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安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 0914)

2010 FIRST QUARTERLY REPORT

In accordance with the applicable rules of the Shanghai Stock Exchange of the People's Republic of China ("PRC"), the quarterly report ("Quarterly Report") of Anhui Conch Cement Company Limited ("Company") and its subsidiaries (together with the Company referred to as the "Group") for the first quarter of 2010 ("Reporting Period") will be published in newspapers circulating in the PRC on 28 April 2010. The full text of the Quarterly Report is set out below pursuant to Rule 13.09(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§ 1 IMPORTANT NOTICE

- 1.1 The board ("Board") of directors ("Directors"), the supervisory committee ("Supervisory Committee"), and the Directors, supervisors and members of the senior management of the Company warrant that in respect of the information contained in this Quarterly Report, there are no misrepresentations, misleading statements or material omission, and they individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this Quarterly Report.
- 1.2 The financial statements as shown in the appendix to this quarterly report have not been audited.
- 1.3 The following declaration is made by the Company's Chairman (namely, Mr Guo Wensan), the officer-in-charge of the accounting functions (namely, Mr Ji Qinying), and the head of the accounting department (namely, Mr Zhou Bo): they warrant that the financial report contained in this Quarterly Report is true and complete.
- 1.4 In this Quarterly Report, unless stated otherwise, the currency unit refers to Renminbi ("RMB"), the lawful currency of the PRC; unless stated otherwise, all financial information was prepared under the generally accepted accounting principles of the PRC.

§ 2 BASIC CORPORATE INFORMATION

2.1 Major accounting data and financial indicators of the Group

	As at the end of Reporting Period	As at the end of the previous year	Changes as at the end of the Reporting Period compared with that as at the end of the previous year (%)
Total assets (RMB)	50,459,741,791	47,148,497,829	7.02
Total equity attributable to equity shareholders of the Company (RMB)	29,456,181,148	28,759,638,990	2.42
Net assets per share attributable to equity shareholders of the Company (RMB/share)	16.68	16.28	2.42
	From the beginning of this year to the end of the Reporting Period		Changes as compared with that of the corresponding period of the previous year (%)
Net cash flow generated from operating activities (RMB)	18,577,166		(99.09)
Net cash flow generated from operating activities per share (RMB/share)	0.01		(99.09)
	Reporting Period	From the beginning of this year to the end of the Reporting Period	Changes for the Reporting Period compared with that of the corresponding period of the previous year (%)
Net profit attributable to equity shareholders of the Company (RMB)	792,319,605	792,319,605	93.75
Basic earnings per share (RMB/share)	0.45	0.45	93.75
Basic earnings per share after extraordinary items (RMB/share)	0.38	0.38	72.73
Diluted earnings per share (RMB/share)	0.45	0.45	93.75
Return on weighted average net assets attributable to equity shareholders of the Company	2.72	2.72	Increased by 1.1 percentage points
Return on weighted average net assets attributable to equity shareholders of the Company after extraordinary items	2.28	2.28	Increased by 0.74 percentage point
Extraordinary items	Amount from the beginning of this year to the end of the Reporting Period (RMB)		
Gain/ (loss) on disposals of long term equity investment and fixed assets	483,130		
Government subsidy income	168,818,525		
Other extraordinary items	2,542,245		

Effect of extraordinary items on income tax	(42,044,848)
Effect of extraordinary items on minority interest	(1,348,785)
Total	128,450,267

2.2 The total number of shareholders and the shareholdings of the top 10 holders of floating shares without trading restriction as at the end of the Reporting Period

Total number of shareholders as at the end of the Reporting Period	37,590		
Shareholding of the top 10 holders of floating shares without trading restriction			
Number	Name of shareholder (in full)	Number of floating shares without trading restriction held at the end of the Reporting Period	Class
1	Anhui Conch Holdings Company Limited (“Conch Holdings”)	616,687,889	RMB-denominated ordinary shares
2	HKSCC Nominees Limited	432,680,997	Overseas listed foreign shares
3	China Construction Bank – Hua An Hongli Stock Securities Investment Fund	13,660,000	RMB-denominated ordinary shares
4	Bank of Communications – Fuguo Tianyi Value Securities Investment Fund	11,308,556	RMB-denominated ordinary shares
5	UBS AG	10,311,467	RMB-denominated ordinary shares
6	Bank of Communications – E Fund Kexun Stock Securities Investment Fund	10,311,249	RMB-denominated ordinary shares
7	International Capital Corporation - HSBC - JPMorgan Chase Bank, National Association	9,240,425	RMB-denominated ordinary shares
8	Industrial Bank Co., Ltd. - Industrial Trend Investment Hybrid Securities Investment Fund	9,162,712	RMB-denominated ordinary shares
9	Morgan Stanley & Co. International PLC.	8,633,108	RMB-denominated ordinary shares
10	CITIC Securities – ICBC - Credit Suisse (Hong Kong) Limited	7,955,950	RMB-denominated ordinary shares

