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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  
2012 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 Jiangang    |
| Name of the person overseeing the accounting operations   | Qian Haifan    |
| Name of the person-in-charge of the Accounting Department | Zhang Qianchun |

Mr. Su Jiangang, the person-in-charge of the Company, Mr. Qian Haifan, the person overseeing of 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 statements 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	Currency: RMB Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB'000)	79,901,066	82,092,717	-2.67
Owners' equity (or shareholders' equity) (RMB'000)	23,841,640	27,380,277	-12.92
Net assets per share attributable to shareholders of the Company (RMB/share)	3.096	3.556	-12.94
	<b>Beginning of the year to the end of the reporting period (January to September)</b>		<b>Increase/(decrease) as compared to the same period of the previous year (%)</b>
Net cash flows from operating activities (RMB)		3,372,400,933	424.91
Net cash flows per share from operating activities (RMB/share)		0.438	427.71
	<b>Reporting period (July to September)</b>	<b>Beginning of the year to the end of the reporting period (January to September)</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)	-1,244,869,504	-3,137,548,514	-8,623.6
Basic earnings per share (RMB/share)	-0.1617	-0.4074	-8,610.5
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	-	-0.4160	Not applicable
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Return on net assets – Weighted average (%)	-5.09	-4.86	Decreased by 5.14 percentage points
Return on net assets excluding non-recurring gains or losses – Weighted average (%)	-	-5.12	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 (January to September)</b>
Gains or losses from disposal of non-current assets	-1,190,470
Subsidy income accounted for in the profit and loss account for the reporting period	41,449,605
Gains or losses from change in fair value	-40,840
Other non-operating income and expenses other than the above items	-1,909,378
Amortisation of deferred income	63,759,342
Investment income – others	122,471
Income tax effect	-25,369,358
Effect on minority interests (After tax)	-10,723,419
Total	66,097,953

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

*Unit: Shares*

**Total number of shareholders as at the end of the reporting period** 360,654

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

<b>Name of shareholder</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	1,706,547,898	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
王勇	20,700,000	RMB-denominated ordinary shares
白計平	8,209,900	RMB-denominated ordinary shares
何文華	8,188,110	RMB-denominated ordinary shares
中國建設銀行股份有限公司－信誠優勝精選股票型證券投資基金	7,628,376	RMB-denominated ordinary shares
張俊英	7,520,000	RMB-denominated ordinary shares
鐘奇光	7,095,900	RMB-denominated ordinary shares
張武	6,600,000	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 reporting period, the debt crisis in Europe continued, the risk of having global economic downturn increased. At the end of September, the price index for international steel products was 175.5, down 13.84% year-on-year, representing a decrease of 5.70% as compared to the end of June. The growth of China's domestic economy continued to decline, and downstream demand was weak. The prices of steel products in July and August fell significantly. Affected by factors such as the approval of infrastructure project on a large scale in September, there was a slight pickup. At the end of September, the price index for domestic steel products was 102.45, down 22.56% year-on-year, representing a decrease of 11.28% as compared to the end of June. During the reporting period, prices of raw materials and fuels recorded an overall fall, and production costs for iron and steel enterprises decreased, resulting in a fall in the Company's consolidated procurement costs.

During the reporting period, the Company and its subsidiaries (the "Group") produced 4,410,000 tonnes of pig iron, representing an increase of approximately 5.50% year-on-year. And the Company produced 4,380,000 tonnes of crude steel and 4,110,000 tonnes of steel products, representing year-on-year decreases of approximately 0.68% and 4.42% respectively. During the reporting period, under the PRC Accounting Standards, the Group's operating revenue decreased by 9.63% year-on-year, mainly due to a decrease in the sales prices of steel products. Net profit attributable to shareholders of the Company recorded a net loss of RMB1,244.87 million, representing a decrease of 8,623.6% year-on-year, primarily due to the fact that the decrease in the prices of steel products was greater than the decrease in the prices of raw materials and fuels.

In the fourth quarter, on the basis of ensuring stable and smooth production, the Company will continue to increase the efficiency of the production and supply coordination; enhance the operation outcome of low inventory level; strengthen the research and production and marketing coordination; expand the sales channels construction and clients establishment; increase the proportion of the high value added products; carried out potential unleashing and benchmarking; strive to lower the production costs.

