonnes of pig iron, 4,090,000 tonnes of crude steel and 3,910,000 tonnes of steel products, representing year-on-year increases of approximately 12.67%, 6.51% and 8.31% respectively. Among which the Company produced 3,180,000 tonnes of pig iron, 3,200,000 tonnes of crude steel and 3,090,000 tonnes of steel products, representing year-on-year decreases of approximately 2.15%, 5.88% and 1.90% respectively. During the reporting period, under the PRC Accounting Standards, the Group's operating revenue decreased by 4.93% year-on-year, mainly due to a significant decrease in the prices of steel products during the reporting period. Net profit attributable to shareholders of the Company decreased by 541.07% year-on-year, primarily due to the fact that the decrease in the prices of steel products was greater than the decrease in the prices of raw materials and fuels.

At present, the prices of raw materials and fuels remain at a high level and there is no significant improvement in downstream demand. Iron and steel enterprises' operations are still facing pressure of high cost with low efficiency. The Company will strengthen market research and strive to grasp opportunities in different stages. It will launch technological breakthrough and enhance products' quality on the basis of ensuring the balance and stability of the entire production system. The Company will adjust the structure of raw materials and fuels and auxiliary raw materials and increase the integrated utilization of energy and resources, in order to further reduce costs and enhance efficiency. It will optimize product mix, adjust production process and develop new competitive products with sudden market need, so as to increase profitability.

Items with more than 30% changes as compared to the end of 2011 in the consolidated financial statements and the reasons for such changes:

- (1) Taxes payable decreased by 61.10% as compared to the end of the previous year mainly due to an increase in deductible input tax of VAT.
- (2) Interests payable increased by 49.23% as compared to the end of the previous year mainly due to an increase in the payment of interests of the borrowings and the Company's corporate bonds during the period.

- (3) Non-current liabilities due within one year decreased by 76.48% as compared to the end of the previous year mainly due to the repayment of long-term loans due within one year during the period.

Items with more than 30% changes as compared to the corresponding period of 2011 in the consolidated financial statements and the reasons for such changes:

- (1) Taxes and surcharges decreased by 47.21% as compared to the same period of the previous year mainly due to decreases in city maintenance and construction taxes and education taxes payable during the period as a result of a decrease in VAT payable during the period as compared to the same period of the previous year, which was because of a decrease in profit margin of the sale of steel products.
- (2) Selling expenses increased by 55.65% as compared to the same period of the previous year mainly due to an increase in exports during the period.
- (3) Financial expenses increased by 109.50% as compared to the same period of the previous year mainly due to an increase in borrowings and a rise in interest rates during the period.
- (4) Gain on changes in fair value decreased by 92.94% as compared to the same period of the previous year mainly due to decreases in the prices of the stocks held by the Company during the period.
- (5) Investment income decreased by 48.97% as compared to the same period of the previous year mainly due to decreases in net profits of associates during the period as compared to the same period of the previous year.
- (6) Non-operating expenses decreased by 94.28% as compared to the same period of the previous year mainly due to decreases in loss from disposal of fixed assets and in donations to the disaster areas during the period.
- (7) Income tax expense decreased by 51.96% as compared to the same period of the previous year mainly due to a decrease in profit before tax during the period.
- (8) Minority interests decreased by 95.36% as compared to the same period of the previous year mainly due to decreases in net profits of subsidiaries during the period as compared to the same period of the previous year.
- (9) Net cash flows from operating activities increased by 211.67% as compared to the same period of the previous year mainly due to decreases in cash paid for goods and services.
- (10) Net cash flows from investing activities decreased by 166.30% as compared to the same period of the previous year mainly due to increases in costs for acquiring long-term assets including fixed assets.

(11) Net cash flows from financing activities increased by 50.14% as compared to the same period of the previous year mainly due to increases in bank borrowings.

