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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
2015 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 Name of Director Absent	Position of Director not Attending	Reason for the Absence of Director	Name of Proxy
Liu Fangduan	Independent Director	Other business engagements	Qin Tongzhou

1.3 Mr. Ding Yi, the person-in-charge of the Company, Mr. Qian Haifan, the person overseeing of accounting operations, and Mr. Xing Qunli, 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.

1.4 The financial statements contained in this first quarterly report have not been audited, but have been considered and approved by the Audit Committee.

2. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

2.1 Major accounting data

	As at the end of the reporting period	As at the end of the previous year	<i>Unit: Yuan Currency: RMB</i> Increase/decrease of the end of the reporting period as compared to the end of the previous year (%)
Total assets	67,992,133,276	68,511,174,810	-0.76
Net assets per share attributable to shareholders of the Company (RMB/share)	22,625,757,277	23,295,565,989	-2.88

	Beginning of the year to the end of the reporting period	Increase/(decrease) as compared to the same period of the previous year	Beginning of the year to the end of the reporting period
Net cash flows from operating activities (RMB)	2,300,177,640	-522,528,126	Not applicable
	Reporting period	Beginning of the year to the end of the reporting period	Increase/(decrease) of the reporting period as compared to the same period of the previous year (%)
Operating revenue	11,747,680,767	13,643,609,773	-13.90%
Net profit attributable to shareholders of the Company (RMB)	-595,419,114	-445,984,347	Not applicable
Net profit attributable to shareholders of the Company excluding nonrecurring gains or losses	-667,837,279	-479,705,744	Not applicable
Return on net assets – Weighted average (%)	-2.59	-1.95	Decreased by 0.64 percentage points
Basic earnings per share (RMB/share)	-0.0773	-0.0579	Not applicable
Diluted earnings per share (RMB/share)	-0.0773	-0.0579	Not applicable

Item and amount of nonrecurring gains or losses
 Applicable Not applicable

Unit: Yuan Currency: RMB
Amount

Gains or losses from disposal of non-current assets	-700,367.76
Government subsidy income accounted for in the profit and loss account for the reporting period	63,082,105
Gains or losses from change in fair value	174,010
Other non-operating income and expenses other than the above items	-286,504.19
Amortisation of deferred income	34,931,855.28
Effect on minority interests (After tax)	-527,993.44
Income tax effect	-24,254,940.29
Total	72,418,164.60

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)

Unit: Share

Total number of shareholders as at the end of the reporting period 323,319

Shareholding of the top ten holders of circulating shares

Name of shareholder	Number of circulating shares held	percentage (%)	Number of shares held without selling restrictions	Pledge or freezing Status of shares	amount	Type of shareholders
Magang (Group) Holding Company Limited	3,886,423,927	50.47		None	0	State-own legal-person shareholder
HKSCC Nominees Limited	1,708,508,898	22.19		Unknown	Unknown	Overseas legal-person shareholder
Zhu Enying (朱恩英)	24,257,204	0.32		Unknown	Unknown	Unknown
Li Jixiang (李輯祥)	19,644,937	0.26		Unknown	Unknown	Unknown
ICBC – Nuo'an Value Growth Stock Securities Investment Fund	17,182,707	0.22		Unknown	Unknown	Unknown
Sichuan Trust Co., Ltd. – No.29 Hongying Securities Collective Investment Trust Fund Plan (四川信托有限公司-宏贏二十九號證券投資集合資金信托計劃)	8,302,400	0.11		Unknown	Unknown	Unknown
Liu Fengtao (劉鳳濤)	8,000,100	0.10		Unknown	Unknown	Unknown
Wang Rongyao (王榮耀)	7,981,475	0.10		Unknown	Unknown	Unknown
Zhang Junying (張俊英)	7,520,000	0.10		Unknown	Unknown	Unknown
Zhang Jinlian (張金蓮)	6,837,097	0.09		Unknown	Unknown	Unknown

