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馬 鞍 山 鋼 鐵 股 份 有 限 公 司

**Maanshan Iron & Steel Company Limited**

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00323)

**PRICE-SENSITIVE INFORMATION/  
OVERSEAS REGULATORY ANNOUNCEMENT  
2011 THIRD QUARTERLY REPORT**

**This announcement is made pursuant to rules 13.09(1) and (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.**

**1 IMPORTANT NOTICES**

- 1.1 The board of directors (the “Board”), the Supervisory Committee, the Directors, the Supervisors and Senior Management of Maanshan Iron & Steel Company Limited (the “Company”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this report; and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All members of the Board attended the Board meeting.
- 1.3 The financial statements contained in this third quarterly report have not been audited.
- 1.4 Name of the person-in-charge of the Company Su Jiangan  
 Name of the person overseeing the accounting operations Qian Haifan  
 Name of the person-in-charge of the Accounting Department Zhang Qianchun  
 Mr. Su Jiangan, the person-in-charge of the Company, Mr. Qian Haifan, the person overseeing the accounting operations, and Mr. Zhang Qianchun, the person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial reports contained in this quarterly report.

**2 COMPANY PROFILE**

**2.1 Major accounting data and financial indicators**

	As at the end of the reporting period	As at the end of the previous year	<i>Currency: RMB</i> Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB'000)	84,488,970	70,104,925	20.52
Owners' equity (or shareholders' equity) (RMB'000)	27,203,778	27,294,087	-0.33
Net assets per share attributable to shareholders of the Company (RMB/share)	3.533	3.544	-0.31

	<b>Beginning of the year to the end of the reporting period (Jan – Sep)</b>		<b>Increase/(decrease) as compared to the same period of the previous year (%)</b>
Net cash flows from operating activities (RMB)		642,476,792	45.22
Net cash flows per share from operating activities (RMB/share)		0.083	45.61
	<b>Reporting period (Jul – Sep)</b>	<b>Beginning of the year to the end of the reporting period (Jan – Sep)</b>	<b>Increase/(decrease) of the reporting period as compared to the same period of the previous year (%)</b>
Net profit attributable to shareholders of the Company (RMB)	14,604,952	324,657,368	381
Basic earnings per share (RMB/share)	0.0019	0.0422	375
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	–	0.0350	Not applicable
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Return on net assets – Weighted average (%)	0.05	1.18	400
Return on net assets excluding non-recurring gains or losses – Weighted average (%)	–	0.98	Not applicable

**Excluding items and amounts of non-recurring gains or losses:**

<b>Item</b>	<i>Unit: Yuan</i> <i>Currency: RMB</i> <b>Amount from the beginning of the year to the end of the reporting period (Jan – Sep)</b>
Gains or losses from disposal of non-current assets	-2,674,946
Subsidy income accounted for in the profit and loss account for the reporting period (closely related to corporate business and excluding the subsidy income received in settled quota or quantity in accordance with the State's unified standards)	18,685,755
Gains or losses from debt restructuring	273,940
Gains or losses from change in fair value	-191,290
Other non-operating income and expenses other than the above items	-2,954,085
Amortisation of deferred income	62,556,655
Investment income – others	436,706
Income tax effect	-17,984,145
Effect on minority interests (after tax)	-3,364,114
Total	54,784,476

**2.2 Total number of shareholders as at the end of the reporting period and table of shareholding of the top ten holders of circulating shares that are not subject to selling restrictions**

*Unit: Share*

**Total number of shareholders as at the end of the reporting period** 376,736

**Shareholding of the top ten holders of circulating shares not subject to selling restrictions**

<b>Name of shareholder (in full)</b>	<b>Number of circulating shares not subject to selling restriction held at end of the reporting period</b>	<b>Type of shares</b>
Magang (Group) Holding Company Limited	3,886,423,927	RMB-denominated ordinary shares
HKSCC (Nominees) Limited	1,706,747,897	Overseas-listed foreign shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	45,000,000	RMB-denominated ordinary shares
中國建設銀行－上投摩根中國優勢證券投資基金	42,983,325	RMB-denominated ordinary shares
王勇	20,700,000	RMB-denominated ordinary shares
通用電氣資產管理公司－GEAM信託基金 中國A股基金	19,378,620	RMB-denominated ordinary shares
中國銀行－嘉實滬深300指數證券投資基金	12,961,890	RMB-denominated ordinary shares
中國工商銀行股份有限公司－華夏滬深300指數證券投資基金	8,650,000	RMB-denominated ordinary shares
第一生命保險株式會社	7,770,834	RMB-denominated ordinary shares
張俊英	7,520,000	RMB-denominated ordinary shares

