

Corporation code: 600019

Corporation abbreviation: Baosteel

Baoshan Iron & Steel Co., Ltd.
2015 1st Quarter Report

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I. 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 Quarter 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 All members of the Board of Directors of the Company attended the board meeting.
- 1.3 Chen Derong, Chairman of the Company, Zhu Keping, chief accountant, and Wang Juan, Director of the Finance Department in charge of the accounting affairs, attest to the truthfulness, correctness and completeness of the financial statements in this Report.
- 1.4 The 1st quarter report has not been audited.

II. Major Financial Data and Shareholders’ Change

2.1 Highlights of Operation

- A profit of RMB2.2 billion has been realized in the first quarter, representing a quarter-on-quarter growth of 65.3% and a year-on-year growth of 4.0%.
- With more importance attached to third party trading platform, the Company and Baosteel Group have jointly established **Ouyeel Co., Ltd.**, for further attempt to integrate resources and businesses like e-commerce, processing and distribution, technology service, payment settlement, financial services and big data analysis.
- By aligning itself with Industry 4.0, the Company has won Haier Golden Cube Award, becoming the sole supplier winning this honor in worldwide steel industries.
- Ultra-high toughness NC52 drill pipe supplied to Tarim Oilfield of China National Petroleum Corporation (CNPC) successfully drilled for 8038 m, making another milestone of domestic drill pipes.
- To constantly advance environmental management, 20MW photovoltaic power generation project of the subordinate Meishan Steel has been grid connected, with estimated annual capacity of over 18 million kwh to reduce 16,000 tons of annual CO₂ emissions.
- Zhanjiang Steel Project is under way smoothly, with the installation of No.1 blast furnace shell body steel structure fully completed.
- The Company has expanded low-cost financing channels, and issued its first 500 million Euro bond successfully, with a coupon rate of 1.625%, becoming one of the first Chinese enterprises to enter the European bonds market successfully, and making a beneficial practice and exploration for Chinese enterprises to finance in European market in future.

2.2 Major Financial Data

Unit: RMB million

	At the end of the reporting period	At the end of the previous year	Increase/decrease from the previous year (%)
Total assets	233,128	228,653	1.96
Net assets attributable to shareholders of listed company	116,260	114,258	1.75
	From the beginning of the year to the end of the	From the beginning of the previous year to the end of	Increase/decrease from the previous

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	reporting period	the previous reporting period	year (%)
Net cash flow from operating activities	5,078	356	1,326.23
	From the beginning of the year to the end of the reporting period	From the beginning of the previous year to the end of the previous reporting period	Increase/decrease from the previous year (%)
Operating revenues	41,386	46,748	-11.47
Net profit attributable to shareholders of the listed Company	1,547	1,510	2.46
Net profit attributable to shareholders of the listed Company less non-recurring gains and losses	1,523	1,499	1.59
Weighted average return-on-equity (%)	1.34	1.36	Down by 0.02 ppts
Basic earnings per share (RMB)	0.09	0.09	2.46
Diluted earnings per share (RMB)	0.09	0.09	2.46

Items and amount of non-recurring gains and losses

Applicable Not applicable

Unit: RMB million

Item	Amount in the reporting period	Notes
Gains and losses from disposal of non-current assets	-18	
Government subsidy calculated in current gains and losses, except the consecutive fixed government subsidy related to normal operating activities and in lines with national policies, rules and certain standards	35	
Gains and losses from change of fair value for holding held-for-trading financial assets and liabilities, investment income at the disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, except effective hedging operations related to normal operating activities	15	
Other non-operating income and expenditure	8	
Effect of minority interest (after tax)	-6	
Effect of income tax	-10	
Total	24	

2.3 Principal business by segments

Unit: RMB Million

Segment	Operating revenues	Operating costs	Gross margin	YoY change in gross margin
Steel manufacturing	26,426	23,138	12.4%	Up by 2.9 ppts
Processing and distribution	36,495	35,345	3.2%	Up by 0.8 ppts
Information technology	795	572	28.1%	Down by 3.6 ppts
E-commerce	4,008	4,006	0.05%	Down by 0.3 ppts
Chemical industry	1,867	1,770	5.2%	Down by 4.3 ppts
Finance	154	72	53.1%	Down by 1.6 ppts

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Offset between segments	-28,249	-28,213	-	-
Total	41,496	36,689	11.6%	Up by 1.8 ppts

2.4 Total number of shareholders, top 10 shareholders and top 10 shareholders of tradable shares (or holders of shares not subject to conditional sales) at the end of the reporting period

Unit: share

Total number of shareholders (people)		413,544				
Top 10 shareholders						
Name (Full name)	Shares at the end of the reporting period	Shareholding proportion (%)	Shares subject to conditional sales	Shares pledged or frozen		Shareholder nature
				status	numbers	
Baosteel Group Corporation	13,128,825,267	79.709	0	None	0	State-owned
Hong Kong Securities Clearing Company Ltd.	89,044,828	0.541	0	None	0	Unknown
China Galaxy Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	56,720,582	0.344	0	None	0	Unknown
National Social Security Fund 106 Portfolio	40,890,074	0.248	0	None	0	Unknown
Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	35,702,752	0.217	0	None	0	Unknown
Guotai Junan Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	33,880,579	0.206	0	None	0	Unknown
GF Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	30,227,212	0.184	0	None	0	Unknown
Huatai Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	28,623,991	0.174	0	None	0	Unknown
CSOP Asset Management Limited – CSOP Source A50ETF	25,344,800	0.154	0	None	0	Unknown
Guosen Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	24,875,494	0.151	0	None	0	Unknown
Top 10 holders of shares not subject to conditional sales						
name	Number of shares not subject to conditional sales	Type and numbers of shares				
		Type	Numbers			
Baosteel Group Corporation	13,128,825,267	RMB ordinary share	13,128,825,267			
Hong Kong Securities Clearing Company Ltd.	89,044,828	RMB ordinary share	89,044,828			

China Galaxy Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	56,720,582	RMB ordinary share	56,720,582
National Social Security Fund 106 Portfolio	40,890,074	RMB ordinary share	40,890,074
Ping An Annuity Insurance Company - Ping An Annuity's Rich Stock Portfolio of Rich Pension Entrusted Management Product	35,702,752	RMB ordinary share	35,702,752
Guotai Junan Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	33,880,579	RMB ordinary share	33,880,579
GF Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	30,227,212	RMB ordinary share	30,227,212
Huatai Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	28,623,991	RMB ordinary share	28,623,991
CSOP Asset Management Limited – CSOP Source A50ETF	25,344,800	RMB ordinary share	25,344,800
Guosen Securities Co., Ltd.-Customers Credit and Trading Guarantee Securities Account	24,875,494	RMB ordinary share	24,875,494
Remarks on affiliation, alliance or collusion among the aforementioned shareholders	The Company is not aware of any connected relationship among other shareholders mentioned above or any parties acting in concert specified in <i>Measures for the Administration of Acquisitions by Listed Companies</i> .		
Remarks on shareholder holding preferred stocks with voting right restored and their shares	None		

III. Significant Events

3.1 Sharp changes in major accounting statements and financial indicators and reasons

Applicable Not applicable

In the first quarter of 2015, domestic steel demand remained low. The support of raw material cost on steel price turned out to be weak due to plummeting ore price while domestic steel production continued to be at a high level over the same period. Although the exporting scale has bounced up a little, overall demand-supply conflict has not been improved. What's more, bonding costs like environmental protection rose, leading to a loss status again of steel industry.

In face of negative operating environment, the Company continuously enhanced the coordination of purchase and sale, strengthened customer service and technology innovation, optimized production and marketing mode, strongly boosted cost-reduction and performance-improvement, facilitated development in two wing fields to ensure operating objectives of first quarter are accomplished well. During the reporting period, the Company produced 5.362 million tons of iron, 5.569 million tons of steel and 5.239 million tons of steel products, and realized a total consolidated profit of RMB 2.20 billion.

Sharp changes in major accounting statements and the reasons are as follows:

Compared with the first quarter in 2014:

Financial expenses had a year-on-year decrease of RMB 200 million, representing a reduction rate of 50.2%, mainly because the 0.3% depreciation of RMB against USD central parity rate in the first quarter led to year-on-year decrease of RMB 130 million exchange losses with the 0.8% depreciation of RMB

against USD over the same period last year; net interest expense had a year-on-year decrease of RMB 70 million due to the year-on-year shrink of interest-bearing liabilities scale over the same period last year.

Assets impairment losses had a year-on-year increase of RMB 140 million, mainly because the inventory falling price reserves of RMB 10 million was made additionally in the first quarter, while the inventory falling price reserves was reversed by RMB 110 million in the same period last year.

Gains from changes of fair value reduced by RMB 80 million, mainly due to RMB 100 million of fair value loss in financial derivatives.

Non-operating incomes reduced by RMB 40 million year-on-year, representing a reduction rate of 45.1%, mainly due to the year-on-year reduction of governmental subsidiaries the Company gained.

Non-operating expense reduced by RMB 50 million year-on-year, representing a reduction rate of 69.4%, mainly due to the year-on-year reduction of RMB 40 million in loss from disposal of non-current assets.

Net cash inflow was RMB 1.19 billion in the first quarter, increasing RMB 3.44 billion of net inflow compared with the RMB 2.25 billion of net outflow over the same period last year.

(1) Net cash inflow arising from operating activities was RMB 5.08 billion, with a year-on-year increase of RMB 4.72 billion, representing a growth rate of 1326.2%. In the first quarter of 2015, the Company made a net profit of RMB 1.64 billion, depreciation and amortization of fixed assets of RMB 2.74 billion, financial expense and other non-operational losses of RMB 260 million, and cash from operating activities of RMB 4.64 billion; the occupation of inventory funds dropped and cash flow increased by RMB 190 million; receivables from operating activities rose and cash flow decreased by RMB 30 million; payables from operating activities rose and cash flow increased by RMB 280 million. Without regard to the impact of Finance Co., the net cash inflow arising from operating activities was RMB 4.15 billion, RMB 3.59 billion more than that at the same period last year. The year-on-year increase was caused by the following reasons:

- ① the year-on-year increase of RMB 80 million in net profit and the increase of flow
- ② the year-on-year increase flow of RMB 100 million, with RMB 3.05 billion in depreciation and amortization, financial expense, provision for impairment loss and other items compared with RMB 2.95 billion at the same period last year.
- ③ Inventories at the end of the first quarter was RMB 190 million less than that at the beginning of 2015, while the inventory increase was RMB 1.40 billion for the same period last year. As a result, the year-on-year inventory flow increased by RMB 1.59 billion.
- ④ Cash flow receivables from operating activities at the end of the first quarter increased by RMB 60 million than that at the beginning of 2015, while the increase was RMB 3.63 billion for the same period last year. As a result, the year-on-year flow increased by RMB 3.57 billion.
- ⑤ Cash flow payables from operating activities at the end of the first quarter decreased by RMB 620 million than that at the beginning of 2015, while the increase was RMB 1.13 billion for the same period last year. As a result, the year-on-year flow decreased by RMB 1.75 billion.

(2) Net cash outflow arising from investing activities was RMB 7.41 billion, RMB 2.01 billion more than that at the same period last year, representing a growth rate of 37.2%, mainly due to the payment of entrusted financial products.

(3) Net cash inflow arising from financing activities was RMB 3.83 billion, RMB 1.06 billion more than that at the same period last year, representing a growth rate of 38.2%. Among which, debt financing scale increased by RMB 3.15 billion than that at the beginning of 2015, with RMB 2.77 billion increase at the same period last year, representing a year-on-year cash inflow increase of RMB 380 million; Ouyeel E-commerce Platform was established, absorbing RMB 1.02 billion of cash investment from Baosteel Group and its subsidiaries.

Compared with the beginning of 2015:

Financial assets at fair value through profit or loss has reduced by RMB 160 million, representing a reduction rate of 90.2%, mainly because Finance Co. has redeemed some money market fund and financial assets scale has reduced by RMB 160 million.

Financial assets purchased under resale agreements has reduced by RMB 500 million, representing a reduction rate of 83.4%, mainly because national debt reverse repurchase the Company operated across months has reduced by RMB 500 million.

Sales of repurchased financial assets have reduced by RMB 170 million, mainly because the financing of bonds repurchase of Finance Co. was due.

Interests receivable have increased by RMB 170 million, representing a growth rate of 30.3%, mainly because in the first quarter the Company confirmed RMB 170 million of assets transfer interests of Baosteel Stainless and Baosteel Special Steel.

Bonds payable have increased by RMB 3.31 billion, representing a growth rate of 109.6%, mainly because Bao-trans issued 500 million of Eurobonds in February.

3.2 Progress and impacts of major events and analysis and description of solutions

Applicable Not applicable

3.3 Commitments and performance of the Company, shareholders with over 5% shares

Applicable Not applicable

3.3.1 Commitments related with the initial public offering (IPO)

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 non-controlling 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, it 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.

3.3.2 Commitments related with re-financing

Commitments made in the Prospectus of additional public offering 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.

These commitments were publicly posted on official website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in April 2005.

3.3.3 Other commitments

Commitments Baosteel Group undertook about Luojing Land:

Baosteel Group Shanghai Pudong Iron & Steel Co., Ltd. (hereinafter, Pudong Steel), a wholly owned subsidiary of Baosteel Group, was offering its construction-in-progress and related fixed assets in Luojing (hereinafter, Luojing Assets), which the Company intended to purchase. Luojing 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), RMB 2.8 billion as preliminarily estimated, shall be paid by the Company. Baosteel Group promises:

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

(2) In the event of the total actual expense exceeding RMB 2.8 billion for the procedures, Baosteel Group and/or Pudong Steel shall fully cover the exceeding amount in time, by means of paying to 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 December 12, 2007.

Land in commitments aforementioned involved with West Luojing, East Luojing and North Energy Gallery. By the end of this report, the Company has signed west land transfer contract of Luojing Project with relevant Shanghai governmental departments, and paid RMB 2.34 billion for land-transferring, about RMB 20 million for north energy gallery land with land warrants. Relevant warrants for east land are in the process. And its land-transferring fees have not been paid yet.

Commitments Baosteel Group undertook about Desheng Nickel Project:

Baosteel Group sought the Company's opinion of investment in 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 in the project, but retained the 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 evaluation results as conducted by an individual assets evaluation agency.

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 December 23, 2010.

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

3.4 Caution and cause description for the prediction that losses may incur for the accumulated net profit from the beginning of the year to the end of the next reporting period or sharp changes may occur compared with the same period last year

Applicable Not applicable

Corporation name	Baoshan Iron & Steel Co., Ltd.
Legal Representative	Chen Derong
Date	April 23, 2015

IV. Appendix

4.1 Financial statements

Consolidated Balance Sheet

March 31, 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

	Unit: Yuan	Currency: RMB	Type of audit: unaudited
Item	Closing Balance	Opening Balance	
Current assets:			
Cash and bank balances	14,150,306,246.37	12,103,757,440.88	
Financial assets at fair value through profit or loss	17,626,548.10	180,636,573.51	
Notes receivable	8,846,140,454.07	9,222,110,761.77	
Accounts receivable	10,102,194,868.47	10,049,072,037.10	
Prepayments	3,175,972,296.25	2,923,618,311.69	
Interest receivable	713,375,667.79	547,356,317.25	
Dividend receivable	11,298,647.00	11,298,647.00	
Other receivables	1,268,731,271.64	1,080,179,452.07	
Financial assets purchased under resale agreements	99,000,000.00	595,000,000.00	
Inventory	26,620,221,894.17	26,815,100,722.39	
Non-current assets due within one year	6,296,900,000.00	6,358,800,000.00	
Other current assets	5,221,880,396.44	4,499,073,089.90	
Total current assets	76,523,648,290.30	74,386,003,353.56	
Non-current assets:			
Loans and advances to customers	2,696,722,893.94	2,948,545,990.88	
Available-for-sale financial assets	10,441,967,339.62	10,447,520,041.50	
Held-to-maturity investments	1,000,000,000.00	-	
Long-term receivables	9,010,886,216.78	9,012,068,634.07	
Long-term equity investment	4,951,962,334.32	4,963,108,955.16	
Investment properties	445,534,805.10	450,687,455.44	
Fixed assets	81,772,007,175.41	82,897,000,178.55	
Construction in progress	29,809,629,148.76	26,758,846,736.54	
Materials for construction of fixed assets	187,766,321.96	173,012,390.36	
Intangible assets	9,070,110,364.52	9,136,786,103.95	
Long-term prepaid expenses	1,081,309,918.28	1,099,681,062.52	
Deferred income tax assets	1,826,160,274.23	1,826,404,465.21	
Other non-current assets	4,310,787,320.47	4,552,848,644.62	
Total non-current assets	156,604,844,113.39	154,266,510,658.80	
Total assets	233,128,492,403.69	228,652,514,012.36	
Current liabilities:			
Short-term borrowings	31,050,879,960.19	31,480,011,723.61	
Borrowings from Central Bank	47,628,291.38	-	
Deposits from customers and banks and other financial institutions	9,035,706,545.38	7,972,063,672.99	
Taking from banks and other financial institutions			
Financial liabilities at fair value through profit or loss	85,230,724.94		
Notes payable	4,185,069,812.66	5,416,879,164.85	
Accounts payable	18,495,962,411.71	19,910,369,631.42	

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Receipts in advance	11,492,208,161.17	11,522,938,150.20
Financial assets sold under repurchase agreements	-	169,528,930.40
Employee benefits payable	1,559,764,298.15	1,743,340,738.03
Taxes payable	2,798,730,231.02	2,162,028,290.86
Interest payable	296,543,953.67	281,301,392.21
Dividends payable	68,495,321.06	12,184,096.83
Other payable	1,281,826,904.98	1,141,614,196.44
Non-current liabilities due within one year	5,606,189,467.80	7,442,007,303.14
Other current liabilities		
Total current liabilities	86,004,236,084.11	89,254,267,290.98
Non-current liabilities:		
Long-term borrowings	11,825,516,657.81	9,936,435,216.96
Bonds payable	6,336,854,063.31	3,024,076,037.38
Long-term payable	89,287,152.00	89,287,152.00
Long-term employee benefits payable	165,149,368.61	162,061,249.06
Special payable	287,916,697.81	287,916,697.81
Deferred earnings	1,243,399,208.43	1,268,675,356.46
Deferred income tax liabilities	421,346,114.73	423,066,461.35
Other non-current liabilities	1,896,687.61	1,902,403.65
Total non-current liabilities	20,371,365,950.31	15,193,420,574.67
Total liabilities	106,375,602,034.42	104,447,687,865.65
Owners' equity		
Capital stock	16,471,026,024.00	16,471,026,024.00
Capital reserve	33,748,663,233.08	33,253,945,989.75
less: treasury stock	89,287,152.00	89,287,152.00
Other comprehensive income	-1,048,329,037.05	-1,004,817,797.37
Special reserve	14,207,827.91	10,040,556.78
Surplus reserve	25,851,173,391.46	25,851,173,391.46
General risk reserve		
Retained earnings	41,312,992,335.40	39,765,842,085.69
Total owners' equity attributable to the parent company	116,260,446,622.80	114,257,923,098.31
Minority interests	10,492,443,746.47	9,946,903,048.40
Total owners' equity	126,752,890,369.27	124,204,826,146.71
Total liabilities and owners' equity	233,128,492,403.69	228,652,514,012.36

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Keping, Chief Accountant Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

Balance Sheet of Parent Company

March 31, 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: unaudited

Item	Closing Balance	Opening Balance
Current assets:		
Cash and bank balances	5,191,815,999.65	6,283,129,815.02
Financial assets at fair value through profit or loss		6,102,202.15
Notes receivable	11,447,635,381.62	13,011,611,433.29
Accounts receivable	11,570,741,246.97	9,695,871,978.90
Prepayments	1,140,168,973.29	942,442,509.53
Interest receivable	727,848,685.48	624,864,604.91
Other receivables	209,257,360.96	250,571,482.39
Inventory	11,522,508,362.93	12,690,611,402.54
Non-current assets due within one year	4,500,000,000.00	4,500,000,000.00
Other current assets	2,665,500,000.00	3,265,500,000.00
Total current assets	48,975,476,010.90	51,270,705,428.73
Non-current assets:		
Available-for-sale financial assets	8,200,996,309.00	8,200,996,309.00
Long-term receivables	11,073,532,930.56	11,073,532,930.56
Long-term equity investment	45,396,030,385.36	45,216,589,326.30
Investment properties	-	-
Fixed assets	49,418,951,833.33	50,017,975,436.43
Construction in progress	3,648,741,447.48	3,611,532,901.23
Materials for construction of fixed assets	25,960,211.80	32,088,334.38
Intangible assets	3,768,092,559.42	3,788,628,679.26
Long-term prepaid expenses	92,481,448.75	98,970,720.56
Deferred income tax assets	733,824,826.06	722,797,843.64
Other non-current assets	847,042,716.58	849,017,843.49
Total non-current assets	123,205,654,668.34	123,612,130,324.85
Total assets	172,181,130,679.24	174,882,835,753.58
Current liabilities:		
Short-term borrowings	11,655,220,874.19	11,540,228,080.29
Financial liabilities at fair value through profit or loss	85,230,724.94	-
Notes payable	1,050,346,656.71	1,673,935,753.74
Accounts payable	26,531,192,829.45	25,957,352,170.04
Receipts in advance	9,515,932,951.78	11,502,863,539.67
Employee benefits payable	1,024,578,011.31	1,228,950,124.09
Taxes payable	3,086,572,138.63	2,067,147,371.26
Interest payable	29,258,950.09	37,402,811.31
Other payable	409,228,373.38	405,000,081.16
Non-current liabilities due within one year	3,378,210,000.00	5,201,150,000.00
Other current liabilities	2,171,792,150.44	3,123,327,438.98
Total current liabilities	58,937,563,660.92	62,737,357,370.54
Non-current liabilities:		
Long-term borrowings	1,351,284,000.00	1,560,345,000.00
Long-term payable	89,287,152.00	89,287,152.00
Long-term employee benefits payable	130,741,372.43	130,741,372.43

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Special payable	239,350,000.00	239,350,000.00
Deferred earnings	590,175,988.37	605,552,512.81
Deferred income tax liabilities	412,468,456.29	413,994,006.83
Other non-current liabilities		
Total non-current liabilities	2,813,306,969.09	3,039,270,044.07
Total liabilities	61,750,870,630.01	65,776,627,414.61
Owners' equity		
Capital stock	16,471,026,024.00	16,471,026,024.00
Capital reserve	32,927,359,424.33	32,759,853,588.96
Less: treasury stock	89,287,152.00	89,287,152.00
Other comprehensive income	-100,294,201.45	-102,586,048.25
Special reserve		
Surplus reserve	25,851,173,391.46	25,851,173,391.46
Retained earnings	35,370,282,562.89	34,216,028,534.80
Total owners' equity	110,430,260,049.23	109,106,208,338.97
Total liabilities and owners' equity	172,181,130,679.24	174,882,835,753.58

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Kebing, Chief Accountant Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

Consolidated Income Statement
January-March 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: unaudited

Item	Current-period	Previous-period Amount
I. Total operating income	41,473,161,551.79	46,844,989,566.69
Including: operating income	41,385,948,528.95	46,747,761,426.78
Interest income	85,672,983.21	95,647,035.81
Earned premium		
Fee and commission income	1,540,039.63	1,581,104.10
II. Total operating costs	39,246,764,183.09	44,762,680,248.67
Including: operating costs	36,624,748,206.03	42,222,502,305.74
Interest expense	64,376,881.94	61,377,636.38
Fee and commission expenses	168,197.30	158,315.53
Business taxes and levies	106,006,006.67	141,817,297.60
Selling expense	498,467,964.44	434,252,218.51
Administrative expense	1,744,224,971.48	1,627,701,225.06
Financial expense	199,419,902.29	400,736,071.97
Impairment losses of assets	9,352,052.94	-125,864,822.12
Add: Gains from changes in fair values (Losses are indicated by "-")	-75,942,286.94	3,805,983.97
Investment income (Losses are indicated by "-")	29,513,658.39	21,570,502.09
Including: Income from investments in associates and joint ventures	7,423,522.53	16,392,872.56
Gains from exchange (Losses are indicated by "-")		
III. Operating profit (Losses are indicated by "-")	2,179,968,740.15	2,107,685,804.08
Add: Non-operating income	48,109,561.78	87,665,002.09
Including: Gains from disposal of non-current assets	2,533,029.31	528,708.00
Less: Non-operating expenses	23,126,904.61	75,537,334.65
Including: Losses from disposal of non-current assets	20,661,619.43	65,026,220.38
IV. Total profit (Total losses are indicated by "-")	2,204,951,397.32	2,119,813,471.52
Less: income tax expense	568,225,769.79	533,600,817.34
V. Net profit (Net losses are indicated by "-")	1,636,725,627.53	1,586,212,654.18
Net profit attributable to the owner of the parent Company	1,547,150,249.71	1,510,048,384.13
Minority interests	89,575,377.82	76,164,270.05
VI. Net after-tax of other comprehensive income	-40,595,723.67	-43,573,348.68
Net after-tax of other comprehensive income attributable to the owner of parent company	-43,511,239.68	-44,219,051.89
(i). Other comprehensive income that cannot be reclassified into gains and losses in future		
1. Re-measuring the changes of net liabilities or net assets of defined benefit plans		
2. Proportion held in the invested entities' other comprehensive incomes that cannot be reclassified into profit or loss under the Equity Method		

(ii) Other comprehensive incomes that will be reclassified into gains and losses in future	-43,511,239.68	-44,219,051.89
1. Proportion held in the invested entities' other comprehensive incomes that will be reclassified into profit or loss under the Equity Method		
2. Gains and losses from change of fair value of available-for-sale financial assets	13,436,789.10	-99,230,542.04
3. Gains and losses from available-for-sale financial assets reclassified from Held-to-maturity investment		
4. Valid part of gains and losses from cash flow hedge		
5. Translation difference arising from translation of financial statements denominated in foreign currencies	-56,948,028.78	55,011,490.15
6. Others		
Net after-tax of other comprehensive incomes attributable to minority interests	2,915,516.01	645,703.21
VII. Total comprehensive income	1,596,129,903.86	1,542,639,305.50
Total comprehensive income attributable to the owner of parent company	1,503,639,010.03	1,465,829,332.24
Total comprehensive income attributable to minority interests	92,490,893.83	76,809,973.26
VIII. Earnings per share:		
(I) Basic earnings per share (Yuan/ Share)	0.09	0.09
(II) Diluted earnings per share (Yuan/ Share)	0.09	0.09

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Kebing, Chief Accountant Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

Income Statement of Parent Company
January-March 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: unaudited