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

Name of shareholder	Number of circulating shares held	Type and number of shares	
		Type	Number
Magang (Group) Holding Company Limited	3,886,423,927	RMB-denominated ordinary shares	3,886,423,927
HKSCC Nominees Limited	1,708,508,898	Overseas-denominated ordinary shares	1,708,508,898
Zhu Enying (朱恩英)	24,257,204	RMB-denominated ordinary shares	24,257,204
Li Jixiang (李輯祥)	19,644,937	RMB-denominated ordinary shares	19,644,937
ICBC – Nuo’an Value Growth Stock Securities Investment Fund	17,182,707	RMB-denominated ordinary shares	17,182,707
Sichuan Trust Co., Ltd. – No.29 Hongying Securities Collective Investment Trust Fund Plan (四川信托有限公司—宏贏二十九號證券投資集合資金信托計劃)	8,302,400	RMB-denominated ordinary shares	8,302,400
Liu Fengtao (劉鳳濤)	8,000,100	RMB-denominated ordinary shares	8,000,100
Wang Rongyao (王榮耀)	7,981,475	RMB-denominated ordinary shares	7,981,475
Zhang Junying (張俊英)	7,520,000	RMB-denominated ordinary shares	7,520,000
Zhang Jinlian (張金蓮)	6,837,097	RMB-denominated ordinary shares	6,837,097

Description of any connected relationships or concerted actions among the above mentioned shareholders

There was no connected relationship between Magang (Group) Holding Company Limited (“Holding”) and any of the afore-mentioned shareholders, nor were they concerted parties as defined in the Measures on Management of Acquisition for Listed Companies. The Company is not aware of whether the other shareholders mentioned above had connected relationship or whether they were concerted parties.

2.3 Total number of preferred shareholders as at the end of the reporting period, shareholding of the top ten preferred holders of circulating shares and shareholding of the top ten preferred holders of circulating shares not subject to selling restrictions.

Applicable Not applicable

3. SIGNIFICANT MATTERS

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

✓Applicable Not applicable

China's gross domestic product grew 7% in the first quarter, decreased 0.4 percentage point year-over-year. According to data from the National Bureau of Statistics of China, crude steel production of industrial enterprises above designated size was put at 200 million tonnes, down 1.7% year-on-year; Steel production amounted to 266 million tonnes, increased 2.5% year-over-year. However, the imbalance between supply and demand of the steel market intensified as the downstream demand growth slowed down. Steel price dropped significantly. At the end of March, the price index for domestic steel products was 75.43, down 20.46% year-on-year, representing a decrease of 9.22% as compared to the end of last year. The prices of raw materials and fuels remained the trend and the operation of the iron and steel enterprise in general is still difficult.

During the reporting period, the Company and its subsidiaries (the "Group") produced 4,250,000 tonnes of pig iron, 4,500,000 tonnes of crude steel and 4,340,000 tonnes of steel products, representing year-on-year increases of approximately 5.59%, 7.49% and 8.80%, respectively. Among which the Company produced 3,310,000 tonnes of pig iron, 3,540,000 tonnes of crude steel and 3,400,000 tonnes of steel products, representing year on-year increases of approximately 17.83%, 17.57% and 18.93%, respectively. During the reporting period, under the PRC Accounting Standards, the Group's operating revenue was RMB11.75 billion, decreased by 13.90% year-on-year, mainly due to a decrease in the prices of steel products. Cost of sales was RMB11.44 billion, representing a year-on-year decrease of 13.05%, primarily due to a decrease in the prices of raw materials and fuels. Net loss attributable to shareholders of the Company was RMB595 million, representing a year-on-year increase of 33.51%, mainly due to the reduced operation gross profit and increased period charges such as management fee.

The company will, on the basis of ensuring balanced production of the whole system, organize in-house production flexibly, yet implement production plans rigorously depending on external changes in the market, improve product quality and fulfill all orders; in terms of procurement, will stick to a low-inventory strategy, and continue to raise the percentage of direct selling; and meanwhile will quicken the pace of new product development and cease to lose and begin to turn out a profit.

Items with more than 30% changes as compared to the end of 2014 in the consolidated financial statements and the reasons for such changes:

