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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: 914)

2011 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 2011 ("Reporting Period") will be published in newspapers circulating in the PRC on 19 April 2011. 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, 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 report contained in this Quarterly Report has not been audited.
- 1.3 The Company's Chairman, Mr Guo Wensan, the officer-in-charge of the accounting functions, Mr Ji Qinying, and the head of the accounting department, Mr Zhou Bo, declare that the financial report contained in this Quarterly Report is warranted to be 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)	63,618,327,842	60,411,852,826	5.31
Total equity attributable to equity shareholders of the Company (RMB)	37,960,548,427	35,003,280,642	8.45
Net assets per share attributable to equity shareholders of the Company (RMB/share)	10.74	9.91	8.45
	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)	1,748,541,887		9,312.32
Net cash flow generated from operating activities per share (RMB/share)	0.49		9,312.32
	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)	2,216,079,661	2,216,079,661	179.70
Basic earnings per share (RMB/share)	0.63	0.63	179.70
Basic earnings per share after extraordinary items (RMB/share)	0.61	0.61	188.18
Diluted earnings per share (RMB/share)	0.63	0.63	179.70

Return on weighted average net assets attributable to equity shareholders of the Company	6.07%	6.07%	Increased by 3.35 percentage points
Return on weighted average net assets attributable to equity shareholders of the Company after extraordinary items	5.91%	5.91%	Increased by 3.63 percentage points
Extraordinary items	Amount from the beginning of this year to the end of the Reporting Period (RMB)		
Gain/ (loss) on disposals of non-current assets	(135,346)		
Government subsidy	77,180,457		
Gain/ (loss) on change in fair value	2,399,155		
Other non-operating income and expenses other than the abovementioned items	2,347,929		
Effect of extraordinary items on income tax	(20,422,067)		
Effect of extraordinary items on minority interest	(148,095)		
Total	61,222,033		

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	39,508		
Shareholding of the top 10 holders of floating shares without trading restriction			
Serial 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”)	1,278,886,072	RMB-denominated ordinary shares
2	HKSCC Nominees Limited	865,087,994	Overseas listed foreign shares
3	Anhui Conch Venture Investment Company Limited	191,142,164	RMB-denominated ordinary shares
4	Ping An Trust Company Limited – Conch’s Equity	54,810,297	RMB-denominated ordinary shares
5	Bank of Communications - Bosera Emerging Growth Stock Securities Investment Fund	24,000,000	RMB-denominated ordinary shares

6	China Construction Bank – China AMC Prime Growth Stock Investment Fund	23,999,490	RMB-denominated ordinary shares
7	The Industrial and Commercial Bank of China – GF Jufeng Stock Securities Investment Fund	19,900,000	RMB-denominated ordinary shares
8	Bank of Communications – Fuguo Tianyi Value Securities Investment Fund	17,558,990	RMB-denominated ordinary shares
9	UBS AG	16,801,696	RMB-denominated ordinary shares
10	China Construction Bank – Hua An Hongli Stock Securities Investment Fund	16,699,939	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. During the Reporting Period, the Group's revenue increased by 53.45% from that of the same period last year, which was mainly due to a significant increase in the product selling price during the Reporting Period when compared to that of the same period last year and increase in sales volume;

2. during the Reporting Period, the Group's business tax and surcharges; and administrative expenses increased by 61.56% and 85.97% respectively from those of the same period last year, which were mainly due to an increase in certain tax expenses corresponding to the increase in revenue and expansion in scale of management;

3. during the Reporting Period, the Group's investment income increased by 2,084.20% from that of the same period last year, which was mainly due to a significant increase in net profit of two joint venture companies of the Group (Guiding Conch Panjiang Cement Co., Ltd., and Guiyang Conch Panjiang Cement Co., Ltd.) during the Reporting Period when compared to that of the same period last year;

4. during the Reporting Period, the Group's total profit and net profit attributable to equity shareholders of the Company increased by 198.13% and 179.70% respectively from those of the same period last year, which were mainly due to a significant increase in the product selling price during the Reporting Period when compared to that of the same period last year and increase in sales volume;

5. during the Reporting Period, the income tax expenses of the Group increased by 301.40% from that of the same period last year, which was mainly due to an increase in the Group's total profits, and expiry of preferential income tax rate enjoyed by certain subsidiaries;

6. during the Reporting Period, other comprehensive income of the Group increased by RMB836 million from that of the same period last year, due to a higher growth rate in the market value of the shares held by the Group in other listed companies of the same industry during the Reporting Period when compared with that of the same period last year;

7. during the Reporting Period, the Group's net cash flow generated from operating activities increased by 9,312.32% from that of the same period last year, which was mainly due to increase in sales revenue and decrease in the closing balance of bank acceptance bills receivables from customers during the Reporting Period;

