

Baoshan Iron & Steel Co., Ltd.

600019

2012

First Quarter Report

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§1 IMPORTANT NOTICE

1.1 The Board of Directors and the Board of Supervisors of Baoshan Iron & Steel Co., Ltd. (hereinafter the Company), along with their directors, supervisors and senior executives, hereby guarantee that the *2012 First Quarter Report* (hereinafter the Report) is free from false statement, misleading information or grave material omission, and assume relevant separate and joint responsibilities in regard to the truth, the accuracy and the integrity of the contents of the Report.

1.2 Nine directors shall attend the board meeting, but only eight directors attended actually, Director Edward C. Tse did not attend the meeting due to occupation of work, and Director Katherine Tsang was entrusted by him to vote on his behalf.

1.3 The first quarter financial report of the Company is unaudited.

1.4

The person in charge of the Company	He Wenbo, Chairman of the Board of Directors of the Company
The person in charge of accounting affairs	Chen Ying, Vice President of the Company
The person responsible for the accounting department	Li Qiqiang, Vice Director of the Accounting Department

Mr. He Wenbo, Chairman of the Board, Ms. Chen Ying, the person in charge of accounting affairs and Vice President of the Company, and Mr. Li Qiqiang, Vice Director of the Accounting Department (the person responsible for the accounting department), warrant the truthfulness and completeness of the financial statements in this Report.

§ 2 COMPANY PROFILE

2.1 Major accounting and financial highlights

Currency: RMB			
	As at the end of this period	As at the end of last year	Increase/decrease compared to the end of last year (%)
Total assets (million RMB)	242,262	231,100	4.83
Owner's equity (shareholders' equity attributable to the listed company)	107,750	106,495	1.18
Net assets per share attributable to shareholders of the listed company (RMB/share)	6.15	6.08	1.18
	From the beginning of the year to the end of the reporting period		Year-on-year increase/decrease (%)
Net cash flow from operating activities (million RMB)	6,933		167.39

Net cash flow per share from operating activities (RMB/share)		0.40	167.39
	The reporting period	From the beginning of the year to the end of the reporting period	Year-on-year increase/decrease (%)
Net profit attributable to shareholders of the listed company (million RMB)	1,221	1,221	-60.22
Basic earnings per share (RMB/share)	0.07	0.07	-60.22
Basic earnings per share net of non-recurring gains and losses (RMB/share)	0.06	0.06	-68.08
Diluted earnings per share (RMB/share)	0.07	0.07	-60.22
Weighted average return on equity (%)	1.14	1.14	-1.75 ppts
Weighted average return on equity net of non-recurring gains and losses (%)	0.91	0.91	-1.97 ppts

Items after non-recurring gains and losses and amounts:

Unit: Million RMB Currency: RMB

Item	Amount
Profit and loss from disposal of non-current assets	-23
Net increase from other non-operating activities	349
Effect of income taxes	-81
Effect of minority interest	-2
Total	243

2.2 Total number of shareholders and particulars of the top 10 tradable shareholders without trading restriction as at the end of the reporting period:

Unit: Share

Total number of shareholders at the end of the reporting period	583,526
Shares held by the top 10 tradable shareholders	
Shareholder (full name)	Number of tradable shares not subject to trading restriction held at the end of the reporting period
Baosteel Group Corp.	13,128,825,267
Rugao Changrong Ore Storage Limited	70,185,347
Zhangjiagang Free Trade Zone Qianxing Investment & Trading Co., Ltd.	63,419,861
Bank of Communication—E Fund 50 Index	59,070,039
	Type of share
	RMB ordinary share
	RMB ordinary share
	RMB ordinary share
	RMB ordinary share

Securities Investment Fund		
Zhangjiagang Free Trade Zone Lixin Investment Co., Ltd.	58,626,601	RMB ordinary share
Zhangjiagang Free Trade Zone Rixiang International Trade Co., Ltd.	51,612,776	RMB ordinary share
Industrial and Commercial Bank of China—Shanghai Stock Exchange 50 ETF Fund	50,842,892	RMB ordinary share
International Finance—Standard Chartered—Government of Singapore Investment Corporation PTE. LTD.	46,346,204	RMB ordinary share
Zhangjiagang Hongda Transportation Co., Ltd.	44,914,158	RMB ordinary share
Zhangjiagang Free Trade Zone Rongrun Trade Co., Ltd.	41,400,194	RMB ordinary share
Remarks on affiliation, alliance or collusion among the aforementioned top ten shareholders	According to the Medium-term Notes Prospectus published by Jiangsu Shagang Group Co., Ltd. (Shagang Group) in May and November of 2011, Rugao Changrong Ore Storage Limited is the joint stock company of the subsidiary controlled by Shagang Group; the shareholders of Zhangjiagang Free Trade Zone Qianxing Investment & Trading Co., Ltd. is Shagang Group's shareholders; the actual controllers of Zhangjiagang Free Trade Zone Lixin Investment Co., Ltd., and Zhangjiagang Free Trade Zone Rixiang International Trade Co., Ltd. are both the major shareholders of Shagang Group. The controlling shareholder of Zhangjiagang Hongda Transportation Co., Ltd. is the shareholder of Shagang Group. The Company is not aware of any connection among or between the top ten shareholders and top ten shareholders of shares without selling restrictions or that they are persons acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.	