**3.2 The warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or significant changes over the corresponding period last year**

The Company expects the aggregate net profits from the beginning of the year to the end of the next reporting period may become a loss. The main reason is as follows: As compared to the first half of 2011, the growth in domestic economy may slow down significantly, with slackened growth in demand for iron and steel products. The oversupply problem in the iron and steel industry is becoming acuter, together with the rising costs of raw materials, both ends of iron and steel enterprises are squeezed, resulting in a relatively significant drop in profit.

**3.3 Implementation of the cash dividend distribution policy during the reporting period**

The ninth meeting of the seventh session of the Board of the Company considered and approved the Company's 2011 profit distribution plan on 28 March 2012, which proposed not to distribute any cash dividend in the year 2011, and no capital reserve fund will be transferred to share capital. The distribution plan will be submitted to the Company's annual general meeting to be held on 6 June 2012 for consideration and approval.

By order of the Board  
**Su Jiangang**  
Chairman

18 April 2012  
Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

*Executive Directors: Su Jiangang, Qian Haifan, Ren Tianbao*

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Wu Tat Man Damon Albert*

## 4 APPENDIX

### FINANCIAL REPORT (Prepared under PRC Accounting Standards for Business Enterprises)

#### 4.1 2012 first quarterly financial statements of Maanshan Iron & Steel Company Limited (Unaudited)

Maanshan Iron & Steel Company Limited  
Consolidated Balance Sheet  
31 March 2012  
Unit: RMB

Assets	31 March 2012 (Unaudited)	31 December 2011 (Audited)
<b>Current assets:</b>		
Cash and bank balances	12,363,667,920	10,302,925,888
Financial assets held-for-trading	608,280	607,980
Bills receivable	7,899,256,964	8,750,705,282
Trade receivables	1,959,687,498	1,883,404,218
Dividends receivable	88,800,000	99,902,452
Prepayments	4,489,489,427	3,651,999,532
Other receivables	766,605,844	694,493,241
Inventories	14,657,291,201	14,132,127,677
<b>Total current assets</b>	<b>42,225,407,134</b>	<b>39,516,166,270</b>
<b>Non-current assets:</b>		
Long-term equity investments	1,660,036,068	1,610,793,100
Investment properties	4,479,621	4,540,409
Fixed assets	32,115,331,458	32,415,260,148
Construction materials	275,044,813	265,351,474
Construction-in-progress	5,328,409,139	4,672,053,374
Intangible assets	1,990,622,291	2,002,437,828
Deferred tax assets	620,012,920	626,426,316
<b>Total non-current assets</b>	<b>41,993,936,310</b>	<b>41,596,862,649</b>
<b>Total assets</b>	<b>84,219,343,444</b>	<b>81,113,028,919</b>

**Maanshan Iron & Steel Company Limited**

**Consolidated Balance Sheet (Cont'd)**

31 March 2012

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>31 March 2012 (Unaudited)</b>	31 December 2011 (Audited)
<b>Current liabilities:</b>		
Short-term loans	6,869,952,859	6,202,785,816
Bills payable	6,600,712,440	5,542,687,963
Accounts payable	7,010,165,001	7,030,282,017
Deposits received	7,401,458,545	7,028,115,939
Payroll and benefits payable	261,115,540	243,707,642
Taxes payable	(525,422,367)	(326,154,569)
Interests payable	325,521,040	218,132,515
Dividends payable	80,492,522	80,281,968
Other payables	732,526,718	731,793,349
Non-current liabilities due within one year	630,715,000	2,681,045,000
	<b>29,387,237,298</b>	29,432,677,640
<b>Total current liabilities</b>		
<b>Non-current liabilities:</b>		
Long-term loans	16,190,130,190	12,906,772,000
Bonds payable	9,254,387,176	9,243,722,051
Deferred income	535,293,890	552,778,524
Deferred tax liabilities	44,328,987	44,328,987
	<b>26,024,140,243</b>	22,747,601,562
<b>Total non-current liabilities</b>		
<b>Total liabilities</b>	<b>55,411,377,541</b>	52,180,279,202
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	3,442,866,348	3,442,866,348
Retained profits	6,988,094,084	7,456,020,890
Exchange fluctuation reserve	16,353,228	16,483,680
Total equity attributable to equity holders of the parent company	<b>26,486,353,245</b>	26,954,410,503
Minority interests	2,321,612,658	1,978,339,214
	<b>28,807,965,903</b>	28,932,749,717
<b>Total shareholders' equity</b>		
<b>Total liabilities and shareholders' equity</b>	<b>84,219,343,444</b>	81,113,028,919