### **3 SIGNIFICANT MATTERS**

#### **3.1 Details of and reasons for material changes in the major financial statement items and financial indicators of the Company**

During the third quarter, the debt crisis in Europe and the US kept intensifying and the risk of having global economic downturn increased, resulting in an overall downward trend of steel prices. At the end of September, the price index for international steel products was 203.7, up 13.55% year-on-year, representing a decrease of 2.21% as compared to the end of June. While domestic steel production capacity remained at a high level, downstream demand was weak; overall speaking steel prices were low and fluctuating. At the end of September, the price index for domestic steel products was 132.30, up 9.27% year-on-year, down 1.15% as compared to the end of June.

During the third quarter, the Company and its subsidiaries (the “Group”) produced 4,180,000 tonnes of pig iron, 4,410,000 tonnes of crude steel and 4,300,000 tonnes of steel products, representing increases of approximately 8.85%, 8.35% and 13.16% over the same period of the previous year respectively and increases of approximately 2.96%, 4.01% and 6.70% over the second quarter respectively.

During the third quarter, prices of raw materials and fuels remained at high levels and production costs for iron and steel enterprises increased, resulting in a rise in the Company’s consolidated procurement costs. The Company will adjust the portfolios for the use of raw materials and fuels and energy, optimize resource allocation and increase proportions of high value-added products. The Company will continue to promote cost reduction and efficiency enhancement, transform from cost reduction in single procedure to cost reduction in the whole production process, thereby enabling the whole system to run cost-efficiently.

Items with more than 30% changes as compared to the end of 2010 in the consolidated financial statements and the reasons for such changes:

- (1) Cash and bank balances amounted to RMB13,249,414,943, an increase of 107.58% over the previous year mainly due to the new issue of corporate bonds during the period.
- (2) Prepayments amounted to RMB4,008,795,882, an increase of 191.09% over the previous year mainly due to increases in commercial trading businesses and prepayments for equipment used in construction projects.
- (3) Other receivables amounted to RMB1,029,660,727, an increase of 44.65% over the previous year mainly due to increases in prepayments of import taxes to customs and increases in value-added taxes resulting from increased import volumes.
- (4) Long-term equity investments amounted to RMB1,600,685,768, an increase of 54.73% over the previous year mainly due to increases in jointly-controlled entities and associates investments.

- (5) Construction-in-progress amounted to RMB3,673,168,837, an increase of 144.17% over the previous year mainly due to the acquisition of Anhui Chang Jiang Iron and Steel during the year.
- (6) Short-term borrowings amounted to RMB6,799,763,131, an increase of 595.92% over the previous year mainly due to increases in loans for working capital resulting from increased steel product sales and commercial trading businesses.
- (7) Payroll and benefits payable amounted to RMB395,541,374, an increase of 39.02% over the previous year mainly due to increases in various social insurance premiums payables.
- (8) Taxes payable amounted to RMB-570,627,904, a decrease of 38.78% over the previous year mainly due to increases in prepayments in value-added tax and corporate income tax.
- (9) Dividends payable amounted to RMB86,584,261, a decrease of 82.92% over the previous year mainly due to the payment of dividends payable.
- (10) Bonds payable amounted to RMB6,448,404,116, an increase of 546.24% over the previous year mainly due to the issue of corporate bonds.
- (11) Deferred tax liabilities amounted to RMB45,969,176, an increase of 100% over the previous year mainly due to the revaluation surplus of assets incurred by the acquisition of Anhui Chang Jiang Iron and Steel, which is not deductible for tax purposes.
- (12) Exchange fluctuation reserve amounted to RMB10,772,404, a decrease of 73.54% over the previous year mainly due to the depreciation of the book-keeping Australian currency of the Company's Australian subsidiary against Renminbi.
- (13) Minority interests amounted to RMB1,820,626,763, an increase of 158.36% over the previous year mainly due to the acquisition of Anhui Chang Jiang Iron and Steel during the year.