§ 3 SIGNIFICANT EVENTS

3.1 Particulars of and reasons for material changes in major accounting items and financial indicators of the Company

Applicable Not Applicable

In the first quarter of 2012, while the momentum for global economic growth weakened remarkably, Chinese economy was resuming a stable increase, and the effect of control began to appear. The domestic crude steel output had a breakthrough from the continued slump in the fourth quarter of 2011, but the

needs from downstream industries were recovering slowly. As a result, the steel plants and inventories of the industry were still under pressure. The exported steel increased by 15.8% compared to that of the same period last year. The domestic steel prices saw a moderate rise. At the beginning of the period, steel prices continued to be at low levels and were further adjusted, with price drop in some steel products. After the Chinese New Year, due to the effect of the macro-economic policy and the support from downstream demands, the steel price rose moderately. In the meantime, supported by the crude steel output, the ore index price fluctuated moderately at high levels, the coking coal price remained high, and the cost for steel production showed a tendency of increase while remaining relatively stable. Restricted by the market weak balance and high cost, domestic steel industry was still faced with a severe business environment. The domestic steel industry registered a deficit in January and February, and began to recover starting from March.

Confronted with the complicated exterior environment for competition, the Company continuously enhanced its ability to respond to the competition by adhering to the differentiated competition strategy, enforcing the implementation of various tasks, so as to ensure the stable performance in the first quarter. In the reporting period, the Company's iron, steel, steel products and billets totaled 5.864 million, 6.365 million, and 6.362 million tons respectively, realizing a consolidated pre-tax profit of RMB 1.5 billion, a rise of RMB 0.47 billion over that of the previous period, and RMB 2.67 billion less than that of the same period last year.

In the second quarter, the downstream demands may experience a polarized change. Due to the seasonal needs, price for the long products will continue to rise moderately, driving the ore price to have a small rise. However, affected by the unstable recovery in manufacturing industries, other steel products, the flat products in particular, will continue to suffer depression in demand, and the flat product market is faced with the pressure of adjustment. The steel enterprises are still under remarkable pressures.

Particulars of and reasons for material changes in major accounting items and financial indicators of the Company:

Compared to the first quarter of 2011:

Business tax and surcharges reduced by RMB 80 million, or 60.0%, because of the customs collective invoice of import VAT, which resulted in a YoY increase of the VAT on purchase, and a decrease of surcharges due to the reduction in the VAT.

Financial expenses reduced by RMB 0.27 billion, or 483.2%, because the gains from exchange reduced by RMB 0.26 billion as the RMB appreciation against US dollars (0.1%) was lower than that of the same period last year (1%).

Asset impairment loss increased the profit by RMB 0.36 billion on a YoY basis, mainly because RMB 0.33 billion of provision for impairment of inventories was reversed for some products in view of the market change in the second quarter of 2012.

Investment income increased by RMB 70 million, or 51.0%, due to the increase of dividend received from the companies in which Baosteel International has equity participation.

Income tax expenses reduced by RMB 0.73 billion, or 75.7%, due to the YoY decrease of total profit.

In the first quarter of 2012, net cash inflow from operating activities totaled RMB 6.93 billion,

increasing by RMB 4.34 billion as compared with the same period last year. Net profit totaled RMB 1.27 billion, the depreciation and amortization of fixed assets totaled RMB 3.29 billion, the asset impairment provision and other items totaled RMB -0.15 billion, and the cash receivable from operating activities totaled RMB 4.41 billion. The inventory capital increased by RMB 0.51 billion, and the receivables and payables from operating activities decreased by RMB 3.03 billion. As a result, the Company realized a net cash inflow of RMB 6.93 billion from operating activities. Leaving the factor of the Finance Co. out of consideration, the Company's net cash inflow from operating activities was RMB 4.21 billion, increasing by RMB 1.93 billion as compared to the inflow of RMB 2.28 billion at the same period last year. The main reasons for this increase are as follows:

① Net profit was lower than that of the same period last year, reducing net cash inflow by RMB 1.95 billion;

② Cash flow was increased because the depreciation, amortization and other items increased by RMB 30 million from that of the same period last year;

③ The inventories in the first quarter was RMB 0.51 billion more than that of the beginning of the year. The inventory increased by RMB 4.44 billion at the same period last year due to the strategic inventory plans. The YoY inventory flow increased by RMB 3.93 billion;

④ The receivables and payables as at the end of the period increased by RMB 0.33 billion, increasing by RMB 0.06 billion from that of the same period last year, which was an increase of RMB 0.27 billion.

Net cash outflow from investing activities totaled RMB 2.86 billion, an increase of RMB 0.45 billion compared to that of the same period last year. Leaving the factor of the Finance Co. out of consideration, the net cash outflow from investing activities was RMB 2.85 billion, increasing by RMB 0.24 billion as compared with the net cash outflow of RMB 3.10 billion at the same period last year. This is mainly because the cash payment increased by RMB 0.22 billion for the purchase of fixed assets, intangible assets and other long-term assets.