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>Operating revenue</b>	<b>19,495,583,224</b>	20,507,352,243
Less: Cost of sales	19,128,196,723	19,763,162,588
Taxes and surcharges	38,484,689	72,904,412
Selling expenses	90,188,460	57,944,970
Administrative expenses	316,409,572	303,388,095
Financial expenses	410,509,432	195,950,432
Assets impairment losses	–	–
Add: Gain on changes in fair value	300	4,250
Investment income	21,312,920	41,768,723
Including: Share of profits of associates and a jointly controlled entity	<u>21,493,258</u>	<u>42,187,466</u>
<b>Operating profit/(loss)</b>	<b>(466,892,432)</b>	155,774,719
Add: Non-operating income	26,364,554	33,492,072
Less: Non-operating expenses	349,649	6,116,614
Including: Net loss/(gain) on disposal of non-current assets	<u>(831,085)</u>	<u>4,377,265</u>
<b>Profit/(loss) before tax</b>	<b>(440,877,527)</b>	183,150,177
Less: Income tax expense	<u>25,984,581</u>	<u>54,091,188</u>
<b>Net profit/(loss)</b>	<b><u>(466,862,108)</u></b>	<b><u>129,058,989</u></b>
Including: Net profit/(loss) attributable to equity holders of the parent company	<u>(467,926,806)</u>	106,088,853
Minority interests	<u>1,064,698</u>	<u>22,970,136</u>
<b>Earnings per share:</b>		
Basic earnings/(loss) per share	<u>(6.08) cents</u>	<u>1.38 cents</u>
Diluted earnings per share	<u>N/A</u>	<u>N/A</u>
<b>Other comprehensive income/(loss)</b>	<b><u>(130,452)</u></b>	<b><u>(8,176,107)</u></b>
<b>Total comprehensive income /(loss)</b>	<b><u>(466,992,560)</u></b>	<b><u>120,882,882</u></b>
Including: Total comprehensive income/(loss) attributable to the shareholders of the parent company	<u>(468,057,258)</u>	<u>97,912,746</u>
Total comprehensive income attributable to the minority shareholders	<u>1,064,698</u>	<u>22,970,136</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	23,693,353,730	24,924,444,811
Cash received relating to other operating activities	16,133,330	52,164,205
	23,709,487,060	24,976,609,016
Sub-total of cash inflows from operating activities	23,709,487,060	24,976,609,016
Cash paid for goods and services	(20,762,292,226)	(22,783,887,404)
Cash paid to and on behalf of employees	(1,183,711,330)	(909,563,266)
Cash paid for all taxes	(545,641,335)	(926,650,928)
Cash paid relating to other operating activities	(401,286,175)	(94,512,607)
	(22,892,931,066)	(24,714,614,205)
Sub-total of cash outflows from operating activities	(22,892,931,066)	(24,714,614,205)
Net cash flows from operating activities	816,555,994	261,994,811
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	60,922,114	49,501,000
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,392,516	1,252,443
	62,314,630	50,753,443
Sub-total of cash inflows from investing activities	62,314,630	50,753,443
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(1,215,369,610)	(512,943,282)
Cash paid for investments	(77,749,710)	–
	(1,293,119,320)	(512,943,282)
Sub-total of cash outflows from investing activities	(1,293,119,320)	(512,943,282)
Net cash flows from investing activities	(1,230,804,690)	(462,189,839)