8. during the Reporting Period, the Group's net cash outflow from investing activities decreased by 36.05% from that of the same period last year. The decrease was mainly due to the net cash outflow from investing activities during the same period last year including capital injection in three joint venture companies (Guiding Conch Panjiang Cement Co., Ltd., Guiyang Conch Panjiang Cement Co., Ltd., and Zunyi Conch Panjiang Cement Co., Ltd.), and investment in the shares of other listed companies of the same industry, while none of the aforesaid two investing activities took place during the Reporting Period;

9. during the Reporting Period, the Group's net cash inflow generated from financing activities decreased by 84.17% from that of the same period last year. The decrease was mainly due to the Group's borrowings of medium-term notes from Conch Holdings included in the net cash inflow generated from financing activities in the same period last year, while no such financing activity took place during the Reporting Period;

10. as at the end of the Reporting Period, the closing balance of inventory of the Group increased by 51.16% from that at the beginning of the year, which was mainly due to an increase in inventory of raw materials and products corresponding to expansion of production capacity of the Group;

11. as at the end of the Reporting Period, the closing balance of tradable securities increased by 136.86% from that at the beginning of the year, which was mainly due to an increase in fair value of unsettled forward exchange agreement;

12. as at the end of the Reporting Period, the closing balance of deferred tax assets of the Group increased by 37.68% from that at the beginning of the year, which was mainly due to the effect of the income tax on an increase in profit from product sales not yet realized at the end of the Reporting Period when compared to that of the beginning of the year;

13. as at the end of the Reporting Period, the closing balance of interests payable of the Group increased by 223.54% from that at the beginning of the year, which was mainly due to amount of the accrued interest which was provided for but not yet been due;

14. as at the end of the Reporting Period, the closing balance of non-current liabilities due within one year of the Group increased by 36.97% from that at the beginning of the year, which was mainly due to an increase in long term borrowings due within one year;

15. as at the end of the Reporting Period, the closing balance of deferred tax liabilities of the Group increased by 47.32% from that at the beginning of the year, which was mainly due to the effect of income tax on the changes in fair value of available-for-sale securities during the Reporting Period;

16. as at the end of the Reporting Period, the closing balance of wages payable of the Group decreased by 89.56% from that at the beginning of the year, which was mainly due to the distribution of year-end bonus by the Group during the Reporting Period, which was provided for in the previous year.

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

On 2 April 2009, the Board of the Company considered and approved the issue of corporate bonds in the PRC in the aggregate principal amount of no more than RMB9.5 billion, which was approved at the annual general meeting for year 2008 held on 5 June 2009.

On 28 March 2011, pursuant to the authority granted by the said annual general meeting, the third meeting of the fifth session of the Board considered and approved the adjustment to the maturity and type of the proposed corporate bonds, and proposed to submit to the shareholders for approval at the annual general meeting for year 2010 the proposal for the extension of the validity period of the aforesaid resolution regarding the issue of corporate bonds by one year (i.e. till 5 June 2012).

As at the date of this report, the application for the issue of the said corporate bonds is still subject to the approval of the relevant PRC government authorities.

3.3 Implementation of undertakings made by the Company, its shareholders and de facto controller

☐ Applicable ☒ Not applicable

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 different from that of the corresponding period of the previous year

☐ Applicable ☒ Not applicable

3.5 Implementation of cash dividend policy

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

Board of Anhui Conch Cement Company Limited

18 April 2011

§ 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 2011 Consolidated	As at 31 December 2010 Consolidated	As at 31 March 2011 The Company	As at 31 December 2010 The Company
Current Assets:				
Monetary capital	3,070,029,060	2,735,874,319	1,389,234,887	911,137,034
Tradable securities	4,152,155	1,753,000	-	-
Bills receivable	5,512,789,984	5,918,292,966	951,666,353	1,259,475,705
Accounts receivable	441,010,116	499,484,150	25,503,203	24,972,546
Advance payments	515,152,808	507,977,188	128,523,730	109,527,593
Dividends receivable	-	-	-	-
Other receivables	440,176,970	352,345,215	8,390,600,923	7,914,595,889
Inventory	3,768,703,227	2,493,128,042	363,269,089	185,525,398
Other current assets	605,671,669	719,579,179	-	-
Total current assets	14,357,685,989	13,228,434,059	11,248,798,185	10,405,234,165
Non-current assets:				
Available-for-sale securities	4,742,925,350	3,754,674,518	4,742,925,350	3,754,674,518
Long-term equity investment	1,042,010,130	1,027,891,653	29,024,501,090	29,010,382,613
Net amount of fixed assets	34,150,267,437	32,751,827,530	876,513,368	893,951,085
Construction in progress	3,361,520,443	3,737,230,126	80,304,299	48,788,729
Construction materials	2,938,067,081	2,936,615,213	4,907,541	26,446,002
Net amount of intangible assets	2,788,069,433	2,767,900,644	235,662,716	237,637,184
Goodwill	16,119,621	16,119,621	-	-
Deferred tax assets	111,446,159	80,943,263	-	-
Other non-current assets	110,216,199	110,216,199	-	-
Total non-current assets	49,260,641,853	47,183,418,767	34,964,814,364	33,971,880,131
Total assets	63,618,327,842	60,411,852,826	46,213,612,549	44,377,114,296

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 2011 Consolidated	As at 31 December 2010 Consolidated	As at 31 March 2011 The Company	As at 31 December 2010 The Company
Current liabilities:				
Short-term borrowings	2,447,449,873	2,030,000,000	500,000,000	250,000,000
Bills payable	-	-	250,000,000	200,000,000
Accounts payable	3,787,268,178	4,004,706,340	683,024,067	928,832,261
Receipts in advance	728,715,723	763,115,723	100,025,165	72,110,848
Wages payable	29,055,790	278,387,413	11,741,269	38,558,773
Tax payable	1,124,407,782	1,141,481,444	109,081,245	106,356,374
Interests payable	87,278,434	26,975,946	18,101,376	9,656,898
Dividends payable	-	-	-	-
Other payables	3,310,674,719	3,611,393,654	4,567,032,627	9,723,992,294
Non-current liabilities due within one year	1,672,403,865	1,220,966,784	150,000,000	100,000,000
Total current liabilities	13,187,254,364	13,077,027,304	6,389,005,749	11,429,507,448
Non-current liabilities:				
Long-term borrowings	10,823,909,092	10,971,386,365	890,000,000	840,000,000
Long-term payables	174,235,265	176,332,493	-	-
Deferred tax liabilities	770,654,571	523,121,955	750,703,968	503,641,260
Other non-current liabilities	31,614,532	32,163,111	-	-
Total non-current liabilities	11,800,413,460	11,703,003,924	1,640,703,968	1,343,641,260
Total liabilities:	24,987,667,824	24,780,031,228	8,029,709,717	12,773,148,708
Owners' equity:				
Share capital	3,532,868,386	3,532,868,386	3,532,868,386	3,532,868,386
Capital reserve	14,730,299,472	13,989,111,348	20,851,103,099	20,109,914,975
Surplus reserve	1,141,881,369	1,141,881,369	1,141,881,369	1,141,881,369
Unappropriated profits	18,555,499,200	16,339,419,539	12,658,049,978	6,819,300,858
Equity attributable to owners of the Company	37,960,548,427	35,003,280,642		
Minority interests	670,111,591	628,540,956		
Total owners' equity	38,630,660,018	35,631,821,598	38,183,902,832	31,603,965,588
Total liabilities and owners' equity	63,618,327,842	60,411,852,826	46,213,612,549	44,377,114,296

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	2011 Q1 Consolidated	2010 Q1 Consolidated	2011 Q1 The Company	2010 Q1 The Company
I. Total revenue	9,314,519,670	6,070,054,669	2,481,096,922	2,200,022,187
Less: Operating cost	(5,610,280,022)	(4,604,443,067)	(2,217,135,810)	(2,095,635,510)
Business tax and surcharges	(44,289,815)	(27,413,391)	(4,880,615)	(4,622,948)
Selling expenses	(358,779,760)	(329,114,658)	(19,706,317)	(19,889,190)
Administrative expenses	(344,616,528)	(185,311,349)	(50,554,308)	(35,007,475)
Financial expenses	(131,218,608)	(101,415,343)	(26,977,418)	(10,262,261)
Loss on impairment of assets	20,000	300,584	(476,001)	(1,055,312)
Add: Gain or loss on changes of fair value	2,399,155	-	-	-
Investment income	5,137,055	235,192	5,715,245,477	5,203,703
Including: investment income from associates	5,137,055	235,192	14,118,477	5,203,703
II. Operating profit	2,832,891,147	822,892,637	5,876,611,930	38,753,194
Add: Non-operating income	178,866,452	187,706,844	3,398,123	9,467,105
Less: Non-operating expenses	(512,599)	(538,996)	(304,487)	(8,519)
Including: Loss from disposal of non-current assets	(327,627)	(98,873)	(304,487)	(8,519)
III. Total profits	3,011,245,000	1,010,060,485	5,879,705,566	48,211,780
Less: Income tax expenses	(753,594,704)	(187,742,036)	(40,956,446)	(11,413,844)
IV. Net profit	2,257,650,296	822,318,449	5,838,749,120	36,797,936
Net profit attributable to owners of the Company	2,216,079,661	792,319,605		
Minority interests	41,570,635	29,998,844		
V. Earnings per share				
(1) Basic earnings per share (restated)	0.63	0.22		
(2) Diluted earnings per share (restated)	0.63	0.22		
VI. Other comprehensive income	741,188,124	(94,342,447)	741,188,124	(103,082,447)
VII. Total comprehensive income attributable to	2,998,838,420	727,976,002	6,579,937,244	(66,284,511)
owners of the Company	2,957,267,785	696,542,158		
minority interest	41,570,635	31,433,844		

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	2011 Q1 Consolidated	2010 Q1 Consolidated	2011 Q1 The Company	2010 Q1 The Company
1. Cash flow generated from operating activities:				
Cash received from sale of goods and rendering of services	11,587,026,776	8,594,307,074	3,219,692,999	2,847,059,883
Tax and charges refund	32,978,459	16,401,941	-	2,021,455
Cash received relating to other operating activities	145,695,713	180,658,277	46,042,070	1,709,065,680
Sub-total of cash inflow from operating activities	11,765,700,948	8,791,367,292	3,265,735,069	4,558,147,018
Cash paid for goods and services	(7,927,917,938)	(7,511,795,023)	(3,427,480,560)	(2,919,294,998)
Cash paid to and on behalf of employees	(667,682,423)	(448,808,618)	(59,042,078)	(45,654,902)
Various types of tax paid	(1,320,348,707)	(694,381,393)	(118,985,719)	(43,647,179)
Cash paid relating to other operating activities	(101,209,993)	(117,805,092)	(5,070,390,151)	(197,730,379)
Sub-total of cash outflow from operating activities	(10,017,159,061)	(8,772,790,126)	(8,675,898,508)	(3,206,327,458)
Net cash flow generated from operating activities	1,748,541,887	18,577,166	(5,410,163,439)	1,351,819,560
2. Cash flow generated from investing activities:				
Cash received from sales of investments	-	-	-	-
Cash received from investment income	-	-	5,701,127,000	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,450,812	278,874	66,239	12,726
Net cash received from disposal of subsidiaries and other operation entities	-	-	-	-
Cash received from other investing activities	22,434,466	22,025,480	1,931,027	10,470,383
Sub-total of cash inflow from investing activities	23,885,278	22,304,354	5,703,124,266	10,483,109
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	(2,042,575,069)	(2,512,507,103)	(9,701,083)	(301,165)
Cash paid for investments	-	(158,395,931)	-	(158,395,931)
Net cash paid for acquisition of subsidiaries and other operation entities	-	(495,000,000)	-	(695,000,000)
Cash paid for other investing activities	-	(13,252,604)	(147,300,000)	(138,300,000)
Sub-total of cash outflow from investing activities	(2,042,575,069)	(3,179,155,638)	(157,001,083)	(991,997,096)
Net cash flow generated from investing activities	(2,018,689,791)	(3,156,851,284)	5,546,123,183	(981,513,987)

3. Cash flow generated from financing activities:				
Cash received from contribution of investments	-	-	-	-
Cash received from borrowings	1,187,449,873	5,312,613,775	350,000,000	240,000,000
Cash received from other financing activities	6,631,925	-	22,183	-
Sub-total of cash inflow from financing activities	1,194,081,798	5,312,613,775	350,022,183	240,000,000
Cash paid for repaying borrowings	(465,500,000)	(1,419,500,000)	-	(500,000,000)
Cash paid for distribution of dividends, profits or payment of interest	(115,290,000)	(79,400,297)	(7,861,891)	(10,761,621)
Cash paid for other financing activities	(9,474,026)	-	-	-
Sub-total of cash outflow from financing activities	(590,264,026)	(1,498,900,297)	(7,861,891)	(510,761,621)
Net cash flow generated from financing activities	603,817,772	3,813,713,478	342,160,292	(270,761,621)
4. Effect of changes in foreign exchange rates on cash and cash equivalents	-	-	-	-
5. Net increase in cash and cash equivalents	333,669,868	675,439,360	478,120,036	99,543,952
Add: Cash and cash equivalents at the beginning of the period	2,689,148,569	3,572,876,327	896,375,847	2,237,132,961
6. Cash and cash equivalents at the end of the period	3,022,818,437	4,248,315,687	1,374,495,883	2,336,676,913

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
Yang Kaifa
Company Secretary

Wuhu City, Anhui Province, the PRC

18 April 2011

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Mr Ji Qinying 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.