Items with more than 30% changes as compared to the period from January to September 2010 in the consolidated financial statements and the reasons for such changes:

- (1) Operating income amounted to RMB66,346,501,404, an increase of 36.31% over the same period of the previous year mainly due to increases in prices of steel products and increases in incomes from commercial trading businesses during the period.
- (2) Operating costs amounted to RMB63,981,703,575, an increase of 40.5% over the same period of the previous year mainly due to increases in the procurement prices of raw materials and fuels and increases in commercial trading businesses during the period.
- (3) Assets impairment losses decreased by 100% over the same period of the previous year mainly due to that fact that no asset impairment event occurred during the period.
- (4) Losses on fair value changes amounted to RMB118,470, a decrease of 30.16% over the same period of the previous year mainly due to an increase in market value of stocks held during the period.
- (5) Non-operating income amounted to RMB81,610,113, a decrease of 32.86% over the same period of the previous year mainly due to decreases in government subsidies during the period.
- (6) Non-operating expenses amounted to RMB5,722,794, an increase of 924.18% over the same period of the previous year mainly due to a net loss from disposal of fixed assets and an increase in public donation.
- (7) Income tax expense amounted to RMB165,931,568, a decrease of 61.11% over the same period of the previous year mainly due to a decrease in the total amount of profit during the period.
- (8) Minority interests amounted to RMB94,743,040, an increase of 51.46% over the same period of the previous year mainly due to year-on-year increases in the net profits of non-wholly-owned subsidiaries for the first three quarters in 2011.
- (9) Net cash flows from operating activities amounted to RMB642,476,792, an increase of 45.22% over the same period of the previous year mainly due to an increase in the cash received from the sales of commodities.
- (10) Net cash flows from investing activities amounted to RMB-2,714,726,777, a decrease of 361.85% over the same period of the previous year mainly due to increases in costs for acquiring fixed assets.
- (11) Net cash flows from financing activities amounted to RMB8,882,658,732, an increase of 617.03% over the same period of the previous year mainly due to increases in bank borrowings and the issue of corporate bonds.

### **3.2 Implementation of the cash dividend distribution policy during the reporting period**

The 2010 profit distribution plan was considered and approved at the annual general meeting of the Company held on 15 June 2011. Accordingly, the Company distributed a cash dividend of RMB0.05 (tax inclusive) per share to all shareholders and H share's dividends were paid in Hong Kong dollar. The relevant details were disclosed on Shanghai Securities News and websites of Shanghai Stock Exchange and Hong Kong Stock Exchange pursuant to the requirements. On 18 July 2011, A share's dividends were transferred and the cheques for H share's dividends were sent by post to all H share shareholders.



## 4 APPENDIX

### 4.1 2011 third quarterly financial statements of Maanshan Iron & Steel Company Limited

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*As at 30 September 2011*  
*Unit: RMB*

<b>Assets</b>	<b>30 September 2011 (Unaudited)</b>	<b>31 December 2010 (Audited)</b>
<b>Current assets:</b>		
Cash and bank balances	13,249,414,943	6,382,691,015
Financial assets held for trading	635,350	826,640
Bills receivable	8,007,653,761	8,374,602,622
Trade receivables	1,263,281,329	1,097,779,220
Dividends receivable	91,602,957	118,800,000
Prepayments	4,008,795,882	1,377,143,617
Other receivables	1,029,660,727	711,812,863
Inventories	15,706,195,106	12,451,795,018
<b>Total current assets</b>	<b>43,357,240,055</b>	<b>30,515,450,995</b>
<b>Non-current assets:</b>		
Long-term equity investments	1,600,685,768	1,034,491,013
Investment properties	6,251,028	6,771,343
Fixed assets	33,146,880,194	34,405,603,226
Construction materials	226,789,633	281,058,134
Construction-in-progress	3,673,168,837	1,504,328,744
Intangible assets	1,993,332,039	1,863,353,636
Deferred tax assets	484,622,387	493,868,095
<b>Total non-current assets</b>	<b>41,131,729,886</b>	<b>39,589,474,191</b>
<b>Total assets</b>	<b>84,488,969,941</b>	<b>70,104,925,186</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet (Cont'd)**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*As at 30 September 2011*  
*Unit: RMB*