§ 3 MAJOR EVENTS

3.1 Significant changes and reasons for such changes in major items of the accounting statements and financial indicators of the Group

1. As at the end of the Reporting Period, the closing balance of other current assets of the Group increased by 33.51% from that at the beginning of the year, which was mainly due to the increase in the accrued value-added tax on the equipment purchased for the Group's project construction at the end of the Reporting Period;
2. as at the end of the Reporting Period, the closing balance of the Group's long-term equity investment increased by 103.91% from that at the beginning of the year, which was mainly due to the increase in investments in three joint venture companies under the Group (namely Guiding Conch Panjiang Cement Co., Ltd., Guiyang Conch Panjiang Cement Co., Ltd. and Zunyi Conch Panjiang Cement Co., Ltd.) during the Reporting Period;
3. as at the end of the Reporting Period, the Group's bills payable decreased by 57.29% from that of the beginning of the year, which was mainly due to the Group's repayment of the bills payable whose maturity dates respectively fell in the Reporting Period;
4. as at the end of the Reporting Period, remunerations payable of the Group decreased by 87.28% from that of the beginning of the year, mainly due to the payment by the Group during the Reporting Period of year-end bonuses, which accrued in respect of the previous year;
5. as at the end of the Reporting Period, the Group's interests payable increased by 256.74% from that of the beginning of the year, which was mainly due to a RMB4.5 billion loan taken out by the Group during the Reporting Period from Conch Holdings, and the interest due to this loan had not been paid during the Reporting Period;
6. as at the end of the Reporting Period, the Group's long-term borrowings increased by 77.01% from that of the beginning of the year, which was mainly due to the Group seeking more long-term borrowings during the Reporting Period;
7. during the Reporting Period, the Group's non-operating income increased by 496.42% from that of the same period last year, which was mainly due to the increase in government subsidy income during the Reporting Period;
8. during the Reporting Period, the Group's total profits and net profit attributable to equity shareholders of the Company increased by 91.32% and 93.75% respectively from those of the same period last year, which was mainly due to increase in both product sales volume and sales price during the Reporting Period when compared with those of the same period last year as well as increase in government subsidy income during the Reporting Period;
9. during the Reporting Period, the Group's net cash flow generated from operating activities decreased by 99.09% from that of the same period last year. The decrease was

mainly due to the repayment of bills payable whose maturity dates fell in the Reporting Period and increase in inventory of certain major raw materials, leading to a relatively small net cash flow generated from operating activities; besides, a comparatively large amount of bills receivable were mature in the corresponding period of the previous year, leading to a relatively large net cash flow generated from operating activities during such period of the previous year;

10. during the Reporting Period, the Group's net cash flow generated from investing activities increased by 132.93% from that of the same period last year, which was mainly due to the Group accelerating project construction and the increase in investment in construction projects;

11. during the Reporting Period, the Group's net cash flow generated from financing activities increased by 370.31% from that of the same period last year, which was mainly due to the Group entering into additional borrowings during the Reporting Period.

3.2 Progress of significant events and analysis of their effects and solutions

The issue of corporate bonds in the aggregate principal amount of not exceeding RMB9.5 billion in the PRC was approved by the board of directors of the Company on 2 April 2009, and was approved by a resolution passed at the 2008 annual general meeting of the Company held on 5 June 2009. As at the date of announcement of this report, the application for the issue of the corporate bonds is still pending the approval of the relevant PRC governmental authorities.

