

Corporation code: 600019

Corporation abbreviation: Baosteel

Baoshan Iron & Steel Co., Ltd.
2018 3rd 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 called “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 directors of the Company attend the board meeting for reviewing the quarter report.

1.3 Dai Zhihao, Chairman of the Company, Wu Kunzong, person in charge of the accounting affairs, and Wang Juan, person in charge of the accounting department, attest to the truthfulness, correctness and completeness of the financial statements in this Report.

1.4 The 3rd quarter report has not been audited.

II. Company Profile

2.1 The Company’s Operation Highlights

- Operation improved significantly. During the reporting period, the Company achieved total profit amounting to RMB 7.49 billion and the total profit in the first three quarters this year amounting to RMB 21.57 billion, showing a year-on-year growth of 48%. In the first three quarters, the Company reduced costs by RMB 3.88 billion in total, over-fulfilled the annual goal; it accumulatively realized the net cash flow for operating activities by RMB 36.75 billion, up 179.9% on year-on-year basis; at the end of the reporting period, the asset-liability ratio was 47.6%, down by 2.6% compared with the situation at the beginning of the year.
- Technical advantages were continuously being consolidated. The Company launched the high-strength seamless geological drilling pipe BGR950 first time around the world; the tensile strength of rolled steel pipe reaches level 1000mpa; the technology of composite sheet coil has been applied in the production line of hot continuous rolling with the single batch rolling quantity of more than 1,000 tons.
- Smart manufacturing developed quickly. A total of 52 smart equipment renovation projects were launched in the first three quarters. The information-based integration work of China Baowu was carried out based on the node plan; phase I of the manufacturing management system has preliminarily met conditions for going online; the new round of smart manufacturing special plan has been worked out.
- Further reformation steadily implemented. The Company orderly promoted the configuration optimization for functional organizations, organization system reformation of factory workplaces, integrated coordination and quality and efficiency improvement work in a number of bases. In the first three quarters, the labor efficiency of official employees increased by 6.2% and the annual target completion rate was 77.5%.
- The Company was highly praised at the capital market. It was named Fortune China's top 50 Board of Directors of 2018.

2.2 Main 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	349,868	350,235	-0.10
Net asset attributable to shareholders of listed company	170,935	164,433	3.95
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of the previous year to the end of the previous reporting period (January - September)	Increase/decrease from the previous year (%)
Net cash flow from operating activities	36,752	13,128	179.94
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of the previous year to the end of the previous reporting period (January - September)	Increase/decrease from the previous year (%)
Operating income	225,320	223,008	1.04
Net profit attributable to shareholders of listed company	15,747	11,668	34.96
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	14,963	11,475	30.40
Weighted average return-on-equity (%)	9.38	7.60	Up by 1.78 ppt
Basic earnings per share (yuan/share)	0.71	0.53	33.96
Diluted earnings per share (yuan/share)	0.71	0.53	33.96

Non-recurring profit and loss item and amount

√Applicable □Not applicable

Unit: RMB Million

Item	Amount of current period (July-September)	Amount from the beginning of the year to the end of the reporting period (January – September)	Notes
Profit and loss from disposal of non-current assets	-76	-240	
Government subsidy calculated in current gains and losses, but related to normal operating activities, except consecutive fixed government subsidy in lines with policies, rules and certain standards	310	477	
In addition to the effective hedging business related to the Company's normal business, profits & losses on the changes in fair value arising from financial assets and liabilities held for trading as well as returns on investment arising from disposal of financial assets and liabilities held for trading, , and available-for-sale financial assets	98	826	
Other non-operating income and expenditure other than aforesaid items	-19	17	
Affected amount belonging to minority shareholders (after tax)	-20	-33	
Effect of income tax	-74	-263	
Total	219	784	

2.3 Principal business by segments

Unit: RMB Million

Segments	From the beginning of year to the end of the reporting period (January – September)			From the beginning of the previous year to the end of the previous reporting period (January - September)			Increase/decrease from the previous year (%)		
	Operating income	Operating cost	Gross margin (%)	Operating income	Operating cost	Gross margin (%)	Operating income	Operating cost	Gross margin
Steel manufacture	171,544	142,879	16.7	159,540	137,864	13.6	7.5	3.6	Up by 3.12 ppt
Processing and distribution	226,061	221,074	2.2	220,969	215,890	2.3	2.3	2.4	Down by 0.09 ppt
Other	9,422	7,270	22.8	13,229	11,116	16.0	-28.8	-34.6	Up by 6.87 ppt
Offset between segments	-181,307	-180,819	0.3	-170,322	-169,162	0.7	6.4	6.9	Down by 0.41 ppt
Total	225,721	190,405	15.6	223,416	195,708	12.4	1.0	-2.7	Up by 3.24 ppt