<b>Liabilities and shareholders' equity</b>	<b>30 September 2011 (Unaudited)</b>	<b>31 December 2010 (Audited)</b>
<b>Current liabilities:</b>		
Short-term loans	6,799,763,131	977,093,278
Bills payable	5,013,807,864	5,269,342,225
Accounts payable	5,709,913,911	5,550,236,792
Deposits received	8,533,219,280	8,127,236,452
Payroll and benefits payable	395,541,374	284,521,457
Taxes payable	(570,627,904)	(411,180,601)
Interests payable	67,316,342	58,185,998
Dividends payable	86,584,261	506,995,720
Other payables	1,212,657,890	946,266,361
Non-current liabilities due within one year	9,617,148,709	7,857,611,313
<b>Total current liabilities</b>	<b>36,865,324,858</b>	<b>29,166,308,995</b>
<b>Non-current liabilities:</b>		
Long-term loans	11,587,635,200	11,368,731,100
Bonds payable	6,448,404,116	997,833,200
Deferred income	517,231,362	573,288,652
Deferred tax liabilities	45,969,176	—
<b>Total non-current liabilities</b>	<b>18,599,239,854</b>	<b>12,939,852,952</b>
<b>Total liabilities</b>	<b>55,464,564,712</b>	<b>42,106,161,947</b>
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	3,206,200,814	3,206,200,814
Retained profits	7,947,765,663	8,008,142,354
Exchange fluctuation reserve	10,772,404	40,704,768
Equity attributable to equity holders of the parent company	27,203,778,466	27,294,087,521
Minority interests	1,820,626,763	704,675,718
<b>Total shareholders' equity</b>	<b>29,024,405,229</b>	<b>27,998,763,239</b>
<b>Total liabilities and shareholders' equity</b>	<b>84,488,969,941</b>	<b>70,104,925,186</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	July-September 2011 (Unaudited)	January to September 2011 (Unaudited)	July-September 2010 (Unaudited)	January to September 2010 (Unaudited)
<b>Operating revenue</b>	<b>23,195,267,745</b>	<b>66,346,501,404</b>	16,997,048,782	48,673,519,748
Less: Cost of sales	22,455,173,288	63,981,703,575	16,430,662,021	45,539,196,397
Taxes and surcharges	52,132,933	183,456,511	72,678,240	246,573,631
Selling expenses	76,925,227	202,901,149	60,489,066	175,751,381
Administrative expenses	352,445,605	963,875,343	301,833,702	837,429,539
Financial expenses	225,813,608	631,230,194	140,626,639	568,715,914
Assets impairment losses	-	-	-	13,906,462
Add: Loss on changes in fair value	(118,470)	(191,290)	(185,980)	(273,900)
Investment income	37,677,694	126,271,697	33,539,757	121,239,355
including: share of profits of associates and a jointly controlled entity	29,862,149	119,247,233	33,682,026	116,583,443
<b>Operating profit</b>	<b>70,336,308</b>	<b>509,415,039</b>	24,112,891	1,412,911,879
Add: Non-operating income	27,705,694	81,610,113	40,266,017	121,545,462
Less: Non-operating expenses	1,117,814	5,722,794	140,761	558,770
including: net loss/(gain) on disposal of non-current assets	20,110	2,674,946	(352,015)	(2,470,205)
<b>Profit before tax</b>	<b>96,924,188</b>	<b>585,302,358</b>	64,238,147	1,533,898,571
<b>Less: Income tax</b>	<b>47,856,713</b>	<b>165,901,950</b>	36,482,815	426,669,382
<b>Net profit</b>	<b>49,067,475</b>	<b>419,400,408</b>	27,755,332	1,107,229,189
<b>Net profit attributable to equity holders of the parent company</b>	<b>14,604,952</b>	<b>324,657,368</b>	3,036,352	1,044,675,847
<b>Minority interests</b>	<b>34,462,523</b>	<b>94,743,040</b>	24,718,980	62,553,342