- (1) Interest receivable amounted to RMB2,957,308, up 55.73% over the end of the previous year, mainly owing to an increase in interest receivable arising out of loans provided by the Finance Company to other members of the Holding.
- (2) Loans and advances totaled RMB419,095,139, a 33.81% decrease from the end of the previous year, primarily caused by a shrinkage in loans and bill discount provided by the Finance Company to other members of the Holding.
- (3) Borrowing from other banks is zero, decreased by RMB500,000,000 (100%) over the end of the previous year mainly due to decrease in interbank borrowing amount of the Finance Company.
- (4) Deposits taken amounted to RMB1,673,410,957, increased by 39.50% as compared to the end of the previous year, mainly due to the increase in the Holding's other units' internal deposits taken by Finance Company.
- (5) Financial assets sold for repurchase were worth RMB58,911,500, compared with zero at the end of the previous year, mainly caused by an increase in bill rediscount with the central bank by the Finance Company during the reporting period.
- (6) Bonds payable amounted to RMB6,387,634,345, up 33% from the end of the previous year, mainly as a result of increasing bonds payable drawn by the company for the procurement of raw materials and fuels.
- (7) Interest payable amounted to RMB256,017,967, increased by 74.61% over the end of the previous year mainly attributable to increased interest on corporate bonds and short-term financing bonds.
- (8) Other comprehensive income was -RMB200,776,624, a 46.38% decline from the end of the previous year, primarily because the functional currencies of some overseas subsidiaries depreciated against RMB during the reporting period.
- (9) Special reserves came in at RMB10,738,988, down 50.08% from the end of the previous year, because of a decrease in special reserves for production safety appropriated by Changjiang Steel.

Items with more than 30% changes as compared to the corresponding period of 2014 in the consolidated financial statements and the reasons for such changes:

- (1) Business taxes and surcharges amounted to RMB60,339,758, increased by 34.81% 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 decrease in VAT payable during the period as compared to the same period of last year.
- (2) Selling expenses amounted to RMB148,135,576, up 43.07% year on year, mainly owing to an increase in external freight and miscellaneous expenses of the company, plus additional selling expenses incurred by SAS VALDUNES and regional sales firms.
- (3) Administrative expenses were reported at RMB460,486,901, up 50.62% year on year, primarily caused by an increase in land use tax paid by the company and some subsidiaries.
- (4) Loss from impairment of assets amounted to RMB98,329,311, decreased by 47.04% year-on-year, mainly due to the year-on-year decrease in the provision for price decreases in inventory during the period.
- (5) Gain from changes in fair value amounted to RMB174,010, while loss from changes in fair value of the same period last year amounted to RMB23,910 (-827.77%), mainly due to the increase in the prices of shares held by the Company during the period.
- (6) Investment income came in at RMB25,645,819, a 31.27% retreat year on year, primarily incurred by a shrinkage in current profit of some associates and jointly controlled entities.
- (7) Non-operating income amounted to RMB98,026,492, increased by 65.95% compared to the corresponding period of the previous year, mainly due to the increase of government subsidies received by subsidiaries.
- (8) Non-operating expenses amounted to RMB999,404, increased by 60.41% as compared to the same period of the previous year, mainly due to increases in loss from disposal of fixed assets during the period
- (9) Income tax expenses amounted to RMB27,263,363, down 51.3% year on year, mainly owing to a drop in income seen in some subsidiaries during the reporting period.
- (10) Net loss attributable to shareholders of the parent company was RMB595,419,114, up 33.51% year on year, primarily because gross operating profit shrank further, while administrative expenses and other costs grew during the reporting period.
- (11) Minority interests amounted to -RMB73,697,620, loss increased by 127.01% as compared to the corresponding period of the previous ear, mainly as a result of the increase of net profit realized by non-wholly owned subsidiaries during the period.

- (12) Net cash inflows from operating activities amounted to RMB2,300,177,640, while net cash outflows of RMB522,528,126 were recorded during the same period in the previous year, mainly because an increase in bonds payable drawn for raw materials and fuels purchased caused a reduction in cash paid for goods and services; and cash received from bonds receivable caused an increase in cash received from sale of goods or rendering of services during the reporting period.
- (13) Net cash outflows from investing activities amounted to RMB880,989,722, while net cash inflows of RMB1,727,977,624(-150.98%) were recorded during the same period in the previous year, mainly because cash was received from disposal of subsidiaries during the same period in the previous year, but there was no such event during the reporting period; and billing deposit recorded net cash inflows a year ago, but net cash outflows during the reporting period.
- (14) Net cash outflows from financing activities amounted to RMB1,018,647,466, up 81.24% year on year, mainly incurred by an increase in cash paid for debt services.

3.2 Progress of significant matters and its impact and solution analysis

Applicable Not Applicable

3.3 Fulfillment of commitments by the company and shareholders holding more than 5% of shares

Applicable Not Applicable

3.4 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.

Applicable Not Applicable

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 losses in the first quarter is huge. In addition, the industry situation in the second quarter is unlikely to improve and the enterprise still faces difficulties in operation, so the losses in the first quarter are hard to be made up.

