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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)

**INSIDE INFORMATION/  
OVERSEAS REGULATORY ANNOUNCEMENT  
2013 FIRST QUARTERLY REPORT**

**This announcement is made pursuant to Rule 13.10B 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 Jiangan  
 Name of the person overseeing the accounting operations Qian Haifan  
 Name of the person-in-charge of the Accounting Department Zhang Qianchun

Mr. Su Jiangan, 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)	77,085,672,793	76,011,164,039	1.41
Owners' equity (or shareholders' equity) (RMB)	22,719,343,773	23,126,644,187	-1.76
Net assets per share attributable to shareholders of the Company (RMB/share)	2.95	3.00	-1.67

		<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)		678,309,882	-16.93
Net cash flows per share from operating activities (RMB/share)		0.088	-16.98
	<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)	-385,425,120	-385,425,120	Not applicable
Basic earnings per share (RMB/share)	-0.0501	-0.0501	Not applicable
Basic earnings per share excluding non- recurring gains or losses (RMB/share)	-0.0529	-0.0529	Not applicable
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Return on net assets – Weighted average (%)	-1.68	-1.68	Increased by 0.07 percentage points
Return on net assets excluding non- recurring gains or losses – Weighted average (%)	-1.78	-1.78	Increased by 0.04 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		-1,632,464.84
Government subsidy income accounted for in the profit and loss account for the reporting period		13,446,900.00
Gains or losses from change in fair value		-3,370.00
Other non-operating income and expenses other than the above items		40,130.34
Income tax effect		-8,746,193.31
Effect on minority interests (After tax)		-4,366,347.41
Amortisation of deferred income		23,292,357.44
Total		22,031,012.22

**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** 351,750

**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>
馬鋼(集團)控股有限公司	3,886,423,927	RMB-denominated ordinary shares
香港中央結算(代理人)公司	1,707,293,898	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	54,999,969	RMB-denominated ordinary shares
王勇	20,950,000	RMB-denominated ordinary shares
何文華	11,983,587	RMB-denominated ordinary shares
張武	8,800,000	RMB-denominated ordinary shares
白計平	8,209,900	RMB-denominated ordinary shares
MORGAN STANLEY & CO. INTERNATIONAL PLC.	7,565,781	RMB-denominated ordinary shares
張俊英	7,520,000	RMB-denominated ordinary shares
張沐城	7,088,916	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 U.S. economy underwent a slow recovery and the debt crisis in countries bordering the European Union was temporarily alleviated, resulting in an upward fluctuation in the prices of steel products in January and February, which then declined in March. At the end of March, the price index for international steel products was 179.10, down 9.04% year-on-year, representing an increase of 2.34% as compared to the end of 2012. The domestic GDP growth was 7.7% in the first quarter, a decrease of 0.2 percentage point compared to the previous quarter. The prices of steel products started to rise in the beginning of the year, and declined in late February. At the end of March, the price index for domestic steel products was 107.05, down 11.66% year-on-year, representing an increase of 1.65% as compared to the end of 2012.

During the reporting period, the prices of raw materials and fuels remained at a high level and there was no significant improvement in downstream demand. There was a rapid increase in the domestic production of iron and steel. Data from the National Bureau of Statistics of China shows that the country produced 191.89 million tonnes of crude steel in the first quarter, representing a year-on-year increase of 9.1%. Iron and steel enterprises' operations are still facing a difficult situation of high cost, high inventory with low efficiency.

During the reporting period, the Company and its subsidiaries (the "Group") produced 4,280,000 tonnes of pig iron, 4,360,000 tonnes of crude steel and 4,260,000 tonnes of steel products, representing year-on-year increases of approximately 4.65%, 6.60% and 8.95%, respectively. Among which the Company produced 3,260,000 tonnes of pig iron, 3,350,000 tonnes of crude steel and 3,250,000 tonnes of steel products, representing year-on-year increases of approximately 2.52%, 4.69% and 5.18%, respectively. During the reporting period, under the PRC Accounting Standards, the Group's operating revenue was RMB17.79 billion, decreased by 8.74% year-on-year, mainly due to a decrease in the prices of steel products. Cost of sales was RMB17.05 billion, representing a year-on-year decrease of 10.87%, primarily due to a decrease in the prices of raw materials and fuels. Net profit attributable to shareholders of the Company was RMB385 million, representing a year-on-year decrease of RMB83 million.