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>3. Cash flows from financing activities:</b>		
Cash received from investments	342,208,745	–
Cash received from borrowings	<u>10,193,243,448</u>	<u>6,828,546,729</u>
Sub-total of cash inflows from financing activities	<u>10,535,452,193</u>	<u>6,828,546,729</u>
Cash repayments of borrowings	(7,763,045,977)	(5,006,226,500)
Cash paid for distribution of dividend, profits or interest expenses	<u>(328,886,797)</u>	<u>(194,877,189)</u>
Sub-total of cash outflows from financing activities	<u>(8,091,932,774)</u>	<u>(5,201,103,689)</u>
Net cash flows from financing activities	<u>2,443,519,419</u>	<u>1,627,443,040</u>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>31,471,309</u>	<u>17,639,524</u>
<b>5. Net increase in cash and cash equivalents</b>	<b>2,060,742,032</b>	1,444,887,536
Add: Balance of cash and cash equivalents at beginning of period	<u>10,302,925,888</u>	<u>5,385,065,613</u>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b><u><u>12,363,667,920</u></u></b>	<b><u><u>6,829,953,149</u></u></b>

**Maanshan Iron & Steel Company Limited**

**Balance Sheet**

31 March 2012

Unit: RMB

<b>Assets</b>	<b>31 March 2012 (Unaudited)</b>	31 December 2011 (Audited)
<b>Current assets:</b>		
Cash and bank balances	5,027,811,477	4,768,791,715
Financial assets held-for-trading	608,280	607,980
Bills receivable	6,491,633,848	6,866,227,009
Trade receivables	2,298,866,856	2,412,923,730
Dividends receivable	159,607,383	152,701,212
Prepayments	3,450,891,662	3,035,017,626
Other receivables	88,751,026	87,210,086
Inventories	10,966,634,613	10,433,971,452
<b>Total current assets</b>	<b>28,484,805,145</b>	<b>27,757,450,810</b>
<b>Non-current assets:</b>		
Long-term equity investments	6,310,307,755	5,408,814,497
Investment properties	17,559,533	17,593,986
Fixed assets	27,435,980,489	28,163,111,487
Construction materials	270,083,653	282,303,496
Construction-in-progress	4,087,984,494	3,415,642,243
Intangible assets	1,174,934,137	1,182,953,916
Deferred tax assets	597,145,110	597,145,110
<b>Total non-current assets</b>	<b>39,893,995,171</b>	<b>39,067,564,735</b>
<b>Total assets</b>	<b>68,378,800,316</b>	<b>66,825,015,545</b>

**Maanshan Iron & Steel Company Limited**

**Balance Sheet (Cont'd)**

31 March 2012

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>31 March 2012 (Unaudited)</b>	31 December 2011 (Audited)
<b>Current liabilities:</b>		
Short-term loans	669,381,947	720,152,772
Bills payable	3,545,874,949	2,219,224,949
Accounts payable	6,629,004,259	6,868,767,357
Deposits received	5,466,841,646	5,644,238,568
Payroll and benefits payable	171,967,067	175,902,146
Taxes payable	(469,231,841)	(388,139,010)
Interests payable	323,113,975	215,949,993
Dividends payable	6,146,772	5,936,218
Other payables	476,368,336	564,693,699
Non-current liabilities due within one year	630,715,000	2,681,045,000
	<b>17,450,182,110</b>	18,707,771,692
<b>Non-current liabilities:</b>		
Long-term loans	16,121,530,190	12,838,172,000
Bonds payable	9,254,387,176	9,243,722,051
Deferred income	506,142,423	523,714,144
	<b>25,882,059,789</b>	22,605,608,195
<b>Total non-current liabilities</b>	<b>25,882,059,789</b>	22,605,608,195
<b>Total liabilities</b>	<b>43,332,241,899</b>	41,313,379,887
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,964,168,101	2,964,168,101
Retained profits	6,043,350,731	6,508,427,972
	<b>25,046,558,417</b>	25,511,635,658
<b>Total shareholders' equity</b>	<b>25,046,558,417</b>	25,511,635,658
<b>Total liabilities and shareholders' equity</b>	<b>68,378,800,316</b>	66,825,015,545