2.4 Total number of shareholders, Top 10 shareholders and Top 10 holders 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 (persons)		345,329				
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		Nature of shareholder
				Status	Numbers	
China Baowu Steel Group Co., Ltd.	11,300,148,999	50.75	0	Pledged	2,850,000,000	State-owned legal person
Wuhan Iron and Steel Group Corporation	2,982,172,472	13.39	0	None		State-owned legal person
China National Petroleum Corporation	800,000,000	3.59	0	None		State-owned legal person
China Securities Finance Co. Ltd.	665,811,228	2.99	0	None		State-owned legal person
Beijing Chengtong Jinkong Investment Co., Ltd.	653,544,793	2.93	0	None		State-owned legal person
Guoxin Investment Co., Ltd.	647,433,726	2.91	0	None		State-owned legal person
Hong Kong Securities Clearing Company Ltd.	635,250,531	2.85	0	None		Unknown
COSCO	280,000,000	1.26	0	None		State-owned legal person
Central Huijin Asset Management Co., Ltd	194,224,180	0.87	0	None		State-owned legal person
GIC PRIVATE LIMITED	150,616,212	0.68	0	None		Unknown

Shareholding of top 10 holders of shares not subject to conditional sales			
Name	Number of shares not subject to conditional sales	Type and number of shares	
		Type	Number
China Baowu Steel Group Co., Ltd.	11,300,148,999	RMB ordinary share	11,300,148,999
Wuhan Iron and Steel Group Corporation	2,982,172,472	RMB ordinary share	2,982,172,472
China National Petroleum Corporation	800,000,000	RMB ordinary share	800,000,000
China Securities Finance Co. Ltd.	665,811,228	RMB ordinary share	665,811,228
Beijing Chengtong Jinkong Investment Co., Ltd.	653,544,793	RMB ordinary share	653,544,793
Guoxin Investment Co., Ltd.	647,433,726	RMB ordinary share	647,433,726
Hong Kong Securities Clearing Company Ltd.	635,250,531	RMB ordinary share	635,250,531
COSCO	280,000,000	RMB ordinary share	280,000,000
Central Huijin Asset Management Co., Ltd	194,224,180	RMB ordinary share	194,224,180
GIC PRIVATE LIMITED	150,616,212	RMB ordinary share	150,616,212
Remarks on affiliation, alliance or collusion among the aforementioned shareholders	Wuhan Iron & Steel (Group) Corporation is a wholly-owned subsidiary of China Baowu Steel Group Corporation Limited. In addition, the Company does not know if any of the above shareholders are related or are person acting in concert as defined in the <i>Administrative Rules on Acquisition of Listed Company</i> .		
Preferred shareholders whose voting rights have been restored and amount of shareholding			

Note: China Baowu Steel Group Co., Ltd. completed the public offering of 2017 exchangeable corporate bonds (phase I) with A shares of the Company held by it as the subject matter on December 1, 2017. Taking 2,850,000,000 A shares of the Company held by it intending for exchange as well as the fruits as guarantee and trust property, China Baowu registered, in the name of China International Capital Corporation Limited, “China Baowu Group-CICC-17 Baowu EB Guarantee and Trust Property Account” as the securities holder in the list of securities holders of the Company. See details in the Announcement on the Company’s Controlling Shareholder’s Plan to Issue Exchangeable Bond and Handling Guarantee and Trust Registration for Part of the Company’s Shares Held by it issued on November 11, 2017.

2.5 Total number of preferred shareholders, top 10 preferred shareholders and shareholding situation of top 10 preferred shareholders without sales restriction

Applicable Not applicable

III. Significant Events

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

Applicable Not applicable

In Q3, thanks to the deepening of the country's supply-side structural reform, as well as the impact of production restriction for environmental protection purpose, the supply and demand of steel was generally balanced. The steel market remained stable, but downstream demand showed the trend of differentiation, depressed in the infrastructure, automobile and household appliance industries and relatively favorable in the machinery,

shipbuilding and real estate industries with good growth. Over the same period, steel prices raised with fluctuation; domestic CSPI and international CRU steel price indexes increased by 4.3% and 2.4% compared with situation in Q2. The prices of raw materials maintained relatively stable, with Platts 62% iron ore index and main coking coal price in Lvliang, Shanxi rose by 2.3% and 1.4% respectively based on the situation in Q2. The purchasing and selling price difference of steel products was slightly larger than the previous quarter, which supported the performance of steel enterprises.

The Company grasped the market changes in a timely manner, gave full play to its advantages in production capacity, consolidated its leading advantages in service and technology, continuously improved user perception and maintained a stable market share. At the same time, the Company comprehensively deepened the construction of urban steel mills and focused on the coordination of multiple manufacturing bases to dynamically optimize the allocation of resources and to explore the potential of cost reduction, intelligent manufacturing, reform and development. In Q3, the operation quality index exceeded the expected value and the operation performance improved significantly on year-on-year basis.

In the reporting period, the Company has produced 11.711 million tons of iron and 12.415 million tons of steel, sold 11.855 million tons of steel products and realized RMB 7.49 billion of consolidated profit; From the first to third quarter, the Company has accumulatively produced 34.477 million tons of iron and 36.371 million tons of steel, sold 35.116 million tons of steel products and realized RMB 21.57 billion of consolidated profit, representing a YOY increase of 48.4%.

Sharp changes in major items of accounting statements and the reason are as follows:

3.1.1 In comparison with the number at the beginning of 2018, analysis on items with substantial change in consolidated balance sheet:

(1) Financial assets measured at fair value whose changes are recorded into current profits and losses increased by 1.40 billion Yuan from the beginning of the year, mainly for the increase of fund and bond investment of the finance company.

(2) The purchase of returned financial assets decreased by 1.79 billion Yuan from the beginning of the year, mainly for the expiry of reverse repo of bonds of the finance company.