The Company's top priority is to minimize losses and make profits by stepping up marketing efforts, securing orders with a high added value and increasing the percentage of direct supply and key supply projects. Having ensured there is system-wide stable and balanced production, the Company will speed up the adjustment of product mix, improve the rate of order fulfillment, continue to carry out scientific and technological innovation and accelerate the development of competitive new products for enhancing its profitability.

Items with more than 30% changes as compared to the end of 2012 in the consolidated financial statements and the reasons for such changes:

- (1) Interest receivable decreased by 68.58% over the end of the previous year mainly attributable to MASTEEL-Financial's reduced deposits in commercial banks.
- (2) Other receivables increased by 48.97% over the end of the previous year attributable to the increase in import duties and VAT prepaid to the mainly customs authorities as a result of increased imports.
- (3) Construction materials increased by 32.68% compared to the end of last year, mainly as a result of the increase of the engineering equipment procured by the Company and the subsidiaries for engineering projects.
- (4) Interest payable increased by 64.09% over the end of the previous year mainly attributable to increased interest on corporate bonds and short-term financing bonds.
- (5) Exchange fluctuation reserve decreased by 61.11% compared to the end of last year, mainly due to the depreciation of exchange rates of the book entry currency by overseas subsidiaries against RMB.

Items with more than 30% changes as compared to the corresponding period of 2012 in the consolidated financial statements and the reasons for such changes

- (1) Taxes and surcharges increased by 84.57% as compared to the same period of the previous year mainly due to increases in city maintenance and construction taxes, education taxes payable, and local education taxes payable as a result of an increase in VAT payable during the period as compared to the same period of last year.
- (2) Assets impairment losses increased RMB294 million compared to the corresponding period of last year mainly because the provision for price decrease in inventories amounting to RMB287 million, which was not used at the end of 2012, was written off for production consumption and sales during the current period, and a provision for price decrease in inventories amounting to RMB280 million was made on the basis of the net realizable value of the inventories at the end of the first quarter.
- (3) Gain on changes in fair value recorded a 12.23 times increase 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.
- (4) Investment income increased by 45.81% as compared to the same period of the previous year mainly due to increases in profit of this period of jointly controlled entities and associates as compared to the same period of the previous year.
- (5) Non-operating income increased by 41.6% compared to the corresponding period of last year, mainly as a result of the increase of refund of taxes to subsidiaries.

- (6) Non-operating expenses recorded a 5.25 times increase as compared to the same period of the previous year mainly due to increases in loss from disposal of fixed assets during the period as compared to the same period of the previous year.
- (7) Income tax expense increased by 84.25% as compared to the same period of the previous year mainly due to an increase in profit before tax of the subsidiaries during the period.
- (8) Minority interests recorded a 6.99 times increase compared to the corresponding period of last year, mainly as a result of the increase of net profit realized by non-wholly owned subsidiaries during the period.
- (9) Net cash flows from investing activities increased by 80.43% as compared to the same period of the previous year mainly as a result of the increase of the net cash from restricted monetary funds.
- (10) Net cash flows from financing activities decreased by 140.42% as compared to the same period of the previous year mainly due to decreases in acquired bank borrowings.

### **3.2 Progress of significant matters and its impact and solution analysis**

The Company has published a provisional announcement to explain the trade dispute, bankruptcy and restructuring involving Logistics Company. For details, please refer to Shanghai Securities News dated 25 September, 9 October and 13 October 2012. The Logistics Company is still in the stage of bankruptcy and restructuring.