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement (Cont'd)**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	July-September 2011 (Unaudited)	January to September 2011 (Unaudited)	July-September 2010 (Unaudited)	January to September 2010 (Unaudited)
<b>Earnings per share:</b>				
Basic	<u>0.19 cents</u>	<u>4.22 cents</u>	<u>0.04 cents</u>	<u>13.57 cents</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Other comprehensive income</b>	<u>(43,062,964)</u>	<u>(29,932,364)</u>	<u>(19,228,993)</u>	<u>(38,506,385)</u>
<b>Total comprehensive income</b>	<u>6,004,511</u>	<u>389,468,044</u>	<u>8,526,339</u>	<u>1,068,722,804</u>
Including: Total comprehensive income/(loss) attributable to the shareholders of the parent company	<u>(28,458,012)</u>	<u>294,725,004</u>	<u>(16,192,641)</u>	<u>1,006,169,462</u>
Total comprehensive income attributable to the minority shareholders	<u>34,462,523</u>	<u>94,743,040</u>	<u>24,718,980</u>	<u>62,553,342</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>77,908,989,252</b>	55,387,025,974
Cash received relating to other operating activities	<b>22,693,305</b>	48,200,256
	<hr/>	<hr/>
Sub-total of cash inflows	<b>77,931,682,557</b>	55,435,226,230
	<hr/>	<hr/>
Cash paid for goods and services	<b>(71,182,039,738)</b>	(48,997,613,595)
Cash paid to and on behalf of employees	<b>(3,541,989,242)</b>	(2,730,158,562)
Cash paid for all taxes	<b>(2,035,534,596)</b>	(2,741,353,888)
Cash paid relating to other operating activities	<b>(529,642,189)</b>	(523,683,009)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(77,289,205,765)</b>	(54,992,809,054)
	<hr/>	<hr/>
Net cash flows from operating activities	<b>642,476,792</b>	442,417,176
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	<b>183,709,096</b>	146,077,882
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>65,958,415</b>	18,052,852
Cash received from decrease of pledged deposits	<b>28,720,803</b>	1,984,921,205
Cash received relating to other investing activities	<b>383,261,411</b>	49,432,000
	<hr/>	<hr/>
Sub-total of cash inflows	<b>661,649,725</b>	2,198,483,939
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(2,838,519,585)</b>	(1,156,822,720)
Cash paid for investments	<b>(537,856,917)</b>	(4,900,000)
Sub-total of cash outflows	<b>(3,376,376,502)</b>	(1,161,722,720)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>(2,714,726,777)</b>	1,036,761,219
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<b>16,404,799,353</b>	9,405,877,103
Cash received from issue of corporate bonds	<b>5,448,288,000</b>	–
Cash received from capital contribution	<b>37,500,000</b>	–
including: capital contribution by minority shareholders received by subsidiaries	<b>37,500,000</b>	–
Sub-total of cash inflows	<b>21,890,587,353</b>	9,405,877,103
Cash repayments of borrowings	<b>(11,170,437,538)</b>	(10,373,164,406)
Cash paid for distribution of dividend, profits or interest expenses	<b>(1,837,491,083)</b>	(750,730,883)
including: dividend and profit paid to minority shareholders by subsidiaries	<b>(18,872,243)</b>	(25,566,752)
Sub-total of cash outflows	<b>(13,007,928,621)</b>	(11,123,895,289)
Net cash flows from financing activities	<b>8,882,658,732</b>	(1,718,018,186)
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>56,315,181</b>	(37,805,898)
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>6,866,723,928</b>	(276,645,689)
Add: Balance of cash and cash equivalents at beginning of period	<b>6,382,691,015</b>	5,502,947,836
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>13,249,414,943</b>	5,226,302,147

# Maanshan Iron & Steel Company Limited

## Balance Sheet

(Prepared under China Accounting Standards for Business Enterprises)