(3) Short-term borrowings decreased by 15.97 billion Yuan from the beginning of the year, mainly for the Company to reduce the borrowing scale, adjust the debt structure and reduce the financial cost according to its cash flow situation.

(4) Payroll payable increased by 1.81 billion Yuan over the beginning of the year, mainly for salary and impact from dismiss welfare provision expected to be paid within one year.

(5) Non-current liabilities due within one year decreased by 6.22 billion Yuan compared with the beginning of the year, mainly including 7 billion Yuan of bonds issued by Wuhan Iron & Steel Limited and maturity payment of 500 million Euros of bonds issued by Bao-Trans. Meanwhile, medium-term notes due within one year increased by 5 billion Yuan.

(6) Other current liabilities increased by 9.01 billion Yuan from the beginning of the year, mainly for the Company's rolling issuance of ultra-short term financing bonds of 9 billion Yuan to replace some short-term borrowings.

(7) Long-term loans increased by 4.92 billion Yuan from the beginning of the year, mainly for the Company to adjust its debt structure and increase long-term loans.

(8) The amount of bonds payable was reduced by 5.55 billion Yuan from the beginning of the year, mainly for reclassification and flowing out of 5 billion Yuan of medium-term notes due within one year.

(9) Long-term payable employee salaries increased by 690 million Yuan from the beginning of the year, mainly for the provision of severance benefits expected to be paid one year later.

3.1.2 In comparison with 1st-3rd quarter in 2017, analysis on items with substantial change in consolidated income statement

(1) R&D cost increased by 1.72 billion Yuan, mainly due to increase of R&D of the production lines.

(2) Financial expenses increased by 870 million Yuan, mainly caused by the increase of exchange loss due to depreciation of RMB.

(3) Asset impairment loss decreased by 1.11 billion Yuan, mainly due to the reduction of inventory depreciation reserve by 610 million Yuan and the reduction of fixed asset impairment provision by 340 million Yuan.

(4) The gain from the fair value change increased by 630 million Yuan, mainly due to the sharp depreciation of RMB against US dollar this year due to which income of the Company's forward foreign exchange holding was re-evaluated.

(5) The non-operating expenditure decreased by 370 million Yuan, mainly due to 400 million Yuan of scrap loss of sintering technology transformation in Baoshan base in the first quarter of 2017.

3.1.3 In comparison with 1st-3rd quarter in 2017, analysis on consolidated cash flow statement

From 1st to 3rd quarter in 2018, the Company has net increase in cash and cash equivalents of RMB 80 million, with net increase of RMB 2.71 billion in the same period last year, representing a YOY decrease of RMB 2.63 billion.

(1) From 1st to 3rd quarter in 2018, the Company has realized net profit of RMB 17.18 billion. Where RMB 13.99 billion was depreciation and amortization of fixed assets, RMB 250 million was assets depreciation reserves and disposal of fixed, intangible and long-term assets, RMB 550 million was financial expenses, losses from changes in fair value, investment loss, changes in deferred tax income and etc., operating cash was RMB 31.96 billion from 1st to 3rd quarter; occupation of stock funds decreased by RMB 3.57 billion, occupation of operating payables and operating receivables increased by RMB 8.36 billion; net cash inflow from operating activities was RMB 36.75 billion accumulatively, with an increase of RMB 23.62 billion in the same period last year, representing an increase rate of 179.9%.

Excluding the influence from Finance Company, net cash inflow from operating activities from 1st to 3rd quarter in 2018 was RMB 38.12 billion, increasing by RMB 21.30 billion compared with RMB 16.81 billion last year. Main reasons are as follows:

- 1) Net profit was RMB 17.01 billion, with RMB 12.30 billion in the same period last year, representing a YOY increase of RMB 4.72 billion;
- 2) Depreciation and amortization were RMB 13.98 billion, which were RMB 13.70 billion in the same period last year, representing a YOY increase of RMB 280 million;
- 3) Asset impairment reserves were RMB 10 million, which were RMB 1.16 billion in the same period last year, representing a YOY decrease of RMB 1.16 billion;

- 4) Finance expense was RMB 3.68 billion, which was RMB 2.80 billion in the same period last year, representing a YOY increase of RMB 870 million;
- 5) Asset impairment disposal loss, losses from changes in fair value, investment loss, deferred income tax and liabilities have decreased a of RMB 2.81 billion, with RMB 2.34 billion in the same period last year, representing a YOY decrease of RMB 460 million;
- 6) In comparison with numbers at the beginning of the year, stock increased and the flow decreased by RMB 3.57 billion, with RMB 990 million decrease in the same period last year, representing a YOY decrease of RMB 2.58 billion;
- 7) In comparison with numbers at the beginning of the year, operating receivables decreased and the flow increased by RMB 5.96 billion, with RMB 9.69 billion decrease due to increase of receivables in the same period last year, representing a YOY cash flow increase of RMB 15.65 billion;
- 8) In comparison with numbers at the beginning of the year, of operating payables increased and the flow increased by RMB 3.86 billion, with RMB 130 million decrease due to decrease of payables in the same period last year, representing a YOY cash flow increase of RMB 3.98 billion.

(2) Net cash outflows from investment activities were RMB 9.95 billion, with RMB 6.08 billion less compared with RMB 3.87 billion in the same period last year, which is mainly due to the final principal and interest of RMB 4.68 billion of Wusong Block's transfer amount received by the Company last year.