### **3.3 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 there is likely a loss in the cumulative net profit during the period from the beginning of the year to the end of next reporting period mainly because the Chinese domestic economic growth rate will decline as compared with the first half of 2012, and the prices of steel products are likely to drop year-on-year as a result of an oversupply across the iron and steel industry. However, the demand for iron and steel products will rise along with the growth in construction projects such as low-income housing. The Company will carry out cost reduction and efficiency enhancement initiatives steadily through further benchmarking and potential unleashing so that monthly loss is likely to reduce gradually. Consequently, the amount of loss is expected to decrease as compared with the same period of the previous year as long as there is no material adverse change in the markets for fuels and raw materials as well as steel products.

### **3.4 Implementation of the cash dividend distribution policy during the reporting period**

The twenty-sixth meeting of the seventh session of the Board of the Company considered and approved the Company's 2012 profit distribution plan on 26 March 2013, which proposed not to distribute any cash dividend in the year 2012, 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 14 June 2013 for consideration and approval.

#### 4 APPENDIX

##### 4.1 2013 first quarterly financial statements of Maanshan Iron & Steel Company Limited (Prepared under PRC Accounting Standards for Business Enterprises)

### Maanshan Iron & Steel Company Limited Consolidated Balance Sheet

31 March 2013

Unit: RMB

Assets	31 March 2013 Unaudited	31 December 2012 Audited
<b>Current assets:</b>		
Cash and bank balances	8,359,061,296	9,782,424,115
Financial assets held-for-trading	583,750	587,120
Bills receivable	8,647,155,635	8,060,760,260
Trade receivables	1,441,139,122	1,411,927,109
Dividends receivable	46,800,000	46,800,000
Interest receivable	1,522,831	4,846,087
Prepayments	1,650,525,161	2,037,721,944
Other receivables	698,685,632	469,008,747
Inventories	12,990,527,214	11,250,937,262
Loans and advances	256,073,270	215,562,806
<b>Total current assets</b>	<b>34,092,073,911</b>	<b>33,280,575,450</b>
<b>Non-current assets:</b>		
Long-term equity investments	1,276,287,847	1,210,311,409
Investment properties	4,374,284	4,400,618
Fixed assets	31,551,490,907	32,478,798,396
Construction materials	893,924,800	673,731,960
Construction-in-progress	6,631,142,000	5,697,669,676
Intangible assets	1,949,540,891	1,963,421,181
Deferred tax assets	686,838,153	702,255,349
<b>Total non-current assets</b>	<b>42,993,598,882</b>	<b>42,730,588,589</b>
<b>Total assets</b>	<b>77,085,672,793</b>	<b>76,011,164,039</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet** (*Cont'd*)  
31 March 2013  
Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>31 March 2013 Unaudited</b>	31 December 2012 Audited
<b>Current liabilities:</b>		
Deposits taken	715,163,521	565,167,982
Financial assets sold or repurchased	494,057,937	494,753,998
Short-term loans	11,770,791,149	9,777,449,423
Bills payable	4,995,193,318	5,096,302,242
Accounts payable	8,762,977,434	7,029,326,670
Deposits received	6,385,235,785	6,122,954,555
Payroll and benefits payable	217,711,636	228,107,066
Taxes payable	(320,032,975)	(331,007,320)
Interests payable	336,830,114	205,268,222
Dividends payable	80,642,412	80,492,522
Other payables	1,124,966,602	1,058,965,107
Non-current liabilities due within one year	1,312,689,000	1,335,542,400
<b>Total current liabilities</b>	<b>35,876,225,933</b>	31,663,322,867
<b>Non-current liabilities:</b>		
Long-term loans	7,190,558,000	9,914,180,000
Bonds payable	8,266,268,567	8,261,992,704
Deferred income	598,441,154	618,997,012
Deferred tax liabilities	40,614,884	40,614,884
<b>Total non-current liabilities</b>	<b>16,095,882,605</b>	18,835,784,600
<b>Total liabilities</b>	<b>51,972,108,538</b>	50,499,107,467
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,329,067,663	8,329,067,663
Surplus reserves	11,539,743	14,768,610
Retained profits	3,750,928,170	3,750,928,170
General risk reserve	55,650,161	55,650,161
Retained profit	2,859,612,853	3,245,037,973
Exchange fluctuation reserve	11,863,997	30,510,424
Total equity attributable to equity holders of the parent company	22,719,343,773	23,126,644,187
Minority interests	2,394,220,482	2,385,412,385
<b>Total shareholders' equity</b>	<b>25,113,564,255</b>	25,512,056,572
<b>Total liabilities and shareholders' equity</b>	<b>77,085,672,793</b>	76,011,164,039