Net cash inflow from financing activities increased by RMB 7.22 billion, increasing by RMB 1.76 billion as compared with that of the same period last year. Leaving the factor of the Finance Co. out of consideration, the net cash inflow from financing activities totaled RMB 7.19 billion, increasing by RMB 1.77 billion as compared to the net cash inflow of RMB 5.42 billion at the same period last year. This was resulted from the following factors: RMB 10 billion bank loans transferred to the receiver of the Wusong re-capitalization, the addition of RMB 1.08 billion borrowings to make up for the capital shortfall of Meishan Steel, and RMB 3.42 billion repayment of US dollar debts by the headquarters of the Company.

Compared to the end of 2011:

Monetary capital increased by RMB 10.69 billion, or 74.4%, mainly due to RMB 10 billion bank loans transferred to the receiver of the Wusong re-capitalization.

Tradable financial assets increased by RMB 1.12 billion, or 316.1%, because the Finance Co. increased its investment in the fund investment of the monetary market.

Dividends receivable decreased by RMB 0.22 billion, or 88.7% because Baosteel International had received the dividends from Henan Longyu Energy Co., Ltd. in March.

Other receivables increased by RMB 0.48, or 39.0%, among which, the VAT on purchase to be

certified totaled RMB 0.3 billion.

Non-current asset due within one year reduced by RMB 0.25 billion, or 52.0%, as a result of the cash in from trust financial products held by the Finance Co.

Capital borrowed increased by RMB 0.80 billion, or 266.7%, mainly because the Finance Co. carried out capital operation taking advantage of the opportunity that the borrowing rate was lower than the short-term capital operation rate.

Notes payables reduced by RMB 1.38 billion, or 51.5%, because the Company pushed forward the bank note endorsement, and the existing notes were gradually cashed in when reaching maturity.

Taxes payables reduced by RMB 0.32 billion due to the customs collective invoice of the import VAT which resulted in the decrease of related VAT and surcharges.

3.2 Analysis and explanations of the progress of significant events and their impacts and solutions

Applicable Not Applicable

On 15 March 2012, the Company held the first interim shareholders' meeting, and approved the "Proposal of selling the assets of the Stainless Steel Business Unit and the Special Steel Unit". Up to the disclosure of the first quarter report, Baoshan Iron & Steel Co., Ltd. had completed the settlement of the following items: all assets and small amounts of liabilities from operating activities of the Stainless Steel Business Unit and the Special Steel Business Unit, 100% equity of Shanghai Special Materials Co., Ltd. held by Baoshan Iron & Steel Co., Ltd., 58.50% equity of Baoyin Special Steel Tubes, 94.5% equity of Shanghai No. 5 Steel Gas Co., Ltd., and 9.71% equity of AVIC Special Materials Industry Co., Ltd. (Xi'an). The settlement date was 1 April 2012, and the benchmark considerations of these assets and equities totaled RMB 42.601 billion. Currently, Baoshan Iron & Steel Co., Ltd. has initiated the examination of the financial statements concerning these assets as of the date of settlement.

As for the equity held by Baoshan Iron & Steel Co., Ltd. of the following companies: 54% equity of Ningbo Baoxin Stainless Steel Co., Ltd., 40% equity of Shanghai STAL Precision Stainless Steel Co., Ltd., and 20% equity of Rihong Stainless Steel (Shanghai) Co., Ltd., settlement can only be made after obtaining approvals from the administrative department since the subject companies are foreign-invested ones. Applications have been filed for the equity settlement.

3.3 Performances of the undertakings given by the Company, its shareholders and its ultimate controllers

Applicable Not Applicable

Commitments of companies or shareholders with over 5% stake in and to the reporting period:

1. Baosteel Group undertook the following two commitments as at the establishment of the Company:

(1) All related party transactions with the Company will be carried out in compliance with relevant laws, regulations and rules set by the authorities and will not damage the legitimate interest of the Company nor its minority shareholders.

(2) Baosteel Group will not directly participate in any business activity or directly own an interest in any business activity or entity that might pose competition to the Company's current operating business. However, Baosteel Group can maintain its existing shares in the Company, as well as manage and develop the existing business which may or may not be in competition with the Company. Should Baosteel Group

(including its wholly-owned and holding subsidiaries or other associates) engage in any new business, investment or research that might be in competition with the principal products or services of the Company in the future, Baosteel Group has agreed to grant the Company pre-emptive rights to develop or acquire the said business.

These commitments will stay in force under two conditions: A. the Company is listed on the Hong Kong Stock Exchange and domestic stock exchange of China; and, B. Baosteel Group owns no less than 30% of the Company's issued shares.

In addition, on June 13, 2001, and September 6, 2002, Baosteel Group further pledged to uphold these two commitments after the Company's acquisition of the assets related to construction of its phase three project and all remaining assets thereof.

These commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* dated 21st June 2001 and 12th September 2002 and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) as well.