Items with more than 30% changes as compared to the end of 2011 in the consolidated financial statements and the reasons for such changes:

- (1) Dividends receivable decreased by 53.15% compared to the end of last year, mainly as a result of the receipt of the dividend declared but not paid in respect of the previous year from the associated company Jiyuan City Jinma Coking Limited and Henan Longyu Energy Resources Co., Ltd. accounted by cost method.
- (2) Loans and advances granted increased by 10.94 times compared to the end of last year, mainly as a result of the increase of the business of discounting bills of finance company.

- (3) Construction materials increased by 134.66% compared to the end of last year, mainly as a result of the increase of the engineering equipment procured by the Company and the subsidiaries for engineering projects.
- (4) Deposits taken decreased by 43.35% compared to the end of last year, mainly as a result of the decrease of the deposits received by the finance companies.
- (5) Repurchased finance assets sold increased by 253.19% compared to the end of last year, mainly as a result of the increase of the bills financing business.
- (6) Account receivables increased by 32.88% compared to the end of last year, mainly as a result of the increase of the unsettled amount for the procurement of raw materials.
- (7) Taxes payable decreased by 58.54% as compared to the end of the previous year mainly due to an increase in deductible input tax of VAT.
- (8) Other payables increased by 31.57% compared to the end of last year, mainly as a result of the decrease of steel price resulting in the increased difference between selling prices of steel provided but not paid.
- (9) Non-current liabilities due within one year decreased by 50.89% as compared to the end of the previous year mainly due to the repayment of long-term loans due within one year during the period.
- (10) Retained profits decreased by 42.05% compared to the end of last year, mainly as a result of the decrease in the total profit during the period.
- (11) Exchange fluctuation reserve increased by 117.08% compared to the end of last year, mainly due to the appreciation of exchange rates of the book entry currency by some overseas subsidiaries against RMB.

Items with more than 30% changes as compared to January to September of 2011 in the consolidated financial statements and the reasons for such changes:

- (1) Taxes and surcharges decreased by 36.67% as compared to the same period of the previous year mainly due to decreases in city maintenance and construction taxes, education taxes payable, and local education taxes payable as a result of a decrease in VAT payable during the period as compared to the same period of the previous year, which was because of a decrease in profit margin.
- (2) Selling expenses increased by 32.33%, mainly as a result of the increase in shipping expenses arising from increased export sales and increased sales of Anhui Chang Jiang Steel.
- (3) Administrative expenses increased by 3.31% compared to the end of last year, mainly as a result of the expenses of consolidating Anhui Chang Jiang Steel.

- (4) Financial expenses increased by 84.98% compared to the end of last year, mainly as a result of the increase of loans and company bonds during this period, and the increase in loss from US dollar loan exchange rate which is caused by the extent of decrease of exchange rate in US dollar against Renminbi lesser year-on-year.
- (5) Assets impairment losses increased by 100% compared to the corresponding period of last year mainly because the increase in the provision of price decreases in inventory during this period.
- (6) Loss on fair value changes decreased by 78.65% compared to the corresponding period of last year, mainly as a result of the increase in the prices of shares held by the Company during the period.
- (7) Investment income decreased by 30.36% as compared to the same period of the previous year mainly due to decreases in profits of associates during the period as compared to the same period of the previous year as a result of the overall decline of the results performance of iron and steel industry.
- (8) Non-operating income increased by 29.83% compared to the corresponding period of last year, mainly as a result of the increase of refund of taxes to subsidiaries.
- (9) Non-operating expenses decreased by 32.75% compared to the corresponding period of last year, mainly as a result of the decrease in loss on the disposal of fixed assets.
- (10) Income tax expenses decreased by 43.04% compared to the corresponding period of last year, mainly as a result of the decrease in total profit during the period.
- (11) Minority interests decreased by 72.72% compared to the corresponding period of last year, mainly as a result of the decrease of net profit realized by non-wholly owned subsidiaries during the period.
- (12) Net cash flows from operating activities increased by 424.91% as compared to the same period of the previous year mainly due to decreases in cash paid for goods and services.
- (13) Net cash flows from investing activities decreased by 113.82% as compared to the same period of the previous year mainly as a result of the increase of the net cash from restricted monetary funds.
- (14) Net cash flows from financing activities decreased by 131.89% as compared to the same period of the previous year mainly as a result of the decrease of the cash received from the issue of company bonds.