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
<b>Operating revenue</b>	<b>17,791,718,370</b>	19,495,583,224
Less: Cost of sales	<b>17,048,862,830</b>	19,128,196,723
Taxes and surcharges	<b>71,031,364</b>	38,484,689
Selling expenses	<b>91,961,685</b>	90,188,460
Administrative expenses	<b>354,748,751</b>	316,409,572
Financial expenses	<b>326,643,182</b>	410,509,432
Assets impairment losses	<b>293,727,249</b>	–
Add: Gain/(loss) on changes in fair value	<b>(3,370)</b>	300
Investment income	<b>31,076,438</b>	21,312,920
Including: Share of profits of associates and a jointly controlled entity	<b>31,079,562</b>	21,493,258
<b>Operating profit/(loss)</b>	<b>(364,183,623)</b>	(466,892,432)
Add: Non-operating income	<b>37,332,415</b>	26,364,554
Less: Non-operating expenses	<b>2,185,492</b>	349,649
Including: Net loss/(gain) on disposal of non-current assets	<b>1,632,465</b>	(831,085)
<b>Profit/(loss) before tax</b>	<b>(329,036,700)</b>	(440,877,527)
Less: Income tax expense	<b>47,877,684</b>	25,984,581
<b>Net profit/(loss)</b>	<b>(376,914,384)</b>	(466,862,108)
Including: Net profit/(loss) attributable to equity holders of the parent company	<b>(385,425,120)</b>	(467,926,806)
Minority interests	<b>8,510,736</b>	1,064,698
<b>Earnings per share:</b>		
Basic earnings/(loss) per share	<b>(0.05)</b>	(0.06)
Diluted earnings/(loss) per share	<b>(0.05)</b>	(0.06)
<b>Other comprehensive income/(loss)</b>	<b>(18,646,427)</b>	(130,452)
<b>Total comprehensive income/(loss)</b>	<b>(395,560,811)</b>	(466,992,560)
Including: Total comprehensive income/(loss)	<b>(404,071,547)</b>	(468,057,258)
attributable to the shareholders of	<b>8,510,736</b>	1,064,698

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	20,325,815,152	23,693,353,730
Net increase in financial assets sold or repurchased	(696,061)	
Net increase in deposits taken	149,995,540	
Cash received from charging interests, fees and commissions	35,993,293	
Cash received relating to other operating activities	16,776,557	16,133,330
	<b>20,527,884,481</b>	23,709,487,060
Sub-total of cash inflows from operating activities		
Cash paid for goods and services	(17,675,101,112)	(20,762,292,226)
Cash paid to and on behalf of employees	(1,217,364,622)	(1,183,711,330)
Cash paid for all taxes	(696,863,458)	(545,641,335)
Net increase in deposits in the Central Bank	(66,553,394)	
Net increase in loans and advances	(52,510,464)	
Cash paid for interests, fees and commissions	(4,717,808)	
Cash paid relating to other operating activities	(136,463,741)	(401,286,175)
	<b>(19,849,574,599)</b>	(22,892,931,066)
Sub-total of cash outflows from operating activities		
Net cash flows from operating activities	<b>678,309,882</b>	816,555,994
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	73,169,241	60,922,114
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,611,439	1,392,516
Net cash from decrease in restricted use of monetary funds	931,689,954	–
	<b>1,021,470,634</b>	62,314,630
Sub-total of cash inflows from investing activities		
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(1,209,280,366)	(1,215,369,610)
Cash paid for investments	(53,000,000)	(77,749,710)
	<b>(1,262,280,366)</b>	(1,293,119,320)
Sub-total of cash outflows from investing activities		
Net cash flows from investing activities	<b>(240,809,732)</b>	(1,230,804,690)