By order of the Board

Ding Yi

Chairman

Maanshan Iron & Steel Company Limited

28 April 2015

Maanshan City, Anhui Province, the PRC

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

Executive Directors: Ding Yi, Qian Haifan, Ren Tianbao

Non-executive Director: Su Shihuai

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

4. APPENDIX

4.1 Financial statements

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet
31 March 2015
Renminbi Yuan

Asset	31 March 2015 Unaudited	31 December 2014 Audited
Current assets:		
Cash and bank balances	5,006,445,639	4,654,551,519
Financial assets measured at fair value through profit or loss	1,247,500	1,073,490
Bills receivable	8,026,288,599	8,483,607,113
Trade receivables	820,693,522	856,559,860
Interest receivable	2,957,308	1,898,994
Prepayments	589,004,448	648,963,073
Other receivables	268,992,387	255,577,937
Inventories	9,089,364,953	8,684,293,285
Loans and advances	419,095,139	633,203,277
Other current asset	610,217,618	665,474,438
Total current assets	24,834,307,113	24,885,202,986
Non-current assets:		
Financial assets available for sale	126,772,160	126,772,160
Long-term equity investments	1,171,768,425	1,089,585,013
Investment properties	62,450,752	62,904,210
Fixed assets	36,412,886,090	37,041,356,860
Construction-in-progress	3,050,981,777	2,831,050,182
Intangible assets	1,698,586,527	1,826,460,576
Deferred tax assets	634,380,432	647,842,823
Total non-current assets	43,157,826,163	43,625,971,824
Total assets	67,992,133,276	68,511,174,810

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
31 March 2015
Renminbi Yuan

Liabilities and Shareholders' Equity	31 March 2015 Unaudited	31 December 2014 Audited
Current liabilities:		
Loans from banks and other financial	–	500,000,000
Deposits taken	1,673,410,957	1,199,618,850
Financial assets sold or repurchased	58,911,500	–
Short-term loans	11,792,752,169	12,058,394,894
Bills payable	6,387,634,345	4,802,906,077
Trade payable	6,370,237,461	6,679,288,444
Deposits received	3,263,261,076	3,701,440,863
Payroll and benefits payable	304,669,094	299,077,212
Taxes payable	275,447,316	236,783,996
Interests payable	256,017,967	146,625,806
Dividends payable	7,328,392	7,210,819
Other payables	931,757,163	827,419,110
Non-current liabilities due within one year	1,804,071,096	2,231,683,000
Accrued liabilities	12,605,323	14,100,985
Total current liabilities	<u>33,138,103,859</u>	<u>32,704,550,056</u>
Non-current liabilities:		
Long-term loans	6,206,629,664	6,339,132,454
Bonds payable	2,333,766,354	2,332,666,298
Deferred income	1,109,375,799	1,186,358,849
Long-term payroll and benefits payable	23,132,948	25,877,746
Deferred tax liabilities	33,191,420	33,191,420
Total non-current liabilities	<u>9,706,096,185</u>	<u>9,917,226,767</u>
Total liabilities	<u>42,844,200,044</u>	<u>42,621,776,823</u>
Shareholders' equity:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,329,067,663	8,329,067,663
Other comprehensive income	(200,776,624)	(137,159,480)
Special reserves	10,738,988	21,511,442
Surplus reserves	3,831,458,700	3,831,458,700
General risk reserve	98,706,649	98,706,649
Retained profits	2,855,880,715	3,451,299,829
Total liabilities and shareholders' equity	<u>22,625,757,277</u>	<u>23,295,565,989</u>
Minority interests	2,522,175,955	2,593,831,998
Total equity attributable to equity holders of the parent company	<u>25,147,933,232</u>	<u>25,889,397,987</u>
Total liabilities and shareholders' equity	<u>67,992,133,276</u>	<u>68,511,174,810</u>

Financial statements were signed by the following persons

Legal Representative:

Ding Yi

28 April 2015

Chief Accountant:

Qian Haifan

28 April 2015

Head of Accounting:

Xing Qunli

28 April 2015

Maanshan Iron & Steel Company Limited
Consolidated Statement of Income
31 March 2015
Renminbi Yuan