### **3.2 Progress of significant matters and its impact and solution analysis**

1. Litigation involving the subsidiary Maanshan Masteel Yuyuan Logistics Co., Ltd. (“Logistic Company”) and the application of restructuring

The details of the civil action involving Logistics Company was disclosed by the Board of Directors of the Company in the announcement on 25 September 2012, and the Company also disclosed the restructuring of Logistics Company in the announcements on 9 October 2012 and 13 October 2012. Meanwhile, the Logistics Company is carrying out the restructuring work under the steering of the court. As the time of filing the civil action by the Logistics Company is so close to the third quarterly balance sheet date and the date for third quarterly financial report to be approved by the Company, the Logistics Company is organizing effort to investigate, call or preserve the related effective assets, therefore the prepayment and the present value of the future cash flow receivables cannot be reliably and accurately measured at present, and the case is yet to be tried by the court. Moreover, since the restructuring of the Logistics Company has just begun, the provision for losses cannot be reliably and accurately measured and provided in the Company’s accounting statements and the combined accounting statements in the third quarterly financial report at the moment. As a result, the impact of the trade disputes of the Logistics Company on the profit for the current period and subsequent period of the Company cannot be assessed at present.

2. Director of the Company, General Manager Mr. Qian Haifan was appointed as Director of Magang (Group) Holding Company Ltd.

### **3.3 The warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or significant changes over the corresponding period last year**

Given the overall continuous rebound of the steel prices since October, the steel market has restored to a certain extent, and it is expected that the magnitude of the Company’s losses in the fourth quarter may be reduced. Based on the above, the Company expects to record a loss of accumulated net profit from the beginning to the end of the year.

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

The Company did not distribute any cash dividend in the year 2011 and the first half of 2012. During the reporting period, the Company did not distribute any cash dividend either.



## 4 APPENDIX

### 4.1 2012 third quarterly financial statements of Maanshan Iron & Steel Company Limited (Prepared under PRC Accounting Standards for Business Enterprises)

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet**  
*30 September 2012*  
*Unit: RMB*