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from investments	–	342,208,745
Cash received from borrowings	<b>7,661,319,132</b>	10,193,243,448
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	<b>7,661,319,132</b>	10,535,452,193
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(8,415,896,154)</b>	(7,763,045,977)
Cash paid for distribution of dividend, profits or interest expenses	<b>(232,990,040)</b>	(328,886,797)
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	<b>(8,648,886,194)</b>	(8,091,932,774)
	<hr/>	<hr/>
Net cash flows from financing activities	<b>(987,567,062)</b>	2,443,519,419
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(8,159,346)</b>	31,471,309
	<hr/>	<hr/>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>(558,226,258)</b>	2,060,742,032
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>6,629,796,092</b>	10,302,925,888
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>6,071,569,834</b>	12,363,667,920
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**Maanshan Iron & Steel Company Limited**  
**Balance Sheet**  
*31 March 2013*  
*Unit: RMB*

<b>Assets</b>	<b>31 March 2013 Unaudited</b>	31 December 2012 Audited
<b>Current assets:</b>		
Cash and bank balances	5,197,543,269	6,359,785,755
Financial assets held-for-trading	583,750	587,120
Bills receivable	5,828,719,261	5,001,092,227
Trade receivables	2,253,131,202	1,785,315,692
Dividends receivable	61,475,194	66,475,194
Interests receivable	–	5,159,705
Prepayments	776,258,848	1,044,242,745
Other receivables	437,365,429	279,377,529
Inventories	8,385,510,855	8,172,351,955
	<hr/>	<hr/>
<b>Total current assets</b>	<b>22,940,587,808</b>	22,714,387,922
	<hr/>	<hr/>
<b>Non-current assets:</b>		
Long-term equity investments	6,773,697,171	6,708,697,609
Investment properties	17,188,937	17,188,937
Fixed assets	26,911,155,288	27,725,274,143
Construction materials	478,521,783	350,239,732
Construction-in-progress	4,509,745,107	4,115,011,626
Intangible assets	1,140,981,844	1,148,988,370
Deferred tax assets	679,495,010	679,495,010
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>40,510,785,140</b>	40,744,895,427
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<b>Total assets</b>	<b>63,451,372,948</b>	63,459,283,349
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**Maanshan Iron & Steel Company Limited**  
**Balance Sheet (Cont'd)**  
31 March 2013  
Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>31 March 2013 Unaudited</b>	31 December 2012 Audited
<b>Current liabilities:</b>		
Short-term loans	4,292,520,448	4,970,468,532
Bills payable	1,614,538,487	1,552,887,366
Accounts payable	11,589,733,989	7,982,070,150
Deposits received	4,245,842,731	4,595,208,580
Payroll and benefits payable	148,727,039	119,617,400
Taxes payable	(131,973,437)	(217,257,558)
Interests payable	326,745,905	207,613,733
Dividends payable	6,296,662	6,146,772
Other payables	877,645,963	809,058,988
Non-current liabilities due within one year	1,312,689,000	1,335,542,400
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>24,282,766,787</b>	21,361,356,363
	<hr/>	<hr/>
<b>Non-current liabilities:</b>		
Long-term loans	9,393,702,500	11,817,407,500
Bonds payable	8,266,268,567	8,261,992,704
Deferred income	572,103,662	592,659,282
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>18,232,074,729</b>	20,672,059,486
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>42,514,841,516</b>	42,033,415,849
	<hr/>	<hr/>
<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	1,933,323,746	2,422,659,814
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>20,936,531,432</b>	21,425,867,500
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>63,451,372,948</b>	63,459,283,349
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Income Statement**  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
Operating revenue	<b>14,093,356,994</b>	15,554,001,406
Less: Cost of sales	<b>13,706,994,457</b>	15,463,567,356
Taxes and surcharges	<b>56,904,461</b>	26,242,711
Selling expenses	<b>56,715,671</b>	69,066,388
Administrative expenses	<b>232,262,331</b>	209,036,566
Financial expenses	<b>301,804,555</b>	311,603,136
Assets impairment losses	<b>279,999,810</b>	–
Add: Gain/(Loss) on changes in fair value	<b>(3,370)</b>	300
Investment income	<b>31,079,562</b>	39,501,882
Including: Share of profits of associates and a jointly controlled entity	<b>31,079,562</b>	21,493,258
<b>Operating profit/(loss)</b>	<b>(510,248,099)</b>	(486,012,569)
Add: Non-operating income	<b>22,361,611</b>	21,059,055
Less: Non-operating expenses	<b>1,428,258</b>	98,447
Including: Net gain on disposal of non-current assets	<b>1,378,414</b>	(1,092,449)
<b>Profit/(loss) before tax</b>	<b>(489,314,746)</b>	(465,051,961)
Less: Income tax expense	<b>21,322</b>	25,280
<b>Net profit/(loss)</b>	<b>(489,336,068)</b>	(465,077,241)
<b>Other comprehensive income</b>	<b>–</b>	–
<b>Total comprehensive income/(loss)</b>	<b>(489,336,068)</b>	(465,077,241)