	January – March 2015 Unaudited	January – March 2014 Unaudited
Operating revenue	11,747,680,767	13,643,609,773
Less: Cost of sales	11,440,681,553	13,157,255,022
Taxes and surcharges	60,339,758	44,759,487
Selling expenses	148,135,576	103,543,119
Administrative expenses	460,486,901	305,722,507
Financial expenses	304,407,956	364,873,630
Assets impairment losses	98,329,311	185,653,947
Add: Gain/(Loss) on changes in fair value	174,010	(23,910)
Investment income	25,645,819	37,313,263
Including: Investment incomes of associates and a jointly controlled entity	25,645,819	35,367,590
Operating loss	(738,880,459)	(480,908,586)
Add: Non-operating income	98,026,492	59,068,420
Less: Non-operating expenses	999,404	623,019
Including: Net loss on disposal of non-current assets	700,368	109,008
Loss before tax	(641,853,371)	(422,463,185)
Less: Income tax expense	27,263,363	55,986,191
Net loss	(669,116,734)	(478,449,376)
In which: Net loss attributable to shareholders of the parent company	(595,419,114)	(445,984,347)
Minority interests	(73,697,620)	(32,465,029)

Maanshan Iron & Steel Company Limited
Consolidated Statement of Income
For the three months ended 31 March 2015
Renminbi Yuan

	January – March 2015 Unaudited	January – March 2014 Unaudited
Other comprehensive income (after tax)		
Other comprehensive income net of tax attributable to shareholders of the parent company		
Other comprehensive income that will not be reclassified subsequently to profit or loss		
Foreign currency translation differences	<u>(63,617,144)</u>	<u>(4,993,460)</u>
Other comprehensive income net of tax attributable to minority shareholders	<u>2,041,579</u>	<u>1,274,097</u>
Total comprehensive income	<u><u>(730,692,299)</u></u>	<u><u>(482,168,739)</u></u>
Of which: Total comprehensive income to the shareholders of the parent company	<u><u>(659,036,258)</u></u>	<u><u>(450,977,807)</u></u>
Total comprehensive income to the minority shareholders	<u><u>(71,656,041)</u></u>	<u><u>(31,190,932)</u></u>
Earnings (Loss) per share:		
Basic earnings (losses) per share	<u><u>(0.08)</u></u>	<u><u>(0.06)</u></u>
Diluted earnings (losses) per share	<u><u>(0.08)</u></u>	<u><u>(0.06)</u></u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
For the three months ended 31 March 2015
Renminbi Yuan

	31 March 2015	31 March 2014
	Unaudited	Unaudited
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	13,686,728,520	15,572,871,888
Refunds of taxes	32,421,657	1,301,297
Net increase (or decrease) sold in repurchase business capital	58,911,500	(45,795,175)
Net increase in customer bank deposits and due to banks and other financial institutions	(26,207,893)	(397,030,816)
Cash received from charging interests, fees and commissions	22,302,931	27,949,032
Cash received relating to other operating activities	5,153,193	194,566
Sub-total of cash inflows from operating activities	<u>13,779,309,908</u>	<u>15,159,490,792</u>
Cash paid for goods and services	(10,116,386,246)	(14,060,927,024)
Cash paid to and on behalf of employees	(1,032,800,784)	(1,026,868,882)
Cash paid for all taxes	(623,643,393)	(531,278,787)
Net increase in deposits with central bank and other financial institutions	264,599,018	37,802,588
Net increase in loans and advances	214,108,138	8,351,261
Cash paid for interests, fees and commissions	(5,802,308)	(6,293,867)
Cash paid relating to other operating activities	(179,206,693)	(102,804,207)
Sub-total of cash outflows from operating activities	<u>(11,479,132,268)</u>	<u>(15,682,018,918)</u>
Net cash flows from operating activities	<u>2,300,177,640</u>	<u>(522,528,126)</u>
2. Cash flows from investing activities		
Cash received from returns on investments	7,646,241	78,195,033
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	206,600,053	145,193,817
Net cash received from disposal of subsidiaries	-	1,582,728,000
Net cash from decrease in restricted use of monetary funds	-	656,652,513
Cash received relating to other investing activities	14,394,587	249,800,244
Sub-total of cash inflows from investing activities	<u>228,640,881</u>	<u>2,712,569,607</u>
Cash received relating to other investing activities	(784,095,692)	(922,547,250)
Cash paid for investments	(56,537,594)	(45,000,000)
Net cash from increase in restricted use of monetary funds	(268,997,317)	-
Cash received from acquiring the subsidiaries	-	(17,044,733)
Sub-total of cash outflows from investing activities	<u>(1,109,630,603)</u>	<u>(984,591,983)</u>
Net cash flows from investing activities	<u>(880,989,722)</u>	<u>1,727,977,624</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement (Cont'd)
For the three months ended 31 March 2015
Renminbi Yuan