2. Commitments made in Issuance Prospectus by Baosteel Group:

(1) The Company has the right to acquire, at any time it thinks appropriate, Baosteel Group's assets and businesses which may be in competition with the Company;

(2) The Company shall enjoy the priority of similar business opportunities acquired by Baosteel Group, who will not invest until the Company gives up the commercial opportunities;

(3) Baosteel Group is committed to helping dealing with the relevant property certificates for buildings and lands after the Company completed the mergers and acquisitions. These commitments were publicly posted on official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in April 2005.

3. Commitments Baosteel Group undertook about Luoqing Land:

Baosteel Group Shanghai Pudong Iron and Steel Co., Ltd. (hereafter, Pudong Steel), a wholly owned subsidiary of Baosteel Group, was offering its construction-in-progress and related fixed assets in Luoqing (hereafter, Luoqing Assets), which the Company intended to purchase. Luoqing Assets cover an area of 3.228 million m², for which Pudong Steel has paid some initial expenses, but not the land transfer expense. When the assets are to be purchased, the unpaid land transfer expense and the Pudong Steel's initial expenses as on the asset-assessing day (30 September 2007), RMB2.8 billion as preliminarily estimated, shall be paid by the Company. Baosteel Group promises:

(1) If the Company intends to purchase the Luoqing assets, Baosteel Group and/or Pudong Steel would help the Company go over the transfer procedures and other matters as required by the Company.

(2) In the event of the total actual expense exceeding RMB2.8 billion for the procedures, Baosteel Group and/or Pudong Steel shall fully cover the exceeding amount in time, by means of paying the Company and/or the government (as is required). The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 12 December 2007.

4. Supplementary commitments about the land involved in 2005 share capital increase of the Company:

Baosteel Group issued a written statement to the Company on 11 April 2008 concerning the land use right and change in its area:

As regards the piece of land whose use right has been suspended due to change in Baoshan land planning program, Baosteel Group shall fully cover the possible losses (including, but not limited to, the cost of the land and the interests involved, relocation expenses, and loss on production stoppage) arising from the loss of the land use right within 30 days.

Baosteel Group shall try its best to help when the Company applies to relevant official departments for the use right of the land in question or when the Company uses the land in the manner it is used now.

These commitments were included in *Prospectus of Convertible Bonds with Call Warrants*, which was publicly posted on official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) dated June 18, 2008.

5. Commitments the Company undertook about land use right in 2005 increase in share capital:

(1) The Company intended to purchase, with the capital raised from the issuance of 5 billion new shares, from Baosteel Group 23 pieces of state-allocated land and 14 pieces of “idle running” land. After the completion of the transactions, the Company would go over the procedures of changing the state-allocated land into state-owned transferable land and changing the “idle running” land into state-owned transferable land with no limits in right;

(2) The Company and related companies that came under control of the Company after the acquisition shall negotiate in an active manner with relevant administrative offices to go over the procedures, within 18 months after the land acquisition, of the certificates for using the state-owned land or for owning the estates of the aforementioned pieces of land. The land users of the aforementioned land shall be registered in the Company or related companies that came under control of the Company after the acquisition.

The transfer procedures for a piece of land in Baoshan District covering an area of 581,000 square meters, which was involved in the increase in share capital in 2005, has not completed. The Company was informed that the piece had been planned by Shanghai Municipal Planning Bureau as part of the “land for landscapes” due to change in the overall urban planning. Yet, up to the date of disclosure of the Report, the Company has not been informed that the land should not be used in the way it is currently used. Currently on the land are workshops of bright steel plant and oxygen generating plant of Special Steel Business Unit of the Company rather than key operating workshops of the Company.

On 2012's First Interim Shareholders' Meeting held on 15 March 2012, the *Proposal about selling partial assets of Stainless Steel and Special Steel Business Unit* was passed, and the above-mentioned land was within the scope of this assets sales, therefore the Company was exempted from the above-mentioned obligations naturally

6. Commitments Baosteel Group undertook about Desheng Nickel Project:

Baosteel Group sought the Company's opinion of investment on the Desheng Nickel Project on December 16, 2010 in written form of “Solicit Letter about Investment on Desheng Nickel Project”, “Commitments about Desheng Nickel Project”. The Company agreed that Baosteel Group could invest on the project, but retained that right to purchase the equity of the project. Baosteel Group promises: When the Company wants to acquire the equity of the project, it would transfer its share of equity of the project at a fair price in line with relative laws, regulations, and other documents and on basis of asset estimating results as conducted by an individual estimating organization.

These commitments stay in force under two conditions: (a) the company is listed at a stock exchange and (b) Baosteel Group owns no less than 30% of the Company's issued shares.

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 23December 2010.

7. Commitments Baosteel Group undertook about Zhanjiang Iron & Steel Project:

Baosteel Group sought the Company's opinion of investment on the Zhanjiang Iron & Steel Project on April 7, 2011 in written form of “Solicit Letter about Investment on Zhanjiang Iron & Steel Project,” and “Commitments about Zhanjiang Iron & Steel Project”. Baosteel Group promises: in case that the Company decides to give up this business opportunity, when the Company wants to acquire the equity of the project in future, Baosteel Group will transfer its share of equity of the project at a fair price in line with relative laws, regulations, and other normative documents and on the basis of asset evaluation results as conducted by an independent evaluation organization.