3.3 Implementation of undertakings made by the Company, its shareholders and beneficial controllers

In 2007, the Company issued 287,999,046 A Shares to Anhui Conch Venture Investment Co., Ltd. ("Conch Venture") as consideration for the purchase of certain assets from Conch Venture, and Conch Venture gave certain undertakings in respect of lock-up period and shareholders' rights arrangements. Of such A Shares, 203,828,265 A Shares ("the said Shares") were transferred by Conch Venture to offset certain indebtedness owing by it to Ping An Trust & Investment Co., Ltd. ("Ping An Trust"), and the said Shares have become held by Ping An Trust in accordance with an arbitral award. Such transfer was completed on 28 July 2009. Conch Holdings' Staff Association Committee ("Conch Holdings Staff Association", as the entrusting party of Ping An Trust – Conch Equity Interest) has undertaken to continue to perform the relevant undertakings previously made by Conch Venture in respect of the said Shares held. The details of the undertakings are as follows:

1. The said Shares will remain as floating A Shares subject to trading restrictions and will be released from trading restrictions on 26 May 2010; and shall not be sold or traded on the secondary market prior to the expiry of the lock-up period.

2. Shareholders' rights arrangements: so long as Ping An Trust remains the holder of the said Shares, Ping An Trust will give up all of the rights, except for shareholder rights of proprietary nature (including but not limited to dividend rights), as a shareholder of Anhui Conch, including voting rights and rights to nominate and elect directors or supervisors of the Company.

During the Reporting Period, the above undertakings were observed by Conch Venture and Conch Holdings Staff Association.

3.4 Warning of and explanation for the accumulated net profit from the beginning of the year to the end of the next reporting period forecast to be a probable loss or to be significantly differed from that of the corresponding period of the previous year

☐ Applicable ☒ Not applicable

3.5 Implementation of cash dividend distribution

During the Reporting Period, the Company did not distribute any cash dividends.

The Board of Anhui Conch Cement Company Limited
27 April 2010

§ 4 Appendix

4.1 Balance Sheet

Balance Sheet

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	As at 31 March 2010 Consolidated	As at 31 December 2009 Consolidated	As at 31 March 2010 The Company	As at 31 December 2009 The Company
Current Assets:				
Monetary capital	4,313,730,860	3,627,038,896	2,362,504,707	2,263,753,520
Tradable equity securities	-	-	-	-
Bills receivable	2,034,692,764	2,615,027,343	537,644,371	792,307,927
Accounts receivable	364,646,698	442,496,851	24,521,088	34,622,159
Advance payments	388,696,131	380,408,669	21,257,434	15,287,586
Dividends receivable	-	-	-	-
Other receivables	394,982,204	319,028,324	2,257,542,227	4,355,559,079
Inventory	2,807,900,793	2,172,190,986	288,696,825	222,322,047
Other current assets	721,967,818	540,744,093	4,900,860	14,762
Total current assets	11,026,617,268	10,096,935,162	5,497,067,512	7,683,867,080
Non-current assets:				
Available-for-sale equity securities	2,364,945,078	2,343,992,410	2,364,945,078	2,343,992,410
Long-term equity investment	981,563,343	481,359,640	27,617,652,585	26,917,448,882
Net amount of fixed assets	26,599,306,888	25,609,417,223	931,083,511	949,935,913
Construction in progress	4,421,125,960	4,136,503,341	11,771,885	13,491,420
Construction materials	2,707,193,075	2,207,683,761	8,438,503	8,589,267
Net amount of intangible assets	2,108,242,938	2,064,374,818	213,343,395	214,987,098
Goodwill	16,119,621	16,119,621	-	-
Deferred income tax assets	64,086,428	60,250,205	-	-
Other non-current assets	170,541,192	131,861,648	-	-
Total non-current assets	39,433,124,523	37,051,562,667	31,147,234,957	30,448,444,990
Total assets	50,459,741,791	47,148,497,829	36,644,302,469	38,132,312,070

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ji Qinying

Head of the accounting department: Zhou Bo

Balance Sheet (Continued)