As at 30 September 2011

Unit: RMB

Assets	30 September 2011 (Unaudited)	31 December 2010 (Audited)
<b>Current assets:</b>		
Cash and bank balances	8,792,798,050	3,087,223,561
Financial assets held for trading	635,350	826,640
Bills receivable	5,877,498,855	7,456,373,686
Trade receivables	1,835,471,513	2,350,835,807
Dividends receivable	165,182,039	197,494,579
Prepayments	3,622,777,730	1,278,962,474
Other receivables	68,077,117	73,786,134
Inventories	12,406,253,219	10,601,699,907
<b>Total current assets</b>	<b>32,768,693,873</b>	<b>25,047,202,788</b>
<b>Non-current assets:</b>		
Long-term equity investments	5,109,643,259	2,219,360,976
Investment properties	17,593,986	17,999,035
Fixed assets	29,196,810,212	32,075,219,828
Construction materials	222,435,791	252,574,410
Construction-in-progress	2,343,298,570	1,420,353,347
Intangible assets	1,190,973,695	1,215,033,032
Deferred tax assets	460,388,882	479,719,267
<b>Total non-current assets</b>	<b>38,541,144,395</b>	<b>37,680,259,895</b>
<b>Total assets</b>	<b>71,309,838,268</b>	<b>62,727,462,683</b>

**Maanshan Iron & Steel Company Limited**  
**Balance Sheet (Cont'd)**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*As at 30 September 2011*  
*Unit: RMB*

<b>Liabilities and shareholders' equity</b>	<b>30 September 2011 (Unaudited)</b>	<b>31 December 2010 (Audited)</b>
<b>Current liabilities:</b>		
Short-term loans	254,186,000	264,908,000
Bills payable	2,261,780,000	2,762,510,000
Accounts payable	7,953,210,697	4,730,311,762
Deposits received	6,405,903,216	6,832,999,783
Payroll and benefits payable	295,013,838	229,661,197
Taxes payable	(452,060,477)	(388,889,831)
Interests payable	67,175,559	58,022,621
Dividends payable	5,936,218	506,995,720
Other payables	566,203,675	895,353,523
Non-current liabilities due within one year	<u>9,617,148,709</u>	<u>7,843,611,313</u>
<b>Total current liabilities</b>	<u>26,974,497,435</u>	<u>23,735,484,088</u>
<b>Non-current liabilities:</b>		
Long-term loans	11,478,635,200	11,278,731,100
Bonds payable	6,448,404,116	997,833,200
Deferred tax liabilities	<u>487,254,070</u>	<u>540,572,623</u>
<b>Total non-current liabilities</b>	<u>18,414,293,386</u>	<u>12,817,136,923</u>
<b>Total liabilities</b>	<u>45,388,790,821</u>	<u>36,552,621,011</u>
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,964,168,101	2,964,168,101
Retained profits	<u>6,917,839,761</u>	<u>7,171,633,986</u>
<b>Total shareholders' equity</b>	<u>25,921,047,447</u>	<u>26,174,841,672</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>71,309,838,268</u></u>	<u><u>62,727,462,683</u></u>



## Maanshan Iron & Steel Company Limited

### Income Statement

(Prepared under China Accounting Standards for Business Enterprises)