(3) Net cash outflow of financial activities was RMB 26.75 billion, with a decrease of RMB 20.19 billion in comparison with that of last year, which was RMB 6.56 billion. It is mainly due to the good cash flow this year, the Company downscaled the debt financing, accounting for a flow decrease of RMB 14.16 billion, and the scale of debt financing in the same period last year was basically equal; the cash payments for dividend distribution and interests this year were RMB 12.91 billion, with RMB 7.53 billion in the same period last year, representing a YOY decrease of RMB 5.37 billion.

3.2 Progress of significant events as well as analysis and explanation of the influence and solution

Applicable Not applicable

3.3 Breach of commitments during the reporting period

Applicable Not applicable

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

Company name	Baoshan Iron & Steel Co., Ltd.
Legal representative	Dai Zhihao
Date	October 29, 2018

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

September 30, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance
Current assets:		
Monetary fund	19,327,225,899.04	17,857,363,941.27
Financial assets measured at fair value and the change included in current gains and losses	3,122,509,692.66	1,726,166,623.63
Bill receivable and accounts receivable	41,231,494,845.11	43,936,399,772.39
Including: Bill receivable	26,930,472,975.30	31,857,024,088.54
Accounts receivable	14,301,021,869.81	12,079,375,683.85
Prepayments	6,456,227,400.24	8,018,401,078.40
Other receivables	3,010,671,742.27	2,759,865,430.00
Including: Interest receivable	31,667,906.12	13,568,978.49
Dividends receivable	17,785,185.43	45,043,206.68
Financial assets purchased under resale agreements	1,794,450,000.00	3,583,919,000.00
Stock	43,258,191,032.43	39,488,037,616.60
Non-current assets due within one year	49,579,004.18	547,982,220.29
Other current assets	15,870,598,324.82	15,374,474,805.32
Total current assets	134,120,947,940.75	133,292,610,487.90
Non-current assets:		
Loans and advances	5,099,152,306.18	3,941,771,480.10
Available-for-sale financial assets	12,973,271,451.70	13,016,772,119.86
Long-term receivables	308,352,691.76	323,443,628.36
Long-term equity investment	18,254,603,928.70	17,286,462,494.34
Investment property	479,596,311.18	437,906,877.45
Fixed assets	151,734,781,246.62	154,221,659,305.18
Construction in progress	8,400,374,302.21	10,095,065,654.83
Intangible assets	12,266,463,950.32	12,384,059,562.20
Goodwill	534,962,789.85	520,886,853.98
Long-term prepaid expenses	1,440,910,619.10	1,330,650,683.79
Deferred income tax assets	2,788,675,525.45	2,413,983,183.78
Other non-current assets	1,466,143,715.06	969,360,283.40
Total non-current assets	215,747,288,838.13	216,942,022,127.27
Total assets	349,868,236,778.88	350,234,632,615.17

Current liabilities:		
Short-term loan	44,312,102,030.38	60,282,446,151.02
Deposits-taking and due to banks	8,196,068,387.35	8,471,020,955.41
Loans from other banks	13,758,400.00	400,000,000.00
Financial liabilities measured at fair value and the change included in current gains and losses	41,115,371.33	371,853,492.51
Notes payable and accounts payable	44,418,705,269.73	39,673,341,441.64
Advances from customers	22,843,704,578.06	23,744,883,795.03
Financial assets sold for repurchase	90,442,521.74	130,556,138.69
Employee benefits payable	4,178,207,175.33	2,365,608,949.15
Taxes payable	4,078,689,711.69	4,699,230,756.94
Other payables	2,222,057,479.98	2,607,501,607.46
Including: Interest payable	417,659,642.80	582,058,272.27
Dividends payable	18,228,704.89	50,674,285.20
Non-current liabilities due within one year	14,188,396,833.05	20,407,281,386.07
Other current liabilities	9,067,214,120.93	52,914,690.00
Total current liabilities	153,650,461,879.57	163,206,639,363.92
Non-current liabilities:		
Long term loan	5,334,803,737.14	413,368,004.28
Bonds payable	3,000,000,000.00	8,553,245,927.39
Long-term payables	954,754,518.00	974,276,884.50
Long-term employee benefits payable	1,473,688,649.55	781,049,807.00
Estimated liabilities	-	1,989,562.11
Deferred gains	1,130,301,075.09	1,116,879,279.02
Deferred income tax liabilities	984,933,388.58	714,779,247.74
Total non-current liabilities	12,878,481,368.36	12,555,588,712.04
Total liabilities	166,528,943,247.93	175,762,228,075.96
Owner's equity (or shareholders' equity)		
Paid-in capital (or share capital)	22,267,915,125.00	22,268,111,875.00
Other equity instruments	-	77,717,323.62
Capital reserve	49,413,262,219.50	48,714,559,218.40
Less: Treasury stock	665,644,518.00	712,416,884.50
Other comprehensive income	-220,671,607.87	-301,403,547.57
Special reserves	68,665,233.85	41,582,048.73
Surplus reserve	29,774,721,062.00	29,774,721,062.00
Undistributed profit	70,296,504,756.32	64,569,632,340.12
Total owners' equity attributable to parent company	170,934,752,270.80	164,432,503,435.80
Minority interests	12,404,541,260.15	10,039,901,103.41
Total owner's equity (or shareholders' equity)	183,339,293,530.95	174,472,404,539.21
Total liabilities and owner's equity (or shareholders' equity)	349,868,236,778.88	350,234,632,615.17