	31 March 2015	31 March 2014
	Unaudited	Unaudited
3. Cash flows from financing activities:		
Cash received from investments	–	–
Cash received from borrowings	5,498,298,474	5,044,841,388
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	5,498,298,474	5,044,841,388
	<hr/>	<hr/>
Cash repayments of borrowings	(6,263,555,142)	(5,361,219,995)
Cash paid for distribution of dividend, profits or interest expenses	(253,390,798)	(245,673,259)
Of which: cash paid for distribution of dividends or profit to minority shareholders of subsidiaries	–	–
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	(6,516,945,940)	(5,606,893,254)
	<hr/>	<hr/>
Net cash flows from financing activities	(1,018,647,466)	(562,051,866)
	<hr/>	<hr/>
4. Effect of foreign exchange rate changes on cash and cash equivalents	(53,044,632)	1,581,600
	<hr/>	<hr/>
5. Net increase in cash and cash equivalents	347,495,820	644,979,232
Add: Balance of cash and cash equivalents at beginning of period	2,709,836,297	1,814,518,125
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6. Balance of cash and cash equivalents at end of period	3,057,332,117	2,459,497,357
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Maanshan Iron & Steel Company Limited
Balance Sheet
31 March 2015
Renminbi Yuan

	31 March 2015	31 March 2014
	Unaudited	Audited
Current assets:		
Cash and bank balances	3,211,360,632	5,033,512,998
Financial assets measured at fair value through profit or loss	1,247,500	1,073,490
Bills receivable	6,315,731,774	6,168,408,389
Trade receivables	1,992,286,875	1,301,307,701
Dividends receivable	7,225,723	7,225,723
Prepayments	513,087,818	408,746,555
Other trade receivables	126,233,639	161,823,003
Inventories	6,197,862,755	6,084,558,454
Entrusted loan	16,000,000	–
Other current assets	294,632,327	346,438,700
	18,675,669,043	19,513,095,013
Non-current assets:		
Financial assets available for sale	126,772,160	126,772,160
Long term equity investment	6,624,429,903	6,542,246,491
Investment property	77,296,380	77,745,472
Construction in-process	27,476,929,158	27,894,663,311
Construction in-process	2,792,777,580	2,725,983,735
Intangible assets	996,115,286	1,003,515,704
Deferred tax asset	583,517,420	583,517,420
	38,677,837,887	38,954,444,293
Total non-current assets	38,677,837,887	38,954,444,293
Total assets	57,353,506,930	58,467,539,306

Maanshan Iron & Steel Company Limited
Balance Sheet (Cont'd)
31 March 2015
Renminbi Yuan

Liabilities and Shareholders' equity:	31 March 2015	31 March 2014
	Unaudited	Audited
Current liabilities:		
Short-term loans	5,380,000,000	5,350,000,000
Bills payable	4,727,894,411	3,281,609,644
Accounts payable	9,809,096,457	10,496,946,152
Deposits received	2,455,878,872	3,158,414,180
Payroll payable	209,887,296	186,884,642
Taxes payable	134,734,840	80,187,544
Interest payable	252,963,462	146,840,022
Dividends payable	6,525,534	6,407,961
Other payables	585,222,145	556,182,231
Non-current liabilities due within one year	1,753,571,096	2,180,683,000
	<hr/>	<hr/>
Total current liabilities	25,315,774,113	25,444,155,376
	<hr/>	<hr/>
Non-current liabilities:		
Long-term loans	7,939,429,012	8,471,764,660
Bonds payable	2,333,766,354	2,332,666,298
Deferred income	528,204,116	500,208,915
	<hr/>	<hr/>
Total non-current liabilities	10,801,399,482	11,304,639,873
	<hr/>	<hr/>
Total liabilities	36,117,173,595	36,748,795,249
	<hr/>	<hr/>
Shareholders' equity:		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Special reserves	2,807,567	2,807,567
Surplus reserves	2,993,175,001	2,993,175,001
Retained profits	2,201,311,182	2,683,721,904
	<hr/>	<hr/>
Total liabilities and shareholders'	21,236,333,335	21,718,744,057
	<hr/>	<hr/>
Total liabilities and shareholders' equity	57,353,506,930	58,467,539,306
	<hr/> <hr/>	<hr/> <hr/>