These commitments stay in force under two conditions: (a) the company is listed at a stock exchange

and (b) Baosteel Group owns no less than 30% of the company's issued shares.

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 13 April 2011.

8. Commitments Baosteel Group undertook about not reducing its shareholdings during the period of share increase and the legal time limit:

During the period from 27 September 2011 to 28 December 2011, and on 16 January 2012, Baosteel Group accumulatively purchased 175,307,826 more shares of the Company through the trading system of Shanghai Stock Exchange, accounting for about 1.00% of the Company's shares. After the two purchases, the Group owns 13,128,825,267 shares of the Company, accounting for 74.9% of the total issued shares of the Company. Baosteel Group planned to continue purchasing shares of the Company in its own name from the secondary market in the following 12 months after its first increase of shares on 27 September 2011. The accumulative increase shall not exceed 2% of the Company's issued shares (including this accumulative increase). Baosteel Group promised that during the share increase period and the legal time limit, it will not reduce its holding of shares.

The Company published the details of the share increase in *China Securities News*, *Shanghai Securities News* and *Securities Times*, as well as on the website of Shanghai Stock Exchange on 28 September 2011 and 17 January 2012.

The aforementioned commitments were published on *China Securities News*, *Shanghai Securities News* and *Securities Times* and the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>) of 28 September 2011 and 17 January 2012.

During the reporting period, Baosteel Group and the Company did not commit any breach of the aforementioned commitments.

3.4 Warnings and explanations as to the reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period (if only) or material changes of it as compared to the same period of last year

Applicable Not Applicable

The Company will complete the asset and equity sell of the Stainless Steel Business Unit and the Special Steel Business Unit in the second quarter. Because the Company's deficit would reduce after selling the underlying assets, the estimated value of the underlying assets is higher than their book value, and the selling of the underlying assets would reduce the Company's financial expenses, the Company is expected to achieve an accumulated net profit increase by 80% to 100% in the first half of 2012 compared to that of the same period last year.

3.5 Implementation of cash dividend policy during the reporting period

The Company proposes to make dividend distribution to shareholders with RMB 2.00 (tax inclusive) for every 10 shares. This distribution proposal--*2011 profit distribution plan*--has been subjected to consideration and approval at the shareholders' meeting.

Baoshan Iron & Steel Co., Ltd.

Legal Representative: He Wenbo

27 April 2012

§ 4 Appendix

Consolidated Balance Sheet

31 March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd. Unit: Yuan Currency: RMB Unaudited

Item	31 March 2012	31 December 2011
CURRENT ASSETS		
Monetary asset	25,073,095,484.60	14,379,464,105.74
Held-for-trading financial assets	1,468,159,751.77	352,804,683.86
Notes receivable	12,145,862,309.10	12,860,113,254.16
Accounts receivable	7,670,276,911.17	6,983,893,119.47
Payments in advance	4,441,878,005.08	5,298,265,694.46
Interests receivable	27,205,111.70	11,757,749.94
Dividends receivable	27,990,563.34	246,648,970.16
Other receivables	1,706,385,447.95	1,227,688,540.03
Inventories	38,341,947,720.69	37,389,713,386.91
Non-current assets due within one year	232,166,850.00	483,907,475.02
Total of current assets	91,134,968,155.40	79,234,256,979.75
NON- CURRENT ASSETS		
Disbursement of loans and advances	3,265,975,693.08	3,410,144,438.27
Available-for-sale financial assets	1,546,443,036.24	1,504,972,994.37
Long-term receivables	54,746,125.00	27,388,500.00
Long-term equity investment	4,611,782,513.57	4,498,487,312.97
Investment property	550,007,294.08	487,474,698.00
Fixed assets	113,991,956,503.03	115,371,361,577.46
Construction in progress	16,901,636,737.63	16,282,590,033.75
Construction materials	833,350,424.07	805,812,260.74
Intangible assets	8,033,838,958.91	8,126,173,826.75
Long-term deferred expenses	39,737,792.88	42,017,928.52
Deferred income tax assets	1,177,712,758.06	1,188,689,741.88
Other non-current assets	120,296,834.12	120,375,537.42
Total of non-current assets	151,127,484,670.67	151,865,488,850.13
Total Assets	242,262,452,826.07	231,099,745,829.88