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	As at 31 March 2010 Consolidated	As at 31 December 2009 Consolidated	As at 31 March 2010 The Company	As at 31 December 2009 The Company
Current liabilities:				
Short-term borrowings	1,808,333,550	1,705,719,775	460,000,000	410,000,000
Bills payable	401,881,775	940,943,452	1,029,036,318	1,294,177,995
Accounts payable	2,698,756,864	3,339,169,076	570,952,000	745,013,845
Receipts in advance	613,080,249	551,897,980	101,085,454	93,116,740
Wages payable	24,895,589	195,765,047	8,241,660	33,340,622
Tax payable	474,395,545	499,965,426	66,377,761	48,388,069
Interests payable	61,506,094	17,241,105	17,615,205	8,794,476
Dividends payable	-	-	-	-
Other payables	2,326,683,815	2,329,226,871	5,442,838,720	6,140,679,645
Non-current liabilities due within one year	2,132,322,181	2,493,382,181	200,000,000	550,000,000
Total current liabilities	10,541,855,662	12,073,310,913	7,896,147,118	9,323,511,392
Non-current liabilities:				
Long-term borrowings	9,547,181,819	5,393,621,819	840,000,000	800,000,000
Long-term payables	68,087,229	72,375,147	-	-
Deferred income tax liabilities	267,255,763	301,722,467	247,878,121	282,238,937
Other non-current liabilities	4,505,166	4,587,333	-	-
Total non-current liabilities	9,887,029,977	5,772,306,766	1,087,878,121	1,082,238,937
Total liabilities:	20,428,885,639	17,845,617,679	8,984,025,239	10,405,750,329
Owners' equity:				
Share capital	1,766,434,193	1,766,434,193	1,766,434,193	1,766,434,193
Capital reserve	14,969,277,300	15,065,054,747	21,106,386,258	21,209,468,705
Surplus reserve	759,003,834	759,003,834	759,003,834	759,003,834
Unappropriated profits	11,961,465,821	11,169,146,216	4,028,452,945	3,991,655,009
Equity attributable to owners of the Company	29,456,181,148	28,759,638,990	-	-
Minority interests	574,675,004	543,241,160	-	-
Total owners' equity	30,030,856,152	29,302,880,150	27,660,277,230	27,726,561,741
Total liabilities and owners' equity	50,459,741,791	47,148,497,829	36,644,302,469	38,132,312,070

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ji Qinying

Head of the accounting department: Zhou Bo

4.2 Income Statement

Income Statement

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	January to March 2010 Consolidated	January to March 2009 Consolidated	January to March 2010 The Company	January to March 2009 The Company
I. Total revenue	6,070,054,669	5,145,160,472	2,200,022,187	1,479,443,622
Less: Operating cost	(4,604,443,067)	(4,007,125,225)	(2,095,635,510)	(1,401,807,164)
Business tax and surcharges	(27,413,391)	(25,819,546)	(4,622,948)	(2,063,724)
Selling expenses	(329,114,658)	(333,154,241)	(19,889,190)	(22,919,330)
Administrative expenses	(185,311,349)	(197,278,293)	(35,007,475)	(28,815,815)
Financial expenses	(101,415,343)	(90,508,616)	(10,262,261)	6,055,573
Loss on impairment of assets	300,584	-	(1,055,312)	(1,532,227)
Add: Gain or loss on changes of fair value	-	(12,030)	-	-
Investment income	235,192	5,851,488	5,203,703	147,766,869
Including: investment income from associates	235,192	(267,685)	5,203,703	(267,685)
II. Operating profit	822,892,637	497,114,009	38,753,194	176,127,804
Add: Non-operating income	187,706,844	31,472,313	9,467,105	3,183,502
Less: Non-operating expenses	(538,996)	(635,994)	(8,519)	(25,546)
Including: Loss from disposal of non-current assets	(98,873)	(64,097)	(8,519)	-
III. Total profits	1,010,060,485	527,950,328	48,211,780	179,285,760
Less: Income tax expenses	(187,742,036)	(107,846,061)	(11,413,844)	(1,594,339)
IV. Net profit	822,318,449	420,104,267	36,797,936	177,691,421
Net profit attributable to owners of the Company	792,319,605	408,937,957	-	-
Minority interests	29,998,844	11,166,310	-	-
V. Earnings per share				
(1) Basic earnings per share	0.45	0.23	-	-
(2) Diluted earnings per share				
VI. Other comprehensive income	(94,342,447)	530,612,910	(103,082,447)	494,587,309
VII. Total comprehensive income attributable to	727,976,002	950,717,177	(66,284,511)	672,278,730
owners of the Company	696,542,158	936,583,367		
minority interest	31,433,844	14,133,810		

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ji Qinying

Head of the accounting department: Zhou Bo

4.3 Cash Flow Statement

Cash Flow Statement

Prepared by: Anhui Conch Cement Company Limited. Unit: RMB Type of audit: Unaudited