Maanshan Iron & Steel Company Limited
Statement of Income
For the three months ended 31 March 2015
Renminbi Yuan

	January – March 2015 Unaudited	January – March 2014 Unaudited
Operation income	10,609,229,008	11,666,853,976
Less: Cost of sales	10,382,974,784	11,403,256,883
Taxes and surcharges	44,034,352	31,457,480
Selling expenses	85,095,293	51,751,212
Administrative expenses	346,662,282	232,933,612
Financial expenses	232,964,030	269,902,373
Assets impairment losses	107,989,822	175,118,947
Add: Gain/(Loss) on changes in fair value	174,010	(23,910)
Investment income	25,645,819	37,313,263
Including: Investment incomes of associates and a jointly controlled entity	25,645,819	37,313,263
Operating loss	(564,671,726)	(460,277,178)
Add: Non-operating income	83,118,818	22,946,208
Less: Non-operating expenses	857,814	456,227
Including: Loss on disposal of non-current assets	252,844	114,560
Loss before tax	(482,410,722)	(437,787,197)
Less: Income tax expense	–	–
Net loss	(482,410,722)	(437,787,197)
Other comprehensive income	–	–
Total comprehensive income	(482,410,722)	(437,787,197)

Maanshan Iron & Steel Company Limited
Cash Flow Statement
For the three months ended 31 March 2015
Renminbi Yuan

	January – March 2015 Unaudited	January – March 2014 Unaudited
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	10,830,165,697	12,406,971,130
Refunds of taxes	32,421,657	1,301,297
Cash received relating to other operating activities	35,521,437	–
	10,898,108,791	12,408,272,427
Sub-total of cash inflows from operating activities		
Cash paid for goods and services	(9,464,606,440)	(11,595,343,827)
Cash paid to and on behalf of employees	(885,448,951)	(826,329,546)
Cash paid for all taxes	(515,650,523)	(346,006,753)
Cash paid relating to other operating activities	(179,065,103)	(101,961,502)
	(11,044,771,017)	(12,869,641,628)
Sub-total of cash outflows from operating activities		
Net cash flows from operating activities	(146,662,226)	(461,369,201)
2. Cash flows from investing activities:		
Cash received from returns on investments	12,364,679	65,725,896
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,824,053	(7,821,978)
Net cash received from disposal of subsidiaries and other business units	–	1,582,728,000
Cash received relating to other investing activities	26,292,582	237,677
	45,481,314	1,640,869,595
Sub-total of cash inflows from investing activities		
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(599,142,276)	(381,902,458)
Cash paid for investments	(72,537,594)	(62,044,733)
Net cash from increase in restricted use of monetary funds	(419,806,555)	(257,957,692)
	(1,091,486,425)	(701,904,883)
Sub-total of cash outflows from investing activities		
Net cash flows from investing activities	(1,046,005,111)	938,964,712

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
For the three months ended 31 March 2015
Renminbi Yuan

	January – March 2015 Unaudited	January – March 2014 Unaudited
3. Cash flows from financing activities:		
Cash received from investments	–	–
Cash repayments of borrowings	<u>2,660,000,000</u>	<u>2,153,963,756</u>
Sub-total of cash inflows from financing activities	<u>2,660,000,000</u>	<u>2,153,963,756</u>
Cash repayments of borrowings	<u>(3,599,960,500)</u>	<u>(2,100,729,922)</u>
Cash paid for distribution of dividend, profits or interest expenses	<u>(117,862,019)</u>	<u>(116,408,201)</u>
Sub-total of cash outflows from financing activities	<u>(3,717,822,519)</u>	<u>(2,217,138,123)</u>
Sub-total of cash outflows from financing activities	<u>(1,057,822,519)</u>	<u>(63,174,367)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>8,530,935</u>	<u>6,575,768</u>
5. Net increase in cash and cash equivalents	<u>(2,241,958,921)</u>	<u>420,996,912</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>4,807,119,543</u>	<u>4,232,198,204</u>
6. Balance of cash and cash equivalents at end of period	<u><u>2,565,160,622</u></u>	<u><u>4,653,195,116</u></u>

4.2 CHANGE IN ACCOUNTING POLICY AND ITS EFFECT

During the period, there is no change to the Group's accounting policy and 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.