Consolidated Balance Sheet

31 March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
NON- CURRENT ASSETS		
Short-term borrowings	46,690,164,577.41	38,876,457,632.91
Receipt of deposits and deposits from other financial institutions	10,009,640,848.48	8,433,585,032.21
Loans from other financial institutions	1,100,000,000.00	300,000,000.00
Notes payable	1,299,119,214.04	2,677,585,618.61
Accounts payable	20,318,834,880.65	19,270,699,108.70
Advance receipts	10,261,263,881.51	10,789,724,318.08
Financial assets sold for repurchase	500,491,905.00	
Staff remuneration payable	1,518,340,863.45	1,553,291,216.55
Taxes payable	-1,304,529,933.77	-987,589,062.21
Interests payable	395,078,888.26	316,050,944.68
Dividends payable	78,797,346.91	18,082,635.32
Other payables	1,166,058,454.70	780,610,181.71
Non-current liabilities due within one year	16,589,024,622.89	16,809,668,448.29
Total of current liabilities	108,622,285,549.53	98,838,166,074.85
NON-CURRENT LIABILITIES		
Long-term borrowings	7,511,491,603.79	7,325,679,720.00
Bonds payable	9,020,909,842.36	8,918,663,150.96
Specific payables	574,643,704.10	911,415,731.15
Deferred income tax liabilities	328,250,908.62	316,780,621.85
Other non-current liabilities	1,353,729,570.05	1,319,044,230.80
Total non-current liabilities	18,789,025,628.92	18,791,583,454.76
Total liabilities	127,411,311,178.45	117,629,749,529.61
SHAREHOLDER'S EQUITY		
Share capital	17,512,048,088.00	17,512,048,088.00
Capital reserve	37,366,703,842.26	37,330,639,029.54
Special reserve	17,835,864.53	11,788,986.69
Surplus reserve	21,132,255,172.18	21,132,255,172.18
Undistributed profits	31,975,540,806.59	30,754,305,445.21
Foreign currency translation difference	-254,157,852.19	-245,545,838.69
Total shareholder's equity attributable to the parent company	107,750,225,921.37	106,495,490,882.93
Minority interest	7,100,915,726.25	6,974,505,417.34
Total shareholder's equity	114,851,141,647.62	113,469,996,300.27
TOTAL OF LIABILITIES & SHAREHOLDER'S EQUITY	242,262,452,826.07	231,099,745,829.88

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang

Balance Sheet of the Parent Company

31 March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
CURRENT ASSETS		
Monetary asset	16,840,365,188.80	8,826,002,497.24
Notes receivable	13,925,429,695.23	14,028,815,911.13
Accounts receivable	8,739,738,846.25	6,896,778,182.66
Payments in advance	2,572,530,797.70	2,480,162,457.76
Other receivables	792,600,844.71	503,609,047.98
Inventories	23,734,542,346.42	24,621,659,766.83
Other current assets	4,969,746,218.48	5,864,685,966.51
Total of current assets	71,574,953,937.59	63,221,713,830.11
NON- CURRENT ASSETS		
Long-term equity investment	27,717,797,921.18	27,673,450,448.67
Fixed assets	88,915,076,156.34	90,615,546,715.70
Construction in progress	2,952,529,483.86	3,393,924,415.94
Construction materials	20,704,600.14	38,286,961.88
Oil and gas assets		
Intangible assets	3,889,690,630.59	3,913,518,973.35
Long-term deferred expenses	13,751,096.34	14,394,666.51
Deferred income tax assets	383,333,299.38	418,690,604.77
Other non-current assets	117,905,780.14	117,905,780.14
Total of non-current assets	124,010,788,967.97	126,185,718,566.96
TOTAL ASSETS	195,585,742,905.56	189,407,432,397.07

Balance Sheet of the Parent Company (Continued)

31 March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
CURRENT LIABILITIES		
Short-term borrowings	27,188,272,919.30	20,351,326,028.98
Notes payable	75,107,682.00	61,722,416.46
Accounts payable	26,517,476,938.53	26,574,715,743.14
Advance receipts	9,545,425,881.95	10,265,421,675.61
Staff remuneration payable	988,757,320.07	1,073,164,972.01
Taxes payable	-163,211,231.03	-112,094,016.84
Interests payable	310,751,523.76	250,161,146.79
Other payables	162,378,494.86	202,869,701.83
Non-current liabilities due within one year	16,537,428,258.89	16,758,001,068.29
Total of current liabilities	81,162,387,788.33	75,425,288,736.27
NON-CURRENT LIABILITIES		
Long-term borrowings	4,406,010,000.00	4,410,630,000.00
Bonds payable	9,020,909,842.36	8,918,663,150.96
Specific payables	489,230,000.00	769,908,534.23
Deferred income tax liabilities	282,207,189.74	282,207,189.74
Other non-current liabilities	949,727,020.22	980,722,628.04
Total non-current liabilities	15,148,084,052.32	15,362,131,502.97
Total liabilities	96,310,471,840.65	90,787,420,239.24
SHAREHOLDER'S EQUITY		
Share capital	17,512,048,088.00	17,512,048,088.00
Capital reserve	37,214,569,107.84	37,207,402,138.54
Surplus reserve	21,132,255,172.18	21,132,255,172.18
Undistributed profits	23,416,398,696.89	22,768,306,759.11
Total shareholder's equity	99,275,271,064.91	98,620,012,157.83
TOTAL OF LIABILITIES & SHAREHOLDER'S EQUITY	195,585,742,905.56	189,407,432,397.07