<b>Assets</b>	<b>30 September 2012 Unaudited</b>	<b>31 December 2011 Audited (Restated)</b>
<b>Current assets:</b>		
Cash and bank balances	7,575,755,709	10,611,862,099
Financial assets held-for-trading	567,140	607,980
Bills receivable	10,171,478,964	9,034,711,272
Trade receivables	1,903,478,990	1,883,404,218
Dividends receivable	46,800,000	99,902,452
Prepayments	3,707,947,517	3,651,999,532
Other receivables	575,886,569	694,493,241
Inventories	12,161,188,185	14,132,127,677
Other current assets	1,085,000,000	875,000,000
<b>Total current assets</b>	<b>37,228,103,074</b>	<b>40,984,108,471</b>
<b>Non-current assets:</b>		
Granting of loans and advances	68,951,350	5,774,836
Long-term equity investments	1,266,259,792	1,113,949,039
Investment properties	4,241,654	4,540,409
Fixed assets	32,977,374,595	32,418,075,602
Construction materials	622,673,642	265,351,474
Construction-in-progress	5,136,848,238	4,672,053,374
Intangible assets	1,971,551,177	2,002,437,828
Deferred tax assets	625,062,746	626,426,316
<b>Total non-current assets</b>	<b>42,672,963,194</b>	<b>41,108,608,878</b>
<b>Total assets</b>	<b>79,901,066,268</b>	<b>82,092,717,349</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet** (*Cont'd*)  
30 September 2012  
Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>30 September 2012 Unaudited</b>	<b>31 December 2011 Audited (Restated)</b>
<b>Current liabilities:</b>		
Taking of deposits	395,404,444	697,944,982
Amounts from sale of financial assets repurchased	240,806,443	68,180,659
Short-term loans	5,398,073,223	5,822,785,816
Bills payable	5,648,924,175	5,142,687,963
Accounts payable	9,341,799,699	7,030,282,017
Deposits received	7,256,297,794	7,028,115,939
Payroll and benefits payable	282,221,228	243,707,642
Taxes payable	(515,936,772)	(325,437,540)
Interests payable	252,423,100	218,784,755
Dividends payable	86,810,588	80,281,968
Other payables	962,885,242	731,863,459
Non-current liabilities due within one year	1,316,632,500	2,681,045,000
Other current liabilities	1,085,000,000	875,000,000
<b>Total current liabilities</b>	<b>31,751,341,664</b>	<b>30,295,242,660</b>
<b>Non-current liabilities:</b>		
Long-term loans	13,052,227,000	12,506,772,000
Bonds payable	8,257,716,840	9,243,722,051
Deferred income	501,422,293	552,778,524
Deferred tax liabilities	49,852,832	44,328,987
<b>Total non-current liabilities</b>	<b>21,861,218,965</b>	<b>22,347,601,562</b>
<b>Total liabilities</b>	<b>53,612,560,629</b>	<b>52,642,844,222</b>
<b>Shareholders' equity:</b>		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,329,067,663	8,758,358,399
Surplus reserves	3,452,652,624	3,444,264,492
Retained profits	4,323,455,628	7,460,489,084
Exchange fluctuation reserve	35,783,231	16,483,680
Total equity attributable to equity holders of the parent company	<b>23,841,640,332</b>	<b>27,380,276,841</b>
Minority interests	2,446,865,307	2,069,596,286
<b>Total shareholders' equity</b>	<b>26,288,505,639</b>	<b>29,449,873,127</b>
<b>Total liabilities and shareholders' equity</b>	<b>79,901,066,268</b>	<b>82,092,717,349</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	July – September 2012 Unaudited	January – September 2012 Unaudited	July – September 2011 Unaudited	January – September 2011 Unaudited
<b>Operating revenue</b>	19,368,539,202	59,955,422,559	23,195,267,745	66,346,501,404
Less: Cost of sales	19,283,215,276	59,450,978,282	22,455,173,288	63,981,703,575
Taxes and surcharges	25,762,145	116,180,135	52,132,933	183,456,511
Selling expenses	88,285,714	268,495,502	76,925,227	202,901,149
Administrative expenses	320,086,348	995,789,588	352,445,605	963,875,343
Financial expenses	359,537,061	1,167,620,214	225,813,608	631,230,194
Assets impairment losses	576,632,072	1,163,564,576	–	–
Add: Loss on changes in fair value	(16,300)	(40,840)	(118,470)	(191,290)
Investment income	34,369,424	87,929,944	37,677,694	126,271,697
Including: Share of profits of associates and a jointly controlled entity	16,884,955	70,323,003	29,862,149	119,247,233
<b>Operating profit/(loss)</b>	<u>(1,250,626,290)</u>	<u>(3,119,316,634)</u>	70,336,308	509,415,039
Add: Non-operating income	38,492,468	105,957,781	27,705,694	81,610,113
Less: Non-operating expenses	2,065,089	3,848,681	1,117,814	5,722,794
Including: Net loss on disposal	2,071,490	1,190,470	20,110	2,674,946
<b>Profit/(loss) before tax</b>	<u>(1,214,198,911)</u>	<u>(3,017,207,534)</u>	96,924,188	585,302,358
<b>Less: Income tax expense</b>	<u>22,767,758</u>	<u>94,492,726</u>	47,856,713	165,901,950
<b>Net profit/(loss)</b>	<u><u>(1,236,966,669)</u></u>	<u><u>(3,111,700,260)</u></u>	<u><u>49,067,475</u></u>	<u><u>419,400,408</u></u>
Including: Net profit realized by the merged party in an amalgamation under common control prior to amalgamation	–	11,496,935	–	–
<b>Net profit/(loss) attributable to equity holders of the parent company</b>	<u>(1,244,869,504)</u>	<u>(3,137,548,514)</u>	14,604,952	324,657,368
<b>Minority interests</b>	<u>7,902,835</u>	<u>25,848,254</u>	34,462,523	94,743,040

**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement (Cont'd)**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	July – September 2012 Unaudited	January – September 2012 Unaudited	July – September 2011 Unaudited	January – September 2011 Unaudited
<b>Earnings per share:</b>				
Basic earnings per share (cents)	(16.17)	(40.74)	0.19	4.22
Diluted earnings per share	Not applicable	Not applicable	Not applicable	Not applicable
<b>Other comprehensive income</b>	25,791,765	19,299,551	(43,062,964)	(29,932,364)
<b>Total comprehensive income</b>	(1,211,174,904)	(3,092,400,709)	6,004,511	389,468,044
Including: Total comprehensive income attributable to the shareholders of the parent company	(1,219,077,739)	(3,118,248,963)	(28,458,012)	294,725,004
Total comprehensive income attributable to the minority shareholders	7,902,835	25,848,254	34,462,523	94,743,040