Items	2010 Q1 Consolidated	2009 Q1 Consolidated	2010 Q1 The Company	2009 Q1 The Company
1. Cash flow generated from operating activities:				
Cash received from sale of goods and rendering of services	8,594,307,074	8,149,641,249	2,847,059,883	2,237,662,329
Tax and charges refund	16,401,941	7,410,700	2,021,455	-
Cash received relating to other operating activities	180,658,277	58,690,446	1,709,065,680	18,210,611
Sub-total of cash inflow from operating activities	8,791,367,292	8,215,742,395	4,558,147,018	2,255,872,940
Cash paid for goods and services	(7,511,795,023)	(5,150,609,213)	(2,919,294,998)	(1,868,907,438)
Cash paid to and on behalf of employees	(448,808,618)	(297,813,906)	(45,654,902)	(39,651,711)
Various types of tax paid	(694,381,393)	(641,591,340)	(43,647,179)	(60,455,224)
Cash paid relating to other operating activities	(117,805,092)	(80,420,811)	(197,730,379)	(155,761,335)
Sub-total of cash outflow from operating activities	(8,772,790,126)	(6,170,435,270)	(3,206,327,458)	(2,124,775,708)
Net cash flow generated from operating activities	18,577,166	2,045,307,125	1,351,819,560	131,097,232
2. Cash flow generated from investing activities:				
Cash received from sales of investments	-	34,883,915	-	33,709,438
Cash received from investment income	-	-	-	242,000,000
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	278,874	-	12,726	-
Net cash received from disposal of subsidiaries and other operation entities	-	-	-	-
Cash received from other investing activities	22,025,480	59,923,119	10,470,383	46,744,136
Sub-total of cash inflow from investing activities	22,304,354	94,807,034	10,483,109	322,453,574
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	(2,512,507,103)	(1,355,920,148)	(301,165)	(2,789,954)
Cash paid for investments	(158,395,931)	(3,155,488)	(158,395,931)	-
Net cash paid for acquisition of subsidiaries and other operation entities	(495,000,000)	(80,000,000)	(695,000,000)	(676,897,500)
Cash paid for other investing activities	(13,252,604)	(11,000,000)	(138,300,000)	(303,880,000)
Sub-total of cash outflow from investing activities	(3,179,155,638)	(1,450,075,636)	(991,997,096)	(983,567,454)
Net cash flow generated from investing activities	(3,156,851,284)	(1,355,268,602)	(981,513,987)	(661,113,880)

3. Cash flow generated from financing activities:				
Cash received from contribution of investments	-	-	-	-
Cash received from borrowings	5,312,613,775	1,126,292,000	240,000,000	100,000,000
Cash received from other financing activities	-	-	-	-
Sub-total of cash inflow from financing activities	5,312,613,775	1,126,292,000	240,000,000	100,000,000
Cash paid for repaying borrowings	(1,419,500,000)	(2,310,875,685)	(500,000,000)	(453,949,503)
Cash paid for distribution of dividends, profits or payment of interest	(79,400,297)	(226,264,904)	(10,761,621)	(24,437,794)
Cash paid for other financing activities	-	-	-	-
Sub-total of cash outflow from financing activities	(1,498,900,297)	(2,537,140,589)	(510,761,621)	(478,387,297)
Net cash flow generated from financing activities	3,813,713,478	(1,410,848,589)	(270,761,621)	(378,387,297)
4. Effect of changes in foreign exchange rates on cash and cash equivalents	-	-	-	-
5. Net increase in cash and cash equivalents	675,439,360	(720,810,066)	99,543,952	(908,403,945)
Add: Cash and cash equivalents at the beginning of the period	3,572,876,327	6,751,210,705	2,237,132,961	5,395,168,650
6. Cash and cash equivalents at the end of the period	4,248,315,687	6,030,400,639	2,336,676,913	4,486,764,705

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ji Qinying

Head of the accounting department: Zhou Bo

By order of the Board
Anhui Conch Cement Company Limited
Zhang Mingjing
Company Secretary

Wuhu City, Anhui Province, the PRC

27 April 2010

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Mr Ji Qinying, Mr Qi Shengli and Mr Wu Jianping as executive Directors, and (ii) Mr Kang Woon, Mr Chan Yuk Tong and Mr Ding Meicai as independent non-executive Directors.