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	14,814,932,388	18,315,020,131
Cash received relating to other operating activities	1,805,991	9,171,100
	<b>14,816,738,379</b>	18,324,191,231
Sub-total of cash inflows from operating activities		
Cash paid for goods and services	(10,548,442,933)	(16,208,371,747)
Cash paid to and on behalf of employees	(913,570,060)	(951,790,244)
Cash paid for all taxes	(458,809,591)	(293,337,565)
Cash paid relating to other operating activities	(135,706,507)	(609,140,280)
	<b>(12,056,529,091)</b>	(18,062,639,836)
Sub-total of cash outflows from operating activities		
Net cash flows from operating activities	<b>2,760,209,288</b>	261,551,395
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	54,831,829	61,102,452
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,611,439	1,392,516
Decrease in net cash from restricted monetary funds	800,000,000	–
	<b>871,443,268</b>	62,494,968
Sub-total of cash inflows from investing activities		
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(630,510,545)	(782,995,686)
Cash paid for investments	(53,000,000)	(930,000,000)
	<b>(683,510,545)</b>	(1,712,995,686)
Sub-total of cash outflows from investing activities		
Net cash flows from investing activities	<b>187,932,723</b>	(1,650,500,718)

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement** *(Cont'd)*  
*For the three months ended 31 March 2013*  
*Unit: RMB*

	<b>January – March 2013 Unaudited</b>	January – March 2012 Unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<u>4,100,000,000</u>	<u>9,066,653,665</u>
Sub-total of cash inflows from financing activities	<u>4,100,000,000</u>	<u>9,066,653,665</u>
Cash repayments of borrowings	(7,225,949,832)	(7,220,081,300)
Cash paid for distribution of dividend, profits or interest expenses	<u>(194,724,630)</u>	<u>(230,205,042)</u>
Sub-total of cash outflows from financing activities	<u>(7,420,674,462)</u>	<u>(7,450,286,342)</u>
Net cash flows from financing activities	<u>(3,320,674,462)</u>	<u>1,616,367,323</u>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>10,289,965</u>	<u>31,601,762</u>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<u>(362,242,486)</u>	<u>259,019,762</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>5,559,785,755</u>	<u>4,768,791,715</u>
<b>6. Balance of cash and cash equivalents at end of period</b>	<u><u>5,197,543,269</u></u>	<u><u>5,027,811,477</u></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.

By order of the Board

**Su Jiangang**

*Chairman*

26 April 2013

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: Su Shihuai*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan*