

Baoshan Iron & Steel Co., Ltd.

600019

Third Quarterly Report of 2013

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I. Important Notice

1.1 Board of Directors and Board of Supervisors of the Company and its directors, supervisors and senior executives hereby confirm that this Quarterly Report is true, accurate and complete without any fictitious statements, serious misleading information or important omissions, and shall assume individual and joint responsibilities.

1.2 All of the Company's directors attended the meeting of Board of Directors to review this Quarterly Report.

1.3

Principal of the Company	Chairman He Wenbo
Principal of Accounting	CFO Zhu Keping
Head of the Accounting Unit (Accounting Director)	Director of the Finance Department Wang Juan

He Wenbo, Principal of the Company and Chairman of the Board; Zhu Keping, Principal of Accounting and CFO; and Wang Juan, Head of the Accounting Unit (accounting director) and Director of the Finance Department hereby guarantee that the financial reports contained in the Quarterly Report are true, accurate and complete.

1.4 The Company's financial report in the third quarterly report has not been audited. In January 2013, the Company registered the alteration of stock equity of Baosteel Zhanjiang Iron & Steel Co., Ltd. (hereinafter referred to as "Zhanjiang Iron & Steel"), included Zhanjiang Iron & Steel in its consolidated statements, and meanwhile, restated the beginning data in the Consolidated Balance Sheet in accordance with the *Accounting Standards for Business Enterprises*, but did not re-state the Consolidated Income Statement or the Consolidated Statement of Cash Flow according to the materiality principle. The beginning data of the year involved herein refer to those after re-statement unless otherwise specially stated in this Quarterly Report.

II. Major Financial Data and Change of Shareholders**2.1 Major Financial Data**

Currency: RMB

	Ending of this reporting period	Beginning of this year	Increase and decrease of the beginning period of this year compare to the end of this reporting period (%)
Total assets (RMB Million)	228,813	220,876	3.59
Net assets attributable to shareholders of listed company (RMB Million)	109,591	110,766	-1.06
	Beginning of the year to the end of this reporting period (Jan-Sept)	Beginning of last year to the end of reporting period of last year (Jan-Sept)	Year-on-year increase/decrease (%)
Net cash flows from operating activities (RMB Million)	9,717	13,544	-28.26
	Beginning of the year to the end of this reporting period (Jan-Sept)	Beginning of last year to the end of reporting period of last year (Jan-Sept)	Year-on-year increase/decrease (%)
Business income (RMB Million)	142,264	145,791	-2.42
Net profit attributable to shareholders of listed company (RMB Million)	4,642	10,791	-56.99
Net profit attributable to shareholders of the listed Company less non-recurring gains and losses (RMB Million)	4,675	3,003	55.68
Weighted average return on equity (%)	4.22	9.82	Down 5.59 ppts
Basic earnings per share (Yuan/share)	0.28	0.62	-55.02
Diluted earnings per share (Yuan/share)	0.28	0.62	-55.02
Basic earnings per share net of non-recurring gains and losses (Yuan/share)	0.28	0.17	62.82

Net of Non-recurring Items and Amounts:

Unit: RMB Million Currency: RMB

Item	Current Amount (July-Sept)	From the beginning of the year to the end of the reporting period (Jan-Sept)
Profit and loss from disposal of non-current assets	-225	-300
Investment income from disposal of held-for-trading financial assets	8	17
Other net non-operating income and expenditure except above-mentioned items	124	252
Effect of income tax	23	8
Effect of minority shareholders	-0.5	-11
In total	-71	-34

2.2 Total number of shareholders, and information on shareholding of top 10 shareholders and of top 10 shareholders of floating shares without trading limited conditions at the end of the reporting period

Unit: share

Number of shareholders		498,539			
Shareholding of top 10 shareholders					
Shareholder names	Shareholders Property	Proportion (%)	Amount	Number of floating shares with trading limited conditions	Number of shares pledged or frozen
Baosteel Group Corporation	State-owned	79.71	13,128,825,267	0	N/A
Zhangjiaguang Free Trade Zone Qianxing Investment and Trade Co., Ltd.	Others	0.39	63,419,861	0	N/A
Industrial and Commercial Bank of China – Shanghai Stock Exchange 50 ETF Fund	Others	0.29	48,482,870	0	N/A
Ningbo Free Trade Zone Hongguang Trade Co.,Ltd	Others	0.24	38,854,594	0	N/A
International Finance - Standard Chartered – GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE. LTD.	Others	0.19	31,151,604	0	N/A
CSOP Asset Management - CSOP FTSE China A50ETF	Others	0.18	28,942,364	0	N/A
Bank of China Limited - SZSE 300 Transactional open index securities investment fund of Shanghai Stock Exchange and Shenzhen Stock Exchange	Others	0.17	28,160,942	0	N/A
China Life Insurance Co., Ltd – Dividend – Personal dividend – 005L – FH002Hu	Others	0.16	26,622,513	0	N/A
First State Investment Management (UK) Limited - First State A Share Fund in China	Others	0.15	24,739,293	0	N/A
Dalian Huaxin Trust co., ltd	Others	0.12	19,350,000	0	N/A
Information on top 10 shareholders of floating shares without trading limited conditions					
Shareholder names (full name)	Number of tradable shares not subject to trading restriction held at the end of reporting period		Type of share		
Baosteel Group Corporation	13,128,825,267		RMB ordinary share		
Zhangjiaguang Free Trade Zone Qianxing Investment and Trade Co., Ltd.	63,419,861		RMB ordinary share		

Industrial and Commercial Bank of China —Shanghai Stock Exchange 50 ETF Fund	48,482,870	RMB ordinary share
Ningbo Free Trade Zone Hongguang Trade Co.,Ltd	38,854,594	RMB ordinary share
International Finance - Standard Chartered— GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE. LTD.	31,151,604	RMB ordinary share
CSOP Asset Management - CSOP FTSE China A50ETF	28,942,364	RMB ordinary share
Bank of China Limited - SZSE 300 Transactional open index securities investment fund of Shanghai Stock Exchange and Shenzhen Stock Exchange	28,160,942	RMB ordinary share
China Life Insurance Co., Ltd—Dividend— Personal dividend—005L—FH002Hu	26,622,513	RMB ordinary share
First State Investment Management (UK) Limited - First State A Share Fund in China	24,739,293	RMB ordinary share
Dalian Huaxin Trust co., ltd	19,350,000	RMB ordinary share
Description on associated relationship or concerted action of above shareholders	According to the prospectus of medium term note announced by Jiangsu Shagang Group Co. Ltd. (hereinafter referred to as Shagang Group) in May and November, 2011, the Shagang Group, Qianxing Investment and Trade Co., Ltd. in Zhangjiaguang Free Trade Zone and Hongguang Trade Co., Ltd. in Ningbo Free Trade Zone have the same shareholders. The Company does not know whether above shareholders have any associated relationship or take concerted actions prescribed in Acquisition Management Method of Listed Companies.	

III. Significant Events

1.1 Significant changes to major items and financial indicators in the Company's accounting statements, and reasons thereof

Applicable Inapplicable

In the third quarter of 2013, the domestic economy and the world economy as a whole witnessed a steady rise. There was no apparent change to the supply-demand relation in the steel & iron market, while the price of raw materials has been rebounding slightly. Large- and mid-sized iron & steel enterprises at home have, to some extent, returned to profitability, reversing the continuous losses they suffered from during the first half of the year, but the steel industry remains in a meager-profit trend.

In the third quarter of 2013, in face of the severe challenges brought by the revamping of Baosteel No.3 Blast Furnace and the restriction on the use of electricity at peak time of summer, among others, the Company had overcome difficulties from both external markets and internal organization of production activities, actively adapted itself to the changing market, ensured balanced production and sales, and optimized the product mix, leading good fulfilment of various business objectives for the third quarter. For the reporting period, the Company registered an iron output of 5.161 million tons and a steel output of 5.324 million tons, and sold 5.563 million tons of steel; the Company realized a total consolidated profit of RMB 1.39 billion, and a year-on-year increase by RMB 0.35 billion in operating profit after leaving out the revenues from relevant equities of the business units of Stainless Steel and Special Steel sold during the third quarter last year. For the first three quarters this year, the Company registered a total profit of RMB 6.57 billion, and a year-on-year increase by RMB 2.28 billion in operating profit after leaving out the revenues from relevant assets and equities disposed of the business units of Stainless Steel and Special Steel last year.

In the fourth quarter, as there still will be much uncertainties in the external market while its relevant units remain in the annual overhaul cycle, the Company shall continue to organize lean production, enhance control over costs and further strengthen the linkage between purchase and sales, so as to ensure and maintain a stable business performance.

Significant changes to major items in the Company's accounting statements, and reasons thereof are as follows:

Compared with the third quarter of 2012:

Business tax and surcharges has increased by RMB 30 million or 62.5%, mainly attributable to an increase in surcharges resulting accordingly from a y-o-y decrease in input VAT and an increase in VAT.

Financial expenses has decreased by RMB 0.29 billion or 157.8%, mainly attributable to the Renminbi appreciation against US dollar by 0.5% in the third quarter of 2013; the Renminbi depreciation against US dollars by 0.25% in the third quarter of 2012; an increase in exchange gains in the third quarter of 2013, and a y-o-y decrease in financial expenses by RMB 0.3 billion.

Loss from assets impairment has increased by RMB 0.11 billion year on year, mainly attributable to a y-o-y increase in inventory falling price reserves by RMB 0.11 billion.

Gains on the changes in the fair value has increased by RMB 30 million or 94.3% year on year because of the settlement, delivery and releasing of last year's forward foreign exchange purchasing transaction.

Investment income has decreased by RMB 0.43 billion or 63.5%, mainly attributable to the revenues of RMB 0.49 billion arising from selling the relevant equities of the business units of Stainless Steel and Special Steel in the third quarter of 2012.

Non-operating expenses has increased by RMB 0.21 billion or 668.7% year on year, mainly attributable to an increase in losses from discarding and disposal of fixed assets.

Compared with the first three quarters of 2012:

Unit: RMB Million

Item	First three quarters of 2013		First three quarters of 2012		YoY Change	
	Including Finance Co.	Excluding Finance Co.	Including Finance Co.	Excluding Finance Co.	Including Finance Co.	Excluding Finance Co.
Net cash flow from operating activities	9,716.91	10,699.70	13,544.05	12,830.65	-3,827.14	-2,130.95
Net cash flow from investing activities	-5,159.68	-5,281.75	13,166.22	13,212.76	-18,325.91	-18,494.52
Net cash flow from financing activities	976.55	849.57	-21,719.03	-21,497.53	22,695.57	22,347.11

Leaving out the factor of the Finance Co., the net cash inflow arising from operating activities is RMB 2.13 billion less than that of the same period last year. This decrease is caused by the following factors:

Unit: RMB Million

Item	First three quarters of 2013	First three quarters of 2012	YoY Change
Net profit	4,734.36	10,800.69	-6,066.33
Add: Losses on disposal of fixed, intangible and other long-term assets and deferred income tax liabilities	97.68	-7,186.15	7,283.82
Depreciation and amortization of fixed assets	7,685.94	8,938.44	-1,252.50
Financial expenses	-299.92	689.38	-989.30
Investment loss	-489.96	-1,078.39	588.44
Asset depreciation reserve and other items	338.18	-37.46	375.64
Decrease in inventory	-2,319.09	-858.94	-1,460.15
Decrease of receivables from operating activities	-1,705.90	-4,214.52	2,508.62
Increase of payables from operating activities	2,658.41	5,777.60	-3,119.19
Net cash flow from operating activities	10,699.70	12,830.65	-2,130.95

Leaving out the factor of the Finance Co., the net cash inflow arising from investing activities is RMB 18.49 billion less than that of the same period last year. This decrease is caused by the following factors:

Unit: RMB Million

Item	First three quarters of 2013	First three quarters of 2012	YoY Change
Cash inflow from investing activities	6,735.49	21,999.65	-15,264.15
Cash outflow from investing activities	12,017.25	8,786.89	3,230.36
Net cash flow from investing activities	-5,281.75	13,212.76	-18,494.52

Cash received from disposal of fixed, intangible and other long-term assets is RMB 18.4 billion less than that of the same period last year (because related assets of the business units of Stainless Steel and Special Steel were sold last year); other cash received related to investing activities is RMB 55.3 billion more than that of the same period last year (due to installments received in 2013 from selling the related assets of the business units of Stainless Steel and Special Steel); cash paid for investments is RMB 3.09 billion more than that of the same period last year (due to the second capital subscription for the PetroChina West-East Gas Pipeline III project in 2013)

Leaving out the factor of the Finance Co., the net cash inflow from financing activities is RMB 22.35 billion more than that of the same time last year. This increase is caused by the following factors:

Unit: RMB Million

Item	First three quarters of 2013	First three quarters of 2012	YoY Change
Flow affected by the changing financing scale	7,187.03	-16,245.10	23,432.13
Cash payment for dividends and profits distribution, or interests repayment and stock repurchase	-3,360.99	-5,036.80	1,675.81
Cash received from inward investment	107.00	320.00	-213.00
Cash related to other financing activities	-3,083.47	-535.63	-2,547.84
Net cash flow from financing activities	849.57	-21,497.53	22,347.11

Compared with the beginning of 2013:

Monetary fund has increased by RMB 5.73 billion or 64.8% from the beginning of the year, mainly attributable to the cash reserve for the capital increase of Zhanjiang Iron & Steel, as well as the revenues arising from absorbing RMB structural deposits using RMB periodic precipitation funds while expanding the scale of USD financing within reason at a lower rate as the RMB-USD exchange rate is steadily rising.

Held-for-trading financial assets has increased by RMB 0.13 billion or 143.2% from the beginning of the year, mainly attributable to the increase of cash-based trust products by the Finance Co.

Accounts receivable has increased by RMB 2.92 billion or 34.1% from the beginning of the year, mainly due to an increase in receivables from the Company's strategic users.

Interest receivable has decreased by RMB 0.44 billion or 46.8% from the beginning of the year, mainly because interest on installments was received in April from selling the related assets of the business units of Stainless Steel and Special Steel.

Dividend receivable has decreased by RMB 30 million or 100% from the beginning of the year, mainly because Baosight Software received dividends for previous years in June.

Available-for-sale financial assets has decreased by RMB 0.56 billion or 38.0% from the beginning of the year, mainly because that the fair value of stocks of listed coal enterprises held by Baosteel International was reevaluated at RMB 0.45 billion less, and that the Finance Co. sold RMB 0.11 billion worth of bonds held.

Material for construction has decreased by RMB 70 million or 60.7% from the beginning of the year, mainly due to the use by engineering projects.

Borrowing funds has decreased by RMB 600 million or 100% from the beginning of the year, mainly because the Finance Co. has improved its liquidity and reduced liabilities in 2013.

Held-for-trading financial liabilities has decreased by RMB 20 million or 100% from the beginning of the year, mainly attributable to the maturity and settlement of the Company's forward foreign exchange purchasing.

Employee salary payable has increased by RMB 780 million or 49.8% from the beginning of the year, mainly because the Company made provision for salaries and science & technology awards.

Dividend payable has increased by RMB 20 million or 78.2% from the beginning of the year, mainly attributable to an increase in dividend payable to Minority shareholders by Baosteel International.

Non-current liabilities due within one year has increased by RMB 8.93 billion or 198.4% from the beginning of the year, mainly affected by the reclassification and adjustment of bonds payable due within one year.

Other current liabilities has increased by RMB 1.33 billion or 131.04% from the beginning of the year, mainly because that Meishan Iron & Steel issued the additional short-term financing bonds of RMB 1.8 billion in May, and repaid RMB 500 million for last year's short-term financing bonds due this year.

Long-term borrowings has increased by RMB 1.72 billion or 62.8% from the beginning of the year, mainly attributable to the Company's newly added long-term USD loan.

Bonds payable has decreased by RMB 9.34 billion or 94.9% from the beginning of the year, mainly affected by the reclassification and adjustment of bonds payable due within one year.

3.2 Significant events and the analysis of their impacts and solutions

Applicable Inapplicable

3.3 Fulfilment of commitments by the Company and shareholders holding more than 5%

Applicable Inapplicable

1. Commitments related with the initial public offering

Baosteel Group made two commitments upon establishment:

(1) Baosteel Group commits that the related transactions with the Company will be carried out in accordance with relevant laws, administrative regulations and provisions of relevant regulatory authorities and will not damage the legitimate interests of the Company or non-controlling shareholders.

(2) Baosteel Group commits that it will not directly participate in any competing business or activity, or directly holds equity in competitive business, activity or entity. However, the Group may hold shares of the Company and continue to manage and develop the existing business (including business that has or may have competing business with the Company). Baosteel Group commits that when Baosteel Group or its subsidiaries intend to carry out possibly competing new business, investment and research, the Company shall have the priority development right and the priority acquisition right of the project.

The above commitments are valid in the following cases: A. The Company is listed in Hong Kong Exchanges and Clearing Limited and stock exchange in China; B. Baosteel Group holds no less than 30 % of the issued shares of the Company.

In addition, Baosteel Group further made the following commitments to the Company on June 13, 2001 and September 6, 2002 that after the Company's acquisition of part of the Phase III project assets and the remaining assets of Baosteel Group, the above two undertakings are still valid.

These commitments may be referred to in "China Securities News", "Shanghai Securities News", "Securities Times" on June 21, 2001 and September 12, 2002 and the Shanghai Stock Exchange website <http://www.sse.com.cn>.

2. Commitments associated with refinancing

Baosteel Group made the commitments in the additional issuance prospectus:

- (1) For assets and business held by the Group and possibly competing with the Company, the Company has the right to acquire from the Group at an appropriate time.
- (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 may be found on Shanghai Stock Exchange Web site <http://www.sse.com.cn> of April 2005.

3. Other commitments

Baosteel Group's commitment to land in Luojing:

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 Luojing (hereafter, 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), RMB2.8 billion as preliminarily estimated, shall be paid by the Company. Baosteel Group promises:

- (1) If the Company acquires Luojing assets, Baosteel Group and/or Pudong Iron and Steel will actively cooperate with the Company to complete Luojing land transfer procedures, and give appropriate assistance in accordance with the reasonable requirements of the Company.
- (2) If the total cost above exceeds RMB 2.8 billion actually, the excessive part shall be borne by Baosteel Group and / or Pudong Iron and Steel, which shall make timely and full payment to the Company and / or the relevant government authorities (as the case) .

The aforementioned commitments may be found in "China Securities News", "Shanghai Securities News", "Securities Times" and the Shanghai Stock Exchange website <http://www.sse.com.cn> on December 12, 2007.

Baosteel Group commitment's to the Desheng Nickel project:

Baosteel Group sent "Consultation Letter on the Desheng Nickel Project" and "Commitment Letter On the Desheng Nickel Project" to the Company on December 16, 2010 and consulted if the Company was willing to invest in the project. The Company agreed that Baosteel Group invest in the Desheng Nickel project, but retained the acquisition right of the project in future. Baosteel Group is committed that when the Company requests takeover in future, it will consider the asset assessment price of independent rating agencies and comply with the relevant laws, regulations and other normative documents to transfer its equity in Desheng Nickel project at a reasonable price to the Company.

These commitments shall be valid in the following cases : (a) The Company is listed on the stock exchange, and (b) Baosteel Group holds no less than 30% of the Company's issued shares.

The aforementioned commitments may be found in "China Securities News", "Shanghai Securities News", "Securities Times" and the Shanghai Stock Exchange website <http://www.sse.com.cn> on December 23, 2010.

During the reporting period , Baosteel Group and the Company haven't violated any of the above commitments.

3.4 Warnings and explanations of 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 any) or significant changes of it as compare to the same period last year

Applicable Inapplicable

Baoshan Iron & Steel Co., Ltd.
Legal representative: He Wenbo
Oct 29th, 2013

IV. Appendix

Consolidated balance sheet

Sept 30th, 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	Ending balance	Beginning balance	
		Adjusted	Before adjustment
Current assets:			
Monetary fund	14,582,428,229.84	8,851,124,979.28	8,840,469,097.21
Held-for-trading financial assets	217,805,005.24	89,577,809.31	89,577,809.31
Notes receivable	10,538,124,165.66	12,411,303,185.31	12,411,303,185.31
Accounts receivable	11,466,500,103.20	8,551,131,045.38	8,542,193,127.62
Payments in advance	4,469,929,241.79	3,716,337,443.68	3,716,337,443.68
Interests receivable	504,630,605.47	948,484,949.13	948,484,949.13
Dividends receivable	-	33,639,886.82	33,639,886.82
Other receivables	1,548,350,018.29	1,387,110,820.63	1,127,915,016.72
Inventories	31,072,470,132.70	28,872,423,689.21	28,790,882,932.79
Non-current assets due within one year	4,850,000,000.00	4,880,000,000.00	4,880,000,000.00
Total current assets	79,250,237,502.19	69,741,133,808.75	69,380,803,448.59
Non-current assets:			
Disbursement of loans and advances	2,995,878,651.92	2,763,019,609.19	2,763,019,609.19
Available-for-sale financial assets	909,852,834.09	1,467,832,301.93	1,467,832,301.93
Long-term receivables	15,023,062,500.00	19,535,939,000.00	18,035,939,000.00
Long-term equity investment	13,636,229,492.50	10,539,022,615.18	9,118,968,766.28
Investment property	465,636,086.41	477,471,234.63	477,471,234.63
Fixed assets	84,032,034,814.11	79,451,375,744.49	79,440,015,016.44
Construction in progress	14,244,199,069.15	15,383,749,970.37	9,966,930,139.34
Construction materials	43,733,957.04	111,190,366.94	111,190,366.94
Intangible assets	6,736,830,504.68	6,759,050,173.46	6,152,529,015.20
Long-term deferred prepaid expenses	893,296,028.80	906,159,533.22	906,159,533.22
Deferred income tax assets	2,190,225,891.51	2,035,286,047.54	2,026,536,047.54
Other non-current assets	8,391,382,630.47	11,704,612,832.56	14,509,906,520.94
Total non-current assets	149,562,362,460.68	151,134,709,429.51	144,976,497,551.65
Total assets	228,812,599,962.87	220,875,843,238.26	214,357,301,000.24

Consolidated balance sheet (Continued)Sept 30th, 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	Ending balance	Beginning balance	
		Adjusted	Before adjustment
Current liabilities:			
Short-term borrowings	35,909,234,942.03	31,647,325,209.64	28,964,525,209.64
Receipt of deposits and deposits from other financial institutions	8,000,239,895.79	8,071,462,806.92	8,071,462,806.92
Loans from other financial institutions	-	600,000,000.00	600,000,000.00
Tradable financial liabilities	-	20,789,685.96	20,789,685.96
Notes payable	2,589,445,236.10	3,494,680,215.46	3,255,540,509.18
Accounts payable	20,911,171,715.22	18,658,642,474.67	18,655,403,230.17
Advance receipts	11,490,623,173.64	11,194,906,638.62	11,194,900,927.62
Financial assets sold for under repurchase agreement	546,935,572.78	437,705,880.63	437,705,880.63
Staff remuneration payable	2,347,194,256.10	1,567,218,556.73	1,565,024,385.52
Taxes payable	1,018,532,923.68	1,093,465,271.31	1,238,213,835.07
Interests payable	221,041,451.79	179,700,527.43	177,928,027.43
Dividends payable	39,471,383.21	22,155,313.83	22,155,313.83
Other payables	2,063,362,210.39	1,879,933,167.71	681,525,421.62
Non-current liabilities due within one year	13,436,135,657.83	4,502,840,000.00	4,402,850,000.00
Other current liabilities	2,349,683,750.02	1,017,012,500.06	2,938,659,947.30
Total of current liabilities	100,923,072,168.58	84,387,838,248.97	82,226,685,180.89
Non-current liabilities:			
Long-term borrowings	4,447,000,259.34	2,731,689,992.42	2,731,689,992.42
Bonds payable	497,209,028.82	9,835,739,000.07	9,835,739,000.07
Long-term payables	1,750,000,000.00	1,750,000,000.00	250,000,000.00
Specific payables	658,240,218.51	688,993,701.54	688,993,701.54
Deferred income tax liabilities	301,598,926.91	320,632,524.32	320,632,524.32
Other non-current liabilities	1,239,500,117.58	1,201,329,376.35	961,802,609.24
Total non-current liabilities	8,893,548,551.16	16,528,384,594.70	14,788,857,827.59
Total liabilities	109,816,620,719.74	100,916,222,843.67	97,015,543,008.48
Shareholders' equity:			
Share capital	16,471,724,924.00	17,122,048,088.00	17,122,048,088.00
Capital reserve	33,157,208,876.45	36,008,969,346.05	35,892,221,131.19
Less: treasury shares	-	115,785,165.80	115,785,165.80
Surplus reserve	23,229,714,608.04	23,229,714,608.04	23,229,714,608.04
Special reserve	26,478,919.13	17,894,916.86	17,894,916.86
Undistributed profit	37,166,086,601.66	34,802,934,026.47	35,540,808,913.80
Foreign currency translation difference	-459,892,297.10	-299,633,775.37	-299,633,775.37
Total shareholders' equity attributable to the parent company	109,591,321,632.18	110,766,142,044.25	111,387,268,716.72
Minority equity	9,404,657,610.95	9,193,478,350.34	5,954,489,275.04
Total shareholders' equity	118,995,979,243.13	119,959,620,394.59	117,341,757,991.76
Total of liabilities and shareholders' equity	228,812,599,962.87	220,875,843,238.26	214,357,301,000.24

The financial statement from page 11 to 19 is signed by the following person in charge:

Legal representative: **He Wenbo** Person-in-charge of accounting affairs: **Zhu Kebing**Head of the accounting department: **Wang Juan**

The parent company's balance sheet

Sept 30th, 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB

Audit types: Unaudited

Item	Ending balance	Beginning balance
Current liabilities:		
Monetary fund	7,512,310,228.75	2,036,143,946.73
Notes receivable	12,776,791,593.22	13,473,619,237.43
Accounts receivable	10,007,352,499.93	8,987,172,230.07
Payments in advance	1,901,554,185.78	1,557,782,054.86
Interest receivable	484,668,493.11	938,024,383.57
Other receivables	236,679,630.55	315,767,588.48
Inventories	17,007,085,242.70	15,942,719,003.25
Non-current assets due within one year	4,500,000,000.00	4,500,000,000.00
Other current assets	1,070,343,764.51	1,565,650,761.38
Total current assets	55,496,785,638.55	49,316,879,205.77
Non-current assets:		
Long-term receivables	13,500,000,000.00	18,000,000,000.00
Long-term equity investment	38,894,292,499.92	30,281,311,482.70
Fixed assets	49,647,679,342.48	46,760,734,784.44
Construction in progress	4,624,087,246.10	4,260,158,720.45
Construction materials	33,030,424.22	22,874,297.42
Intangible assets	1,505,029,590.39	1,531,135,771.95
Long-term deferred and prepaid expenses	1,539,451.87	1,624,452.28
Deferred income tax assets	786,053,939.22	885,652,585.80
Other non-current assets	5,636,104,649.58	14,442,110,959.05
Total non-current assets	114,627,817,143.78	116,185,603,054.09
Total assets	170,124,602,782.33	165,502,482,259.86

The parent company's balance sheet (Continued)

Sept 30th, 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB

Audit types: unaudited

Item	Ending balance	Beginning balance
Current liabilities:		
Short-term borrowings	11,391,164,901.43	9,851,212,641.66
Tradable financial liabilities	-	20,789,685.96
Notes payable	101,682,208.36	40,124,006.24
Accounts payable	24,947,477,896.81	19,832,191,712.82
Advance receipts	9,380,950,471.82	10,553,642,205.32
Staff remuneration payable	1,804,591,735.01	1,067,189,892.33
Taxes payable	1,751,816,151.21	2,322,523,438.08
Interest payable	56,632,578.13	66,764,924.11
Other payables	433,495,115.72	159,471,119.07
Non-current liabilities due within one year	12,323,035,657.83	4,399,850,000.00
Other current liabilities	-	1,921,647,447.24
Total of current liabilities	62,190,846,716.32	50,235,407,072.83
Non-current liabilities:		
Long-term borrowings	4,110,259,402.26	628,550,000.00
Bond payable	-	9,339,778,162.83
Specific payables	606,697,346.14	627,409,321.54
Deferred income tax liabilities	298,006,027.57	298,006,027.57
Other non-current liabilities	626,958,492.43	586,978,435.75
Total non-current liabilities	5,641,921,268.40	11,480,721,947.69
Total liabilities	67,832,767,984.72	61,716,129,020.52
Shareholders' equity:		
Paid-up capital/ Capital stock/ Allocated capital from superior	16,471,724,924.00	17,122,048,088.00
Capital reserve	32,737,074,707.43	35,894,640,824.12
Less: treasury shares	-	115,785,165.80
Surplus reserve	23,229,714,608.04	23,229,714,608.04
Special reserve	2,752,592.51	-
Undistributed profits	29,850,567,965.63	27,655,734,884.98
Total shareholders' equity	102,291,834,797.61	103,786,353,239.34
Total of liabilities and shareholders' equity	170,124,602,782.33	165,502,482,259.86

Consolidated income statement

Jan-Sept 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	This reporting period (July-Sept 2013)	Same period of last year (July-Sept 2012)	The beginning of the year to the reporting period (July-Sept 2012)	Same period of last year (July-Sept 2012)
I. Total operating revenue	46,245,017,595.49	47,985,504,901.52	142,504,434,698.35	146,086,148,096.49
Including: Operating income	46,163,983,520.18	47,889,269,104.02	142,263,572,778.77	145,790,999,205.89
Interest income	80,454,468.16	95,319,389.52	238,188,014.68	290,482,748.60
Handling charges and commission income	579,607.15	916,407.98	2,673,904.90	4,666,142.00
II. Total operating expense	44,998,234,434.18	47,209,226,069.08	136,446,520,355.30	143,033,905,429.00
Including: operating cost	42,647,002,263.19	44,824,414,613.61	129,913,745,724.11	135,065,608,499.31
Interest expenses	57,141,180.61	73,365,213.76	172,278,626.38	207,482,506.83
Handling charges and commission expenses	147,001.53	179,562.15	464,978.05	458,358.60
Business tax and surcharges	68,736,946.65	42,291,606.85	325,374,813.93	176,780,445.94
Sales expenses	463,404,612.13	479,739,092.72	1,337,551,628.38	1,372,093,612.96
Administrative expenses	1,795,296,021.29	1,647,120,574.20	4,698,854,103.92	5,540,378,766.47
Financial expenses	-104,683,644.95	181,158,457.78	-355,571,588.93	680,654,333.07
Loss on the asset impairment	71,190,053.73	-39,043,051.99	353,822,069.46	-9,551,094.18
Add: Gains from changes in fair value (loss expressed with "-")	-2,017,684.28	-35,506,895.11	24,138,529.11	-1,230,174.24
Investment gains (loss expressed with "-")	247,460,106.30	678,708,580.08	538,840,920.92	1,086,092,495.14
Including: Gains from investment in associates and Joint Ventures	58,955,052.31	57,913,756.24	110,458,199.53	166,504,060.69
III. Total operating profit (loss expressed with "-")	1,492,225,583.33	1,419,480,517.41	6,620,893,793.08	4,137,104,988.39
Add: Non-operating income	140,673,633.29	147,261,464.49	327,176,680.90	10,374,157,906.02
Less: Non-operating expense	241,552,456.07	31,422,221.71	378,713,120.05	641,706,676.58
Including: Net loss from disposal of non-current assets	226,527,612.80	19,083,256.89	312,420,107.26	588,746,426.73
IV. Pre-tax profit (loss expressed with "-")	1,391,346,760.55	1,535,319,760.19	6,569,357,353.93	13,869,556,217.83
Less: Income tax expense	357,932,809.34	383,259,325.47	1,722,165,373.33	3,032,244,081.72
V. Net profit (net loss expressed with "-")	1,033,413,951.21	1,152,060,434.72	4,847,191,980.60	10,837,312,136.11
Net profit attributable to the equity holder of the parent company	938,718,044.31	1,181,135,357.00	4,641,521,566.64	10,791,147,191.48
Minority interest income	94,695,906.90	-29,074,922.28	205,670,413.96	46,164,944.63
VI. Earnings per share:				
(I) Basic EPS	0.06	0.07	0.28	0.62
(II) Diluted EPS	0.06	0.07	0.28	0.62
VII. Other comprehensive income	48,511,240.89	-71,689,617.33	-469,480,935.58	-61,057,579.64
VIII. Total comprehensive income	1,081,925,192.10	1,080,370,817.39	4,377,711,045.02	10,776,254,556.47
Among them: Total comprehensive income attributable to the equity holder of the parent company	983,737,492.13	1,112,506,111.45	4,172,055,068.91	10,730,901,189.01
Total comprehensive income attributable to minority shareholders	98,187,699.97	-32,135,294.06	205,655,976.11	45,353,367.46

Income statement of the parent company**Jan-Jun 2013**

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	This reporting period (July-Sept 2013)	Same period of last year (July-Sept 2012)	The beginning of the year to the reporting period (July-Sept 2012)	Same period of last year (July-Sept 2012)
I. Total operating revenue	27,895,897,874.26	30,719,391,765.46	87,026,395,750.80	101,758,173,509.05
Less: Operating costs	25,857,708,583.01	28,514,531,353.81	79,223,727,925.80	94,431,715,598.06
Business tax and surcharges	27,247,244.07	1,357,706.96	190,613,573.64	56,568,890.52
Sales expenses	147,910,836.85	168,957,897.40	450,605,128.22	501,694,874.53
Administrative expenses	1,348,244,261.85	1,188,293,600.45	3,363,980,318.52	4,161,454,130.41
Financial expenses	-296,028,284.97	-77,628,445.33	-1,058,393,790.17	31,084,141.99
Loss on the assets impairment	33,130,402.86	4,394,187.72	-339,350,571.28	-61,725,044.44
Add: Gains from changes in fair value (loss expressed with“-”)	-	-30,678,121.91	20,789,685.96	-3,048,175.94
Investment gains	555,305,328.88	656,935,111.60	629,757,940.83	824,011,222.43
Including: Gains from Investment in associates and Joint ventures	18,707,469.69	24,640,988.59	54,690,389.00	83,713,859.59
II. Total operating profit (loss expressed with“-”)	1,332,990,159.47	1,545,742,454.14	5,845,760,792.86	3,458,343,964.47
Add: Non-operating income	32,119,834.48	77,695,522.48	84,512,046.74	10,232,318,547.58
Less: Non-operating expenses	195,807,664.98	14,179,505.95	291,201,375.95	594,131,496.20
Including: Net loss from disposal of non-current assets	187,776,680.36	14,179,505.95	261,028,712.47	569,581,058.40
III. Pre-tax profit (loss expressed with“-”)	1,169,302,328.97	1,609,258,470.67	5,639,071,463.65	13,096,531,015.85
Less: Income tax expense	164,808,164.13	395,761,837.24	1,165,869,391.55	2,864,847,485.47
IV. Net profit (Loss expressed with“-”)	1,004,494,164.84	1,213,496,633.43	4,473,202,072.10	10,231,683,530.38
V. Other comprehensive income	-1,674,861.87	1,505,180.95	-7,980,285.58	3,437,034.40
VI. Total comprehensive income	1,002,819,302.97	1,215,001,814.38	4,465,221,786.52	10,235,120,564.78

Consolidated cash flow statement

Jan-Sept 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	This reporting period (Jan-Sept 2013)	Same period of last year (Jan-Sept 2012)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	163,567,953,056.33	166,121,416,593.99
Net increase in borrowing funds from other financial institution	-	800,000,000.00
Cash received from interest, handling charges and commissions	243,787,030.61	288,704,381.16
Tax rebates	119,234,759.47	202,925,114.36
Net increase in financial assets sold for repurchase	109,229,692.15	734,480,957.12
Other cash received from activities related to operation	623,558,424.60	1,553,667,080.56
Subtotal of cash inflow from operating activities	164,663,762,963.16	169,701,194,127.19
Cash paid for goods purchased and services rendered	140,197,353,857.95	142,976,374,093.81
Net decrease in deposits from customers and placements from banks and other financial institutions	66,057,641.47	408,065,820.75
Net increase in loans and advances to customers	235,705,375.53	44,458,665.77
Net increase in deposits with central bank and other financial institutions	208,350,308.32	505,245,865.34
Net decrease in funds borrowed from other financial institutions	600,000,000.00	-
Cash payment for interests, handling charges and commissions	115,778,531.83	102,228,133.62
Cash paid to and on behalf of employees	6,174,608,173.64	6,086,820,347.19
Taxes paid	5,485,452,142.23	2,992,629,862.53
Other cash paid for activities related to operating activities	1,863,548,210.86	3,041,317,634.66
Subtotal of cash outflow from operating activities	154,946,854,241.83	156,157,140,423.67
Net cash flow from operating activities	9,716,908,721.33	13,544,053,703.52
II. Cash flow from investing activities:		
Cash received from disposal of investments	2,151,198,826.37	2,689,654,188.49
Cash received from gains in investments	686,903,902.37	556,073,984.89
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	115,406,818.74	18,517,468,791.60
Net cash received from disposal of subsidiaries and other business units	-	1,958,947,369.24
Other cash received relating to investment activities	5,848,885,532.13	328,029,359.71
Subtotal of cash inflow from investment activities	8,802,395,079.61	24,050,173,693.93
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	8,740,005,521.34	8,641,280,511.98
Cash paid for investments	5,191,279,927.57	2,260,169,386.04
Net cash received from subsidiaries and other business units	-	-17,557,703.60
Other cash paid related to investment activities	30,792,491.35	58,149.92
Subtotal of cash outflow from investing activities	13,962,077,940.26	10,883,950,344.34
Net cash flow from investing activities	-5,159,682,860.65	13,166,223,349.59

Consolidated cash flow statement (Continued)

Jan-Sept 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: unaudited

Item	This reporting period (Jan-Sept 2013)	Same period of last year (Jan-Sept 2012)
III. Cash flow from financing activities:		
Cash received by absorbing investments	107,000,506.59	320,002,368.25
Including: Cash received by subsidiaries from minority shareholders' investment	107,000,506.59	320,002,368.25
Cash received from borrowings	63,916,625,751.53	51,428,968,584.10
Cash received from issuing of bonds	1,792,750,000.00	993,500,000.00
Subtotal of cash inflow from financing activities	65,816,376,258.12	52,742,470,952.35
Cash repayments of debts	58,516,296,578.33	68,968,067,494.74
Cash payments for distribution of dividends or profits, or cash payments for interests	3,240,057,172.70	4,957,794,827.00
Including: Dividend and profit paid by subsidiaries to minority shareholders	113,473,241.37	151,372,940.28
Cash payment for share repurchase	3,083,474,132.00	535,634,218.82
Subtotal of cash outflow from financing activities	64,839,827,883.03	74,461,496,540.56
Net cash flow from financing activities	976,548,375.09	-21,719,025,588.21
IV. Effect of foreign exchange rate changes on cash	-10,821,293.53	-95,907,133.91
V. Net increase in cash and cash equivalents	5,522,952,942.24	4,895,344,330.99
Add: Balance of cash and cash equivalents at the beginning of the period	7,632,107,621.86	13,180,223,388.65
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	13,155,060,564.10	18,075,567,719.64

Cash flow statement of the parent company

Jan-Sept 2013

Prepared by:

Baoshan Iron & Steel Co., Ltd.

Unit: Yuan Currency: RMB Audit types: Unaudited

Item	This reporting period (Jan-Sept 2013)	Same period of last year (Jan-Sept 2012)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	99,275,479,686.70	112,263,712,234.64
Other cash received from activities related to operation	361,447,673.19	823,088,312.31
Subtotal of cash inflow from operating activities	99,636,927,359.89	113,086,800,546.95
Cash paid for goods purchased and services rendered	81,250,008,766.49	95,980,409,118.31
Cash paid to and on behalf of employees	3,722,329,056.95	3,682,340,068.14
Taxes paid	3,647,775,769.23	1,029,656,457.25
Other cash paid for activities related to operating activities	672,801,426.02	509,372,526.42
Subtotal of cash outflow from operating activities	89,292,915,018.69	101,201,778,170.12
Net cash flow from operating activities	10,344,012,341.20	11,885,022,376.83
II. Cash flow from investing activities:		
Cash received from disposal of investments	7,800,000,000.00	5,406,318,099.30
Cash received from gains in investments	776,062,873.21	142,032,845.20
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	82,669,246.09	18,509,832,008.18
Other cash received relating to investment activities	5,854,294,479.09	313,111,302.35
Subtotal of cash inflow from investment activities	14,513,026,598.39	24,371,294,255.03
Cash paid for purchase of fixed assets, intangible assets and other. long-term assets	4,173,316,170.47	4,368,508,085.09
Cash paid for investments	11,964,836,958.00	2,734,682,945.00
Other cash paid related to investment activities	30,792,491.35	58,149.92
Subtotal of cash outflow from investment activities	16,168,945,619.82	7,103,249,180.01
Net cash flow from investment activities	-1,655,919,021.43	17,268,045,075.02
III. Cash flow from financing activities:		
Cash received from borrowings	29,172,964,133.06	16,083,219,041.95
Other cash received related to financing activities	168,476,761,094.45	3,755,068,260.84
Subtotal of cash inflow from financing activities	197,649,725,227.51	19,838,287,302.79
Cash repayments of debts	25,509,078,905.48	40,389,577,628.44
Cash payments for distribution of dividends or profits, or cash payments for interests	2,575,872,198.44	4,311,596,265.21
Other cash paid related to financing activities	172,844,175,073.64	535,634,218.82
Subtotal of cash outflow from financing activities	200,929,126,177.56	45,236,808,112.47
Net cash flow from financing activities	-3,279,400,950.05	-25,398,520,809.68
IV. Effect of foreign exchange rate changes on cash	67,473,912.30	-99,716,437.10
V. Net increase in cash and cash equivalents	5,476,166,282.02	3,654,830,205.07
Add: Balance of cash and cash equivalents at the beginning of the period	2,036,143,946.73	8,826,002,497.24
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,512,310,228.75	12,480,832,702.31