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

Balance Sheet of Parent Company

September 30, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Ending Balance	Beginning Balance
Current assets:		
Monetary fund	11,291,895,438.60	11,927,358,284.13
Financial assets measured at fair value and the change included in current gains and losses	338,047,608.08	734,096,000.00
Bill receivable and accounts receivable	33,688,318,130.20	30,340,108,750.83
Including: Bill receivable	19,578,423,811.27	19,504,576,992.77
Accounts receivable	14,109,894,318.93	10,835,531,758.06
Prepayments	1,938,843,237.44	1,945,468,308.57
Other receivables	530,759,806.01	452,318,432.15
Including: Interest receivable	61,905,251.43	82,540,335.24
Dividends receivable	-	-
Stock	13,330,597,751.75	11,103,486,717.45
Assets classified as held for sale	-	-
Non-current assets due within one year	-	-
Other current assets	37,370,499,522.28	41,427,207,910.87
Total current assets	98,488,961,494.36	97,930,044,404.00
Non-current assets:		
Available-for-sale financial assets	9,055,740,096.20	9,340,528,096.20
Long-term receivables	2,210,928,645.65	2,223,327,009.32
Long-term equity investment	81,691,828,308.17	78,708,570,251.16
Fixed assets	44,525,520,199.38	42,849,063,926.97
Construction in progress	4,496,599,251.25	4,666,329,360.69
Intangible assets	3,481,654,369.71	3,543,280,357.44
Long-term prepaid expenses	36,135,690.62	31,070,463.38
Deferred income tax assets	1,028,297,048.34	1,005,228,434.07
Other non-current assets	521,171,795.05	2,721,183,386.49
Total non-current assets	147,047,875,404.37	145,088,581,285.72
Total assets	245,536,836,898.73	243,018,625,689.72
Current liabilities:		
Short-term loan	32,219,840,000.00	34,916,707,000.00
Financial liabilities measured at fair value and the change included in current gains and losses	-	331,882,154.88
Notes payable and accounts payable	24,659,208,813.76	28,211,794,064.04
Advances from customers	12,576,442,885.11	14,375,910,316.12
Employee benefits payable	2,015,558,934.63	1,395,413,171.14
Taxes payable	1,043,334,497.99	1,964,136,800.32

Other payables	645,788,101.22	736,643,721.99
Including: Interest payable	303,043,466.22	329,510,733.76
Dividends payable	-	-
Non-current liabilities due within one year	7,000,000,000.00	2,000,000,000.00
Other current liabilities	9,016,834,520.55	-
Total current liabilities	89,177,007,753.26	83,932,487,228.49
Non-current liabilities:		
Long-term loan	3,869,000,000.00	50,000,000.00
Bonds payable	3,000,000,000.00	8,000,000,000.00
Long-term payables	908,224,518.00	954,996,884.50
Long-term employee benefits payables	839,439,129.01	189,439,129.01
Deferred gains	405,571,165.02	366,420,337.96
Deferred income tax liabilities	689,928,701.20	561,037,857.08
Total non-current liabilities	9,712,163,513.23	10,121,894,208.55
Total liabilities	98,889,171,266.49	94,054,381,437.04
Owner's equity (or shareholders' equity)		
Paid-in capital (or share capital)	22,267,915,125.00	22,268,111,875.00
Capital reserve	56,491,470,196.04	56,360,561,245.89
Less: Treasury stock	665,644,518.00	712,416,884.50
Other comprehensive income	-97,419,839.61	-42,593,990.71
Surplus reserve	29,774,721,062.00	29,774,721,062.00
Undistributed profit	38,876,623,606.81	41,315,860,945.00
Total owners' equity (or shareholders' equity)	146,647,665,632.24	148,964,244,252.68
Total liabilities and owner's equity (or shareholders' equity)	245,536,836,898.73	243,018,625,689.72

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

2018 3rd Quarter Report

Consolidated Income Statement

January-September, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Total operating income	76,897,328,276.37	77,722,646,293.62	225,619,697,800.64	223,310,596,892.93
Including: Operating income	76,786,080,128.46	77,634,969,369.18	225,320,170,269.54	223,008,316,797.62
Interest income	108,738,091.82	85,174,342.83	290,538,563.44	293,817,335.58
Fee and commission income	2,510,056.09	2,502,581.61	8,988,967.66	8,462,759.73
II. Total operating cost	70,637,901,311.03	72,915,605,445.72	207,342,309,894.45	211,008,028,921.90
Including: Operating cost	64,009,260,627.56	67,347,350,249.84	190,284,479,191.45	195,577,155,768.53
Interest expense	43,361,291.64	37,557,312.95	117,126,152.09	127,872,580.31
Fee and commission expense	980,420.38	1,130,176.50	2,982,166.89	2,968,052.75
Tax and surcharges	384,245,166.52	488,555,560.90	1,233,612,158.03	1,423,027,177.65
Sales expense	812,069,013.17	719,228,260.97	2,448,013,068.81	2,309,732,533.15
Administrative fees	2,035,288,490.24	2,097,067,806.57	4,978,095,408.33	4,767,478,922.45
Research and development costs	1,820,123,397.24	974,889,695.55	4,576,563,790.96	2,860,505,880.32
Financial expenses	1,529,939,896.76	835,161,515.28	3,696,282,040.78	2,825,066,765.36
Including: Interest expenses	763,875,030.13	936,519,630.36	2,361,734,476.81	2,854,149,666.07
Interest income	72,869,823.62	26,386,099.55	140,436,987.89	124,198,019.41
Assets impairment loss	2,633,007.52	414,664,867.16	5,155,917.11	1,114,221,241.38
Plus: Other gains	308,199,098.19	215,539,364.18	475,222,586.14	304,640,527.91
Investment income ("-" for loss)	857,065,191.84	1,229,477,926.46	2,553,300,414.78	2,625,246,223.14
Including: Investment income from associates and joint ventures	243,776,821.70	127,307,816.10	998,976,810.50	543,086,479.60
Gains from changes in fair value ("-" for loss)	157,965,726.27	-133,348,727.36	483,920,563.41	-140,896,940.75
Income from disposal of assets ("-" for loss)	-	-	-	-

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Exchange gains ("-" for loss)	-	-	-	-
III. Operating profit ('-' for loss)	7,582,656,981.64	6,118,709,411.18	21,789,831,470.52	15,091,557,781.33
Plus: Non-operating income	126,597,606.52	98,691,313.17	217,112,345.15	249,592,369.64
Less: Non-operating expenses	220,091,600.33	201,338,785.64	438,232,161.59	811,121,850.30
IV. Total profit ("-" for total loss)	7,489,162,987.83	6,016,061,938.71	21,568,711,654.08	14,530,028,300.67
Less: Income tax expense	1,208,352,339.65	235,143,152.03	4,386,768,662.90	2,010,021,343.16
V. Net profit ("-" for net loss)	6,280,810,648.18	5,780,918,786.68	17,181,942,991.18	12,520,006,957.51
(I) Classified by business continuity				
1. Net profit from continuing operations ("-" for net loss)	6,280,810,648.18	5,780,918,786.68	17,181,942,991.18	12,520,006,957.51
2. Net profit from discontinued operations ("-" for net loss)	-	-	-	-
(II) Classified by ownership				
1. Net profits attributable to the owners of parent company	5,738,229,391.31	5,498,768,134.37	15,747,434,222.45	11,668,343,331.44
2. Minority shareholder's profits and losses	542,581,256.87	282,150,652.31	1,434,508,768.73	851,663,626.07
VI. Net of tax of other comprehensive income	231,968,129.36	96,811,741.01	94,710,374.96	142,393,631.60
Net of tax of other comprehensive income attributable to the owner of parent company	216,284,979.88	97,983,459.63	80,731,939.70	142,618,967.58
(I) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-1,022,718.85	-	-1,245,932.64
1. Changes resulting from re-measuring defined benefit plan	-	-1,022,718.85	-	-1,245,932.64
2. Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
(II) Other comprehensive income which will be reclassified in gains and losses in subsequent period	216,284,979.88	99,006,178.48	80,731,939.70	143,864,900.22

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1. Other comprehensive income which can be reclassified in gains and losses in subsequent period	26,262,514.00	-11,521,686.77	26,612,151.10	-15,090,474.50
2. Gains and losses from change in fair value of financial asset available for sale	-95,558,701.55	111,906,956.01	-225,640,264.15	117,804,355.90
3. Gains and losses from held-to-maturity investment reclassified as financial asset available for sale	-	-	-	-
4. Effective part of gains and losses from cash flow hedging	-	-	-	-
5. Translation difference of foreign currency financial statements	285,581,167.43	-1,379,090.76	279,760,052.75	41,151,018.82
Net of tax of other comprehensive income attributable to minority	15,683,149.48	-1,171,718.62	13,978,435.26	-225,335.98
VII. Total comprehensive income	6,512,778,777.54	5,877,730,527.69	17,276,653,366.14	12,662,400,589.11
Total comprehensive income attributable to the owner of the parent company	5,954,514,371.19	5,596,751,594.00	15,828,166,162.15	11,810,962,299.02
Total comprehensive income attributable to minority	558,264,406.35	280,978,933.69	1,448,487,203.99	851,438,290.09
VIII. Earnings per share:				
(I) Basic earnings per share	0.26	0.25	0.71	0.53
(II) Diluted earnings per share	0.26	0.25	0.71	0.53

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

2018 3rd Quarter Report

Income Statement of Parent Company

January-September, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Current Amount (July-September)	Amount in previous period (July-September)	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Operating income	31,328,725,498.94	31,286,563,779.34	96,226,815,033.65	94,101,409,236.06
Less: Operating cost	27,360,279,748.94	26,847,622,311.25	83,730,167,047.37	81,169,324,715.10
Tax and surcharges	130,801,997.28	191,032,551.75	354,073,781.79	497,288,284.69
Sales expense	169,159,377.46	177,018,612.94	544,785,847.59	481,222,505.21
Administrative fees	471,434,508.67	1,300,958,020.78	1,955,201,767.00	2,341,802,173.20
Research and development costs	688,314,539.20	573,281,107.53	2,218,277,519.23	1,822,635,067.26
Financial expenses	826,791,949.06	-111,296,239.69	1,490,045,696.58	-165,287,203.81
Including: Interest expenses	595,205,902.07	480,794,737.29	1,617,663,287.17	1,442,647,977.55
Interest income	446,337,386.10	428,672,123.64	1,339,347,583.11	1,305,774,326.11
Assets impairment loss	-17,499,822.77	-103,484,455.90	20,924,942.12	-162,131,553.14
Plus: Other gains	213,521,436.10	159,124,074.43	246,625,633.28	185,323,370.92
Investment income ("-" for loss)	717,417,842.89	-2,581,084,807.23	2,329,518,603.89	-1,590,528,106.03
Including: Investment income from associates and joint enterprises	157,038,960.68	-2,809,536.42	674,157,244.06	86,599,566.94
Gains from changes in fair value ("-" for loss)	134,779,575.89	-180,124,951.77	623,833,762.96	-309,271,231.78
Income from disposal of assets ("-" for loss)	-	-	-	-
II. Operating profit ("-" for loss)	2,765,162,055.98	-190,653,813.89	9,113,316,432.10	6,402,079,280.66
Plus: Non-operating income	3,734,736.52	547,399.01	54,850,313.47	40,684,421.16
Less: Non-operating expenses	127,373,197.67	138,657,355.17	175,385,438.51	608,600,985.72
III. Total profit ("-" for total loss)	2,641,523,594.83	-328,763,770.05	8,992,781,307.06	5,834,162,716.10

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Less: Income tax expense	161,598,501.05	20,803,868.71	1,411,456,839.00	1,383,229,996.67
IV. Net profit (“-“ for net loss)	2,479,925,093.78	-349,567,638.76	7,581,324,468.06	4,450,932,719.43
(I) Net profit from continuing operations (“-” for net loss)	2,479,925,093.78	-349,567,638.76	7,581,324,468.06	4,450,932,719.43
(II) Net profit from discontinued operations (“-” for net loss)	-	-	-	-
V. Net of tax of other comprehensive income	30,458,582.57	5,176,496.77	-54,825,848.90	-2,841,813.53
(I) Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
1. Changes resulting from re-measuring defined benefit plan	-	-	-	-
2. Other comprehensive income which cannot be reclassified in gains and losses in subsequent period	-	-	-	-
(II) Other comprehensive income which will be reclassified in gains and losses in subsequent period	30,458,582.57	5,176,496.77	-54,825,848.90	-2,841,813.53
1. Other comprehensive income which can be reclassified in gains and losses in subsequent period	24,491,582.57	-9,268,503.23	26,612,151.10	-23,766,813.53
2. Gains and losses from change in fair value of financial asset available for sale	5,967,000.00	14,445,000.00	-81,438,000.00	20,925,000.00
3. Gains and losses from held-to-maturity investment reclassified as financial asset available for sale	-	-	-	-
4. Effective part of gains and losses from cash flow hedging	-	-	-	-
5. Translation difference of foreign currency financial statements	-	-	-	-
VI. Total comprehensive income	2,510,383,676.35	-344,391,141.99	7,526,498,619.16	4,448,090,905.90

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

Consolidated Cash Flow Statement

January-September, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering services	262,048,522,371.63	278,463,217,320.75
Net increase in deposits from customers and due from banks and other financial institutions	-	-
Net increase in borrowings from central bank	-	-
Net decrease in loans and advances to customers	-	110,665,800.75
Net increase in borrowing funds from other financial institutions	-	-
Net decrease in deposits in central bank and due from bank	400,144,775.35	125,625,670.76
Cash received from interest, fees and commissions	293,799,664.67	305,445,544.99
Net increase in placements from banks and other financial institutions	-	-
Net increase in repurchase business funds	-	180,878,674.63
Tax refund	625,809,873.03	632,562,725.50
Other cash received relating to operating activities	1,355,062,258.23	1,576,132,486.93
Subtotal of cash inflows from operating activities	264,723,338,942.91	281,394,528,224.31
Cash paid for purchase of goods and acceptance of services	199,927,180,919.21	238,071,750,208.98
Net increase in loans and advances to customers	1,146,264,620.45	-
Net decrease in borrowing funds from other financial institutions	386,241,600.00	-
Net increase in deposits in central bank and due from bank	-	-
Net decrease in deposits from customers and due from banks and other financial institutions	278,915,055.80	4,216,242,148.93
Cash paid for interest, fees and commissions	76,208,503.78	96,635,125.53
Cash paid to and on behalf of employees	10,081,350,657.18	9,795,815,574.09
Payments of taxes	11,805,397,433.73	11,553,750,437.75
Decrease of financial assets sold for repurchase	40,113,616.95	-

Other cash paid relating to operating activities	4,229,688,994.44	4,531,951,961.23
Subtotal of cash outflows from operating activities	227,971,361,401.54	268,266,145,456.51
Net cash flow from operating activities	36,751,977,541.37	13,128,382,767.80
II. Cash flow from investing activities:		
Cash received from investment retrieving	66,707,414,272.60	72,333,588,936.54
Cash received from investment income	1,804,505,408.82	1,500,743,868.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	87,905,429.34	190,533,891.41
Net cash received from disposal of subsidiaries and other business units	-	-1,531,331,325.13
Other cash received relating to investing activities	155,484,174.49	4,762,426,986.02
Subtotal of cash inflows from investing activities	68,755,309,285.25	77,255,962,357.32
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	8,649,613,414.46	8,859,245,367.06
Cash paid for investment	69,979,368,377.77	72,150,525,933.54
Net cash paid for acquisition of subsidiaries and other business units	-	-
Other cash paid relating to investing activities	74,159,057.26	117,046,000.00
Subtotal of cash outflows from investing activities	78,703,140,849.49	81,126,817,300.60
Net cash flows from investing activities	-9,947,831,564.24	-3,870,854,943.28
III. Cash flow from financing activities:		
Cash received from investors	334,000,000.00	924,226,931.79
Including: Cash of subsidiaries received from minority shareholders' investment	334,000,000.00	924,226,931.79
Cash received from borrowings	64,863,648,801.34	77,358,296,431.02
Cash received from issuing bonds	20,688,000,000.00	6,000,000,000.00
Other cash received relating to financing activities	66,822,000.00	77,970,811.51
Subtotal of cash inflows from financing activities	85,952,470,801.34	84,360,494,174.32
Cash paid for debt repayment	99,337,460,958.44	83,015,071,551.33
Cash for distribution of dividends, profits or interest payments	12,908,840,219.65	7,534,719,570.84

Including: Dividends, profits paid by subsidiaries to minority shareholders	261,853,864.15	118,520,360.97
Other cash paid relating to financing activities	459,467,369.48	375,000,000.00
Subtotal of cash outflows from financing activities	112,705,768,547.57	90,924,791,122.17
Net cash flow from financing activities	-26,753,297,746.23	-6,564,296,947.85
IV. Effect of exchange rate changes on cash and cash equivalents	29,529,422.22	16,948,770.59
V. Net increase in cash and cash equivalents	80,377,653.12	2,710,179,647.26
Plus: Opening balance of cash and cash equivalents	19,912,309,189.73	12,931,144,089.49
VI. Ending balance of cash and cash equivalents	19,992,686,842.85	15,641,323,736.75

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

Cash Flow Statement of Parent Company

January-September, 2018

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

Unit: RMB Yuan Audit type: Unaudited

Item	Amount from the beginning of the year to the end of the reporting period (January-September)	Amount from the beginning of last year to the end of the reporting period (January-September)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering services	104,933,952,071.92	108,851,105,784.73
Tax refund	306,681,428.17	-
Other cash received relating to operating activities	478,645,737.03	636,897,846.25
Subtotal of cash inflows from operating activities	105,719,279,237.12	109,488,003,630.98
Cash paid for purchase of goods and acceptance of services	97,149,190,139.95	81,509,850,819.43
Cash paid to and on behalf of employees	4,329,610,498.19	3,994,307,669.90
Payments of taxes	4,429,006,711.79	6,973,020,947.86
Other cash paid relating to operating activities	865,953,577.87	537,629,528.17
Subtotal of cash outflows from operating activities	106,773,760,927.80	93,014,808,965.36
Net cash flow from operating activities	-1,054,481,690.68	16,473,194,665.62
II. Cash flow from investing activities:		
Cash received from investment retrieving	52,128,000,000.00	41,140,000,000.00
Cash received from investment income	1,774,185,732.83	1,105,576,900.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	28,662,851.13	69,092,464.43
Net cash received from disposal of subsidiaries and other business units	-	-
Other cash received relating to investing activities	218,653,827.34	4,852,551,968.43
Sub-total of cash inflow from investing activities	54,149,502,411.30	47,167,221,333.83
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	5,138,067,859.79	3,749,676,147.01
Cash paid for investment	54,223,403,900.00	41,570,000,000.00
Net cash paid for acquisition of subsidiaries and other business units	-	-
Other cash paid relating to investing activities	15,552,258.58	16,450,000.00
Subtotal of cash outflows from investing activities	59,377,024,018.37	45,336,126,147.01

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Net cash flows from investing activities	-5,227,521,607.07	1,831,095,186.82
III. Cash flow from financing activities:		
Cash received from absorbing investment	-	-
Cash received from borrowings	45,443,493,820.09	44,332,944,300.00
Cash received from issuing bonds	20,000,000,000.00	6,000,000,000.00
Other cash received relating to financing activities	7,641,636,194.86	-
Subtotal of cash inflows from financing activities	73,085,130,014.95	50,332,944,300.00
Cash paid for debt repayment	55,845,380,648.47	45,857,295,306.03
Cash paid for distribution of dividends, profits or interest payments	11,544,067,334.38	5,830,758,103.39
Other cash paid for financing activities	375,792.50	9,076,164,635.34
Subtotal of cash outflows from financing activities	67,389,823,775.35	60,764,218,044.76
Net cash flow from financing activities	5,695,306,239.60	-10,431,273,744.76
IV. Effect of exchange rate changes on cash and cash equivalents	-48,765,787.38	4,291,328.94
V. Net increase in cash and cash equivalents	-635,462,845.53	7,877,307,436.62
Plus: Opening balance of cash and cash equivalents	11,927,358,284.13	3,761,841,278.83
VI. Ending balance of cash and cash equivalents	11,291,895,438.60	11,639,148,715.45

Legal representative: Dai Zhihao Person in charge of accounting affairs: Wu Kunzong Person in charge of accounting body: Wang Juan

4.2 Audit Report

Applicable Not applicable