Item	Current-period	Previous-period Amount
I. Total operating income	23,515,470,816.31	27,704,504,425.70
Less: Operating Cost	20,535,285,484.58	24,902,487,145.95
Operating taxes and surcharges	52,656,176.23	76,119,127.49
Selling expense	151,365,152.60	151,424,669.04
Administrative expense	1,194,057,614.99	1,180,973,398.16
Financial expense	17,075,693.52	96,363,480.09
Impairment losses of assets	-38,907,916.33	-137,597,390.32
Add: Gains from changes in fair values (Losses are indicated by "-")	-91,332,927.09	-2,781,396.36
Investment income (Losses are indicated by "-")	11,358,612.44	11,534,985.92
Including: Income from investments in associates and joint ventures	19,207,139.10	25,909,708.61
II. Operating profit (Losses are indicated by "-")	1,523,964,296.07	1,443,487,584.85
Add: Non-operating income	17,073,419.81	56,559,985.27
Including: Gains from disposal of non-current assets		
Less: Non-operating expenses	11,440,925.72	46,525,103.53
Including: Losses from disposal of non-current assets	11,380,924.76	46,148,321.50
III. Total profit (Total losses are indicated by "-")	1,529,596,790.16	1,453,522,466.59
Less: income tax expense	375,342,762.07	356,903,189.50
IV. Net profit (Net losses are indicated by "-")	1,154,254,028.09	1,096,619,277.09
V. Net after-tax other comprehensive income	2,291,846.80	7,217,477.33
(i). Other comprehensive income that cannot be reclassified into gains and losses in future	0.00	0.00
1. Re-measuring the changes of net liabilities or net assets of defined benefit plans		
2. Proportion held in the invested entities' other comprehensive incomes that cannot be reclassified into profit or loss under the Equity Method		
(ii) Other comprehensive incomes that will be reclassified into gains and losses in future	2,291,846.80	7,217,477.33
1. Proportion held in the invested entities' other comprehensive incomes that will be reclassified into profit or loss under the Equity Method	2,291,846.80	7,217,477.33
2. Gains and losses from change of fair value of available-for-sale financial assets		
3. Gains and losses from available-for-sale financial assets reclassified from Held-to-maturity investment		
4. Valid part of gains and losses from cash flow hedge		
5. Translation difference arising from translation of financial statements denominated in		

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foreign currencies		
6.Others		
VI. Total comprehensive income	1,156,545,874.89	1,103,836,754.42
VII. Earnings per share:		
(I) Basic earnings per share (Yuan/ Share)		
(II) Diluted earnings per share (Yuan/ Share)		

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Keping, Chief Accountant
 Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

Consolidated Cash Flow Statement
January-March 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: unaudited

Item	Current-period Amount	Previous-period Amount
I. Cash flows from Operating Activities:		
Cash receipts from sale of goods and rendering of services	48,092,888,038.24	50,910,145,673.63
Net increase in customers' deposit and deposits from banks and other financial institutions	1,064,042,907.02	376,604,037.48
Net increase in borrowings from Central Bank	47,628,291.38	
Net decrease in loans and advances to customers	246,928,369.96	
Cash receipts from interest, fees and commissions	86,534,656.17	88,694,872.74
Net increase in deposit funds		
Net increase in repurchase funds		
Receipts of tax refunds	52,197,229.21	118,659,005.20
Other cash receipts relating to operating activities	79,067,637.29	97,483,538.14
Sub-total of cash inflows from operating activities	49,669,287,129.27	51,591,587,127.19
Cash payments for goods purchased and services received	40,222,006,226.46	46,027,273,567.76
Net increase in loans and advances to customers		162,848,370.51
Net increase in balance with the central bank and due from banks and other financial institutions	215,501,486.35	256,355,446.88
Cash payments for claims in original insurance contracts		
Cash payments for interest, fees and commissions	85,986,073.15	94,886,131.62
Cash payments to and on behalf of employees	2,215,784,351.43	2,173,712,204.22
Net decrease in financial assets sold under repurchase agreements	169,528,930.40	127,336,160.27
Payments of various types of taxes	1,139,339,517.69	1,721,507,125.99
Other cash payments relating to operating activities	543,248,180.51	671,632,379.87
Sub-total of cash outflows from operating activities	44,591,394,765.99	51,235,551,387.12
Net Cash Flows from Operating Activities	5,077,892,363.28	356,035,740.07
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,142,486,275.55	460,426,987.55
Cash receipts from investment income	38,942,491.82	20,832,326.19
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	11,491,530.15	19,262,358.73
Net cash from disposal of subsidiaries		

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and other operating units		
Other cash receipts relating to investing activities	27,944,110.23	43,825,253.03
Sub-total of cash inflows from investing activities	1,220,864,407.75	544,346,925.50
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	5,839,466,679.22	5,414,219,454.42
Cash payments to investments	2,778,867,463.06	529,774,956.92
Net increase in collateral loans		
Net cash paid by subsidiaries and other operating units		
Other cash payments relating to investing activities	12,272,230.43	1,105,091.40
Sub-total of cash outflows from investing activities	8,630,606,372.71	5,945,099,502.74
Net Cash Flows from Investing Activities	-7,409,741,964.96	-5,400,752,577.24
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	1,020,000,000.00	272,946,781.71
Including: cash receipts from capital contributions from minority shareholders of subsidiaries	1,020,000,000.00	272,946,781.71
Cash receipts from borrowings	19,160,650,283.55	16,496,879,542.48
Cash receipts from issuing bonds	3,456,095,915.27	
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	23,636,746,198.82	16,769,826,324.19
Cash repayments of borrowings	19,472,192,823.28	13,728,887,753.21
Cash payments for distribution of dividends or profits or settlement of interest expenses	336,563,490.86	270,464,012.28
Including: payments for distribution of dividends or profits to minority shareholders of subsidiaries	1,600,000.00	3,479,832.32
Other cash outflows relating to financing activities		
Sub-total of cash outflow from financing activities	19,808,756,314.14	13,999,351,765.49
Net Cash Flows from Financing Activities	3,827,989,884.68	2,770,474,558.70
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-307,125,770.95	28,904,710.32
V. Net Increase in Cash and Cash Equivalents	1,189,014,512.05	-2,245,337,568.15
Add: Opening balance of Cash and Cash Equivalents	11,291,289,583.07	11,598,852,396.93
VI. Closing Balance of Cash and Cash Equivalents	12,480,304,095.12	9,353,514,828.78

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Keping, Chief Accountant Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

Cash Flow Statement of Parent Company
January-March 2015

Name of enterprise: Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: unaudited

Item	Current-period Amount	Previous-period Amount
I. Cash flows from Operating Activities:		
Cash receipts from sale of goods and rendering of services	24,117,837,516.79	29,834,657,463.03
Receipts of tax refunds	18,572,070.61	99,632,634.49
Other cash receipts relating to operating activities	22,864,338.57	55,851,012.40
Sub-total of cash inflows from operating activities	24,159,273,925.97	29,990,141,109.92
Cash payments for goods purchased and services received	19,911,016,952.16	21,888,628,679.87
Cash payments to and on behalf of employees	1,375,243,754.29	1,389,185,463.99
Payments of various types of taxes	416,055,585.10	942,158,036.99
Other cash payments relating to operating activities	42,175,593.63	305,889,316.63
Sub-total of cash outflows from operating activities	21,744,491,885.18	24,525,861,497.48
Net Cash Flows from Operating Activities	2,414,782,040.79	5,464,279,612.44
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	3,400,000,000.00	1,900,000,000.00
Cash receipts from investment income	9,018,602.74	1,290,773.97
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	7,433,380.76	16,666,263.36
Net cash from disposal of subsidiaries and other operating units		
Other cash receipts relating to investing activities	100,847,459.98	274,003,855.57
Sub-total of cash inflows from investing activities	3,517,299,443.48	2,191,960,892.90
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	1,180,255,877.20	3,435,617,211.53
Cash payments to investments	2,800,000,000.00	2,260,749,984.00
Net cash paid by subsidiaries and other operating units		
Other cash payments relating to investing activities	12,272,230.43	1,105,091.40
Sub-total of cash outflows from investing activities	3,992,528,107.63	5,697,472,286.93
Net Cash Flows from Investing Activities	-475,228,664.15	-3,505,511,394.03
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions		
Cash receipts from borrowings	9,331,425,200.58	7,117,440,151.73
Other cash receipts relating to financing		

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activities		
Sub-total of cash inflows from financing activities	9,331,425,200.58	7,117,440,151.73
Cash repayments of borrowings	11,224,578,508.86	6,816,150,190.37
Cash payments for distribution of dividends or profits or settlement of interest expenses	103,774,913.02	78,070,083.89
Other cash repayments relating to financing activities	895,284,618.03	5,084,693,925.67
Sub-total of cash outflow from financing activities	12,223,638,039.91	11,978,914,199.93
Net Cash Flows from Financing Activities	-2,892,212,839.33	-4,861,474,048.20
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-138,654,352.68	6,823,950.28
V. Net Increase in Cash and Cash Equivalents	-1,091,313,815.37	-2,895,881,879.51
Add: Opening balance of Cash and Cash Equivalents	6,283,129,815.02	6,290,586,489.64
VI. Closing Balance of Cash and Cash Equivalents	5,191,815,999.65	3,394,704,610.13

Legal representative: Chen Derong Person in Charge of the Accounting Body: Zhu Kebing, Chief Accountant Person in charge of Accounting Affairs: Wang Juan, Director of Finance Department

4.2 Auditing Report

The 1st quarter report has not been audited.