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang

Consolidated Profit Statement

January-March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
I. TOTAL OPERATING REVENUE	47,419,467,218.88	54,018,291,731.75
Including: Operating income	47,311,228,116.51	53,940,038,453.05
Interest income	105,127,733.37	75,275,546.93
Handling charges and commission income	3,111,369.00	2,977,731.77
II. TOTAL OPERATING EXPENSE	46,461,271,812.85	49,991,365,598.35
Including: Operating cost	43,753,725,258.53	47,282,377,696.65
Interest expenses	65,777,191.57	44,998,067.51
Handling charges and commission expenses	156,304.81	53,679.46
Business tax and surcharges	50,952,608.97	127,223,826.35
Sales expenses	441,138,913.05	412,754,376.83
Administrative expenses	2,107,365,747.24	1,988,475,139.27
Financial expenses	324,862,661.03	55,705,699.05
Loss on the asset impairment	-282,706,872.35	79,777,113.23
Add: Gains from change in fair value (“-” for loss)	1,566,960.31	-3,876,854.92
Investment gains (“-” for loss)	213,236,450.45	141,223,381.33
Including: Gains from investment in associates and joint ventures	66,331,435.81	115,437,079.53
III. TOTAL OPERATING PROFIT (“-” for loss)	1,172,998,816.79	4,164,272,659.81
Add: Non-operating income	364,369,286.10	47,171,574.11
Less: Non-operating expenses	38,540,273.39	38,151,820.48
Including: Loss from disposal of non-current assets	22,908,719.65	27,075,011.08
IV PRE-TAX PROFIT (“-” for loss)	1,498,827,829.50	4,173,292,413.44
Less: Income tax expenses	233,246,488.25	959,719,740.55
V. NET PROFIT (“-” for loss)	1,265,581,341.25	3,213,572,672.89
Net profit attributable to the equity holder of the parent company	1,221,235,361.38	3,070,035,214.63
Minority interest income	44,345,979.87	143,537,458.26
VI. EARNINGS PER SHARE		
(I) Basic earnings per share	0.07	0.18
(II) Diluted earnings per share	0.07	0.18
VII. OTHER COMPREHENSIVE INCOME	32,045,550.95	23,296,111.46
VIII. TOTAL COMPREHENSIVE INCOME	1,297,626,892.20	3,236,868,784.35
Total comprehensive income attributable to the equity holder of the parent company	1,254,061,091.73	3,091,031,510.41
Total comprehensive income attributable to minority shareholders	43,565,800.47	145,837,273.94

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang

Profit Statement of the Parent Company

January-March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd. Unit: Yuan Currency: RMB Unaudited

Item	31 March 2012	31 December 2011
I. OPERATING INCOME	36,870,438,375.95	44,242,702,560.94
Less: Operating cost	34,564,322,054.12	39,503,324,621.75
Business tax and surcharges	21,935,836.26	76,884,895.21
Sales expenses	174,551,975.89	180,023,786.77
Administrative expenses	1,682,750,819.69	1,532,855,343.13
Financial expenses	146,694,568.18	28,143,572.59
Loss on the asset impairment	-128,099,741.49	86,261,159.59
Add: Gains from change in fair value (“-” for loss)	-	-7,772,046.52
Investment gains (“-” for loss)	56,761,941.37	127,756,244.92
Including: Gains from investment in associates and joint ventures	45,851,069.65	109,481,011.88
II. OPERATING PROFIT (“-” for loss)	465,044,804.67	2,955,193,380.30
Add: Non-operating income	312,948,346.64	15,081,930.35
Less: Non-operating expenses	24,777,864.90	21,817,182.79
Including: Loss from disposal of non-current assets	19,206,330.16	21,703,454.09
III. PRE-TAX PROFIT (“-” for loss)	753,215,286.41	2,948,458,127.86
Less: Income tax expenses	105,123,348.63	708,049,070.87
IV. NET PROFIT (“-” for loss)	648,091,937.78	2,240,409,056.99
V. OTHER COMPREHENSIVE INCOME	-617,030.70	-5,393,836.50
VI. TOTAL COMPREHENSIVE INCOME	647,474,907.08	2,235,015,220.49

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang

Consolidated Cash Flow Statement

January-March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
I. CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from sales of goods and provision of services	54,167,530,805.42	61,182,650,545.54
Net increase in deposits from customers and placements from banks and other financial institutions	1,582,416,022.09	
Net decrease in loans and advances to customers	82,048,748.48	78,124,682.55
Net increase in loans from other financial institutions	800,000,000.00	340,000,000.00
Cash received from interest, handling charges and commissions	93,280,516.07	76,500,279.63
Tax rebates	59,966,688.91	36,232,673.97
Other cash received from activities related to operation	898,046,677.65	800,591,152.26
Subtotal of cash inflow from operating activities	57,683,289,458.62	62,514,099,333.95
Cash paid for goods purchased and services rendered	46,121,570,543.90	54,220,707,604.74
Net decrease in deposits from customers and placements from banks and other financial institutions		516,810,917.31
Net increase in deposits with central bank and other financial institutions	242,389,402.63	24,480,026.04
Cash payment for interest, handling charges and commissions	55,701,397.30	32,944,196.26
Cash paid to and on behalf of employees	2,206,418,733.48	2,022,516,680.81
Taxes paid	1,182,646,542.71	2,353,170,061.11
Other cash paid for activities related to operating activities	941,624,103.44	750,628,769.94
Subtotal of cash outflow from operating activities	50,750,350,723.46	59,921,258,256.21
Net cash flow from operating activities	6,932,938,735.16	2,592,841,077.74
II. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from disposal of investments	470,405,085.71	814,246,780.83
Cash received from gains in investments	363,936,551.53	29,900,721.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,574,406.56	1,187,608.60
Other cash received relating to investment activities	128,820,140.66	32,343,992.56
Subtotal of cash inflow from investment activities	967,736,184.46	877,679,103.20
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	3,302,200,531.45	3,057,605,219.24
Cash paid for investments	545,249,545.53	1,128,345,287.00
Cash received from subsidiaries and other companies	-17,557,703.60	-
Other cash paid related to investment activities	58,149.92	6,409,159.41
Subtotal of cash outflow from investment activities	3,829,950,523.30	4,192,359,665.65
Net cash flow from investment activities	-2,862,214,338.84	-3,314,680,562.45

Consolidated Cash Flow Statement (Continued)

January-March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd. Unit: Yuan Currency: RMB Unaudited

Item	31 March 2012	31 December 2011
Net cash flow from investment activities		
III. CASH FLOW FROM FINANCING ACTIVITIES	14,365,995.04	22,825,862.04
Cash received by absorbing investments	14,365,995.04	22,825,862.04
Including: Cash received by subsidiaries from minority shareholder's investments	27,156,612,954.89	16,885,653,852.11
Cash received from borrowings	27,170,978,949.93	16,908,479,714.15
Subtotal of cash inflow from financing activities	19,573,397,264.87	11,283,967,540.29
Cash repayments of debts	376,861,362.88	164,176,084.56
Subtotal of cash outflow from financing activities	19,950,258,627.75	11,448,143,624.85
Net cash flow from financing activities	7,220,720,322.18	5,460,336,089.30
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-18,869,955.05	2,264,481.51
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	11,272,574,763.45	4,740,761,086.10
Add: Balance of cash and cash equivalents at beginning of the period	13,180,223,388.65	7,937,919,424.23
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24,452,798,152.10	12,678,680,510.33

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang

Cash Flow Statement of the Parent Company

January-March 2012

Compiled by: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan

Currency: RMB

Unaudited

Item	31 March 2012	31 December 2011
I. CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from sales of goods and provision of services	39,403,150,902.26	50,143,120,309.54
Other cash received from activities related to operation	114,006,411.55	347,509,976.75
Subtotal of cash inflow from operating activities	39,517,157,313.81	50,490,630,286.29
Cash paid for goods purchased and services rendered	35,373,264,478.86	43,723,303,736.90
Cash paid to and on behalf of employees	1,468,122,300.40	1,379,826,105.89
Taxes paid	494,503,163.45	1,582,469,083.30
Other cash paid for activities related to operating activities	213,479,594.08	202,377,141.50
Subtotal of cash outflow from operating activities	37,549,369,536.79	46,887,976,067.59
Net cash flow from operating activities	1,967,787,777.02	3,602,654,218.70
II. CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from gains in investments	11,797,438.16	22,389,652.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,846,356.10	328,362.53
Other cash received relating to investment activities	122,194,330.97	28,527,008.10
Subtotal of cash inflow from investment activities	136,838,125.23	51,245,023.08
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,331,404,632.27	1,571,185,203.62
Cash paid for investments	145,104,340.00	-
Other cash paid related to investment activities	58,149.92	4,114,419.41
Subtotal of cash outflow from investment activities	1,476,567,122.19	1,575,299,623.03
Net cash flow from investment activities	-1,339,728,996.96	-1,524,054,599.95
III. CASH FLOW FROM FINANCING ACTIVITIES		
Cash received borrowings	17,496,581,576.61	15,317,956,417.38
Cash received from other financing activities	1,006,586,868.41	40,538,623.99
Subtotal of cash inflow from financing activities	18,503,168,445.02	15,358,495,041.37
Cash repayments of debts	10,888,810,470.04	10,669,482,315.59
Cash payments for distribution of dividends or profits, or cash payments for interests	216,096,769.14	156,155,282.57
Cash payments for other financing activities	10,847,748.96	1,734,103,450.90
Subtotal of cash outflow from financing activities	11,115,754,988.14	12,559,741,049.06
Net cash flow from financing activities	7,387,413,456.88	2,798,753,992.31
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-1,109,545.38	7,026,200.29
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	8,014,362,691.56	4,884,379,811.35
Add: Balance of cash and cash equivalents at beginning of the period	8,826,002,497.24	4,076,704,419.19
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,840,365,188.80	8,961,084,230.54

Legal representative: He Wenbo; Person-in-charge of accounting affairs: Chen Ying; Head of the accounting department: Li Qiqiang