For the nine months ended 30 September 2011

Unit: RMB

	July-September 2011 (Unaudited)	January to September 2011 (Unaudited)	July-September 2010 (Unaudited)	January to September 2010 (Unaudited)
<b>Operating revenue</b>	<b>20,789,530,379</b>	<b>59,506,718,584</b>	16,596,589,383	48,560,174,052
Less: Cost of sales	20,425,892,791	58,281,317,108	16,281,435,323	46,197,572,710
Taxes and surcharges	36,923,462	142,684,117	65,810,199	224,448,205
Selling expenses	59,885,697	173,191,003	55,435,757	159,774,812
Administrative expenses	241,285,136	697,216,603	234,415,573	658,068,598
Financial expenses	76,862,157	300,689,613	99,862,220	439,014,651
Assets impairment losses	-	-	-	13,906,462
Add: Loss on changes in fair value	(118,470)	(191,290)	(185,980)	(273,900)
Investment income	38,758,009	179,546,615	34,203,269	288,868,720
including: share of profits of associates and a jointly controlled entity	30,948,863	119,247,233	34,203,268	116,432,115
<b>Operating profit/(loss)</b>	<b>(12,679,325)</b>	<b>90,975,465</b>	(106,352,400)	1,155,983,434
Add: Non-operating income	19,545,859	61,549,370	21,874,464	93,784,306
Less: Non-operating expenses	279,316	1,954,616	139,911	519,518
including: net loss/(gain) on disposal of non-current assets	19,622	(2,980,260)	(339,959)	(1,687,044)
<b>Profit/(loss) before tax</b>	<b>6,587,218</b>	<b>150,570,219</b>	(84,617,847)	1,249,248,222
Less: Income tax	1,646,805	19,330,385	-	328,086,567
<b>Net profit/(loss)</b>	<b>4,940,413</b>	<b>131,239,834</b>	(84,617,847)	921,161,655
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	-	-
<b>Total comprehensive income/(loss)</b>	<b>4,940,413</b>	<b>131,239,834</b>	(84,617,847)	921,161,655

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>70,782,891,138</b>	54,802,338,203
Cash received relating to other operating activities	<b>5,371,300</b>	34,353,370
	<hr/>	<hr/>
Sub-total of cash inflows	<b>70,788,262,438</b>	54,836,691,573
	<hr/>	<hr/>
Cash paid for goods and services	<b>(61,809,646,658)</b>	(49,989,246,921)
Cash paid to and on behalf of employees	<b>(2,682,425,859)</b>	(2,535,001,911)
Cash paid for all taxes	<b>(1,519,338,517)</b>	(2,517,504,525)
Cash paid relating to other operating activities	<b>(528,548,956)</b>	(467,852,908)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(66,539,959,990)</b>	(55,509,606,265)
	<hr/>	<hr/>
Net cash flows from operating activities	<b>4,248,302,448</b>	(672,914,692)
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	<b>242,099,511</b>	144,146,484
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>321,633,361</b>	1,687,044
Cash received from decrease of pledged deposits	–	2,049,545,713
Cash received relating to other investing activities	–	34,170,000
	<hr/>	<hr/>
Sub-total of cash inflows	<b>563,732,872</b>	2,229,549,241
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(2,175,395,142)</b>	(976,843,863)
Cash paid for investments	<b>(2,861,944,444)</b>	–
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(5,037,339,586)</b>	(976,843,863)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>(4,473,606,714)</b>	1,252,705,378
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
*(Prepared under China Accounting Standards for Business Enterprises)*  
*For the nine months ended 30 September 2011*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<b>11,446,407,500</b>	8,512,015,700
Cash received from issue of corporate bonds	<b>5,448,288,000</b>	–
	<hr/>	<hr/>
Sub-total of cash inflows	<b>16,894,695,500</b>	8,512,015,700
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(9,563,126,100)</b>	(9,461,635,000)
Cash paid for distribution of dividend, profits or interest expenses	<b>(1,486,938,188)</b>	(678,736,312)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(11,050,064,288)</b>	(10,140,371,312)
	<hr/>	<hr/>
Net cash flows from financing activities	<b>5,844,631,212</b>	(1,628,355,612)
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>86,247,543</b>	(8,969,444)
	<hr/>	<hr/>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>5,705,574,489</b>	(1,057,534,370)
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>3,087,223,561</b>	3,759,523,396
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>8,792,798,050</b>	2,701,989,026
	<hr/> <hr/>	<hr/> <hr/>

#### **4.2 Change in accounting policy and its effect**

During the period, there is no change to the Group's accounting policies or accounting estimates as compared to the latest financial reports.

#### **4.3 Change in the scope of consolidation**

During the reporting period, there is no change to the consolidation scope of the Group's financial statements as compared to the latest financial reports.

By order of the Boards  
**Su Jiangan**  
*Chairman*

20 October 2011

Maanshan City, Anhui Province, the PRC

As at the date of this announcement, the directors of the Company include:

*Executive Directors: Su Jiangan, Qian Haifan, Ren Tianbao*

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Wu Tat Man Damon Albert*