**Maanshan Iron & Steel Company Limited**  
**Income Statement**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>Operating revenue</b>	<b>15,554,001,406</b>	18,471,376,808
Less: Cost of sales	<b>15,463,567,356</b>	17,988,789,786
Taxes and surcharges	<b>26,242,711</b>	62,027,135
Selling expenses	<b>69,066,388</b>	54,693,190
Administrative expenses	<b>209,036,566</b>	235,813,774
Financial expenses	<b>311,603,136</b>	117,476,737
Assets impairment losses	–	–
Add: Gain on changes in fair value	<b>300</b>	4,250
Investment income	<b>39,501,882</b>	52,686,472
Including: Share of profits of associates and a jointly controlled entity	<b>21,493,258</b>	42,187,466
<b>Operating profit/(loss)</b>	<b>(486,012,569)</b>	65,266,908
Add: Non-operating income	<b>21,059,055</b>	19,757,016
Less: Non-operating expenses	<b>98,447</b>	1,249,625
Including: Net gain on disposal of non-current assets	<b>(1,092,449)</b>	(246,118)
<b>Profit/(loss) before tax</b>	<b>(465,051,961)</b>	83,774,299
Less: Income tax expense	<b>25,280</b>	7,771,957
<b>Net profit/(loss)</b>	<b>(465,077,241)</b>	76,002,342
<b>Other comprehensive income</b>	–	–
<b>Total comprehensive income/(loss)</b>	<b>(465,077,241)</b>	76,002,342

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	18,315,020,131	22,687,888,598
Cash received relating to other operating activities	9,171,100	35,124,801
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	18,324,191,231	22,723,013,399
	<hr/>	<hr/>
Cash paid for goods and services	(16,208,371,747)	(20,897,037,538)
Cash paid to and on behalf of employees	(951,790,244)	(889,626,256)
Cash paid for all taxes	(293,337,565)	(615,647,581)
Cash paid relating to other operating activities	(609,140,280)	(94,512,607)
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	(18,062,639,836)	(22,496,823,982)
	<hr/>	<hr/>
Net cash flows from operating activities	261,551,395	226,189,417
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	61,102,452	54,999,007
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,392,516	1,252,443
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	62,494,968	56,251,450
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(782,995,686)	(490,083,847)
Cash paid for investments	(930,000,000)	–
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	(1,712,995,686)	(490,083,847)
	<hr/>	<hr/>
Net cash flows from investing activities	(1,650,500,718)	(433,832,397)
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
*For the three months ended 31 March 2012*  
*Unit: RMB*

	<b>January – March 2012 (Unaudited)</b>	January – March 2011 (Unaudited)
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<u>9,066,653,665</u>	<u>6,823,546,729</u>
Sub-total of cash inflows from financing activities	<u>9,066,653,665</u>	<u>6,823,546,729</u>
Cash repayments of borrowings	(7,220,081,300)	(5,006,226,500)
Cash paid for distribution of dividend, profits or interest expenses	<u>(230,205,042)</u>	<u>(193,658,655)</u>
Sub-total of cash outflows from financing activities	<u>(7,450,286,342)</u>	<u>(5,199,885,155)</u>
Net cash flows from financing activities	<u>1,616,367,323</u>	<u>1,623,661,574</u>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>31,601,762</u>	<u>26,952,087</u>
<b>5. Net increase in cash and cash equivalents</b>	<b>259,019,762</b>	1,442,970,681
Add: Balance of cash and cash equivalents at beginning of period	<u>4,768,791,715</u>	<u>3,087,223,561</u>
<b>6. Balance of cash and cash equivalents at end of period</b>	<u><b>5,027,811,477</b></u>	<u><b>4,530,194,242</b></u>

#### 4.2 Change in accounting policy and its effect

During the period, there is no change to the Group's accounting policies or accounting estimates as compared to the latest financial reports.

#### 4.3 Change in the scope of consolidation

During the period, there is no change to the consolidation scope of the Group's financial statements as compared to the latest financial reports.