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2012</b>	<b>2011</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	69,221,484,821	77,908,989,252
Refunds of tax received	31,484,392	–
Net increase in sale of financial assets repurchased	172,625,784	–
Cash received from the interests, fees and commission charged	56,715,063	–
Cash received relating to other operating activities	11,973,919	22,693,305
Sub-total of cash inflows	<u>69,494,283,979</u>	<u>77,931,682,557</u>
Cash paid for goods and services	(60,550,007,780)	(71,182,039,738)
Cash paid to and on behalf of employees	(3,468,652,328)	(3,541,989,242)
Cash paid for all taxes	(1,330,303,128)	(2,035,534,596)
Net increase in loans and advances granted	(97,381,771)	–
Net decrease in deposits taken	(302,540,537)	–
Cash used in the payment of interests, fees and commission	(8,627,905)	–
Cash paid relating to other operating activities	(364,369,597)	(529,642,189)
Sub-total of cash outflows	<u>(66,121,883,046)</u>	<u>(77,289,205,765)</u>
Net cash flows from operating activities	<u>3,372,400,933</u>	<u>642,476,792</u>
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	171,953,086	183,709,096
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	11,913,876	65,958,415
Cash received from the decrease in pledged deposits	–	28,720,803
Other cash received in relation to investing	11,280,000	383,261,411
Sub-total of cash inflows	<u>195,146,962</u>	<u>661,649,725</u>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(3,252,825,638)	(2,838,519,585)
Cash paid for investments	(94,618,329)	(537,856,917)
Net cash from the increase of restricted use of monetary	(2,223,136,970)	–
Cash paid for the acquisition of subsidiaries	(429,290,736)	–
Sub-total of cash outflows	<u>(5,999,871,673)</u>	<u>(3,376,376,502)</u>
Net cash flows from investing activities	<u>(5,804,724,711)</u>	<u>(2,714,726,777)</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement (Cont'd)**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2012</b>	2011
	<b>unaudited</b>	unaudited
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowing	<b>27,170,985,265</b>	16,404,799,353
Cash received from the issuance of company bonds	–	5,448,288,000
Cash received from the absorption of investments	<b>378,000,000</b>	37,500,000
Including: Cash received from the absorption of minority investments by subsidiaries	<b>378,000,000</b>	37,500,000
Sub-total of cash outflows	<b>27,548,985,265</b>	21,890,587,353
Cash repayments of borrowings	<b>(29,161,119,752)</b>	(11,170,437,538)
Cash paid for distribution of dividend, profits or interest expenses	<b>(1,220,820,893)</b>	(1,837,491,083)
Including: dividends and profits paid by subsidiaries to minority shareholders	<b>(20,261,168)</b>	(18,872,243)
Sub-total of cash outflows	<b>(30,381,940,645)</b>	(13,007,928,621)
Net cash flows from financing activities	<b>(2,832,955,380)</b>	8,882,658,732
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>6,035,798</b>	56,315,181
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,259,243,360)</b>	6,866,723,928
Add: Balance of cash and cash equivalents at beginning of period	<b>9,302,476,206</b>	6,382,691,015
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>4,043,232,846</b>	13,249,414,943

**Maanshan Iron & Steel Company Limited**  
**Balance Sheet**  
*30 September 2012*  
*Unit: RMB*

<b>Assets</b>	<b>30 September 2012 Unaudited</b>	31 December 2011 Audited
<b>Current assets:</b>		
Cash and bank balances	4,210,095,461	4,768,791,715
Financial assets held-for-trading	567,140	607,980
Bills receivable	7,359,895,789	6,866,227,009
Trade receivables	2,204,918,913	2,412,923,730
Dividends receivable	153,024,373	152,701,212
Prepayments	2,113,846,231	3,035,017,626
Other receivables	292,012,430	87,210,086
Inventories	8,542,695,823	10,433,971,452
	<hr/>	<hr/>
<b>Total current assets</b>	<b>24,877,056,160</b>	<b>27,757,450,810</b>
	<hr/>	<hr/>
<b>Non-current assets:</b>		
Long-term equity investments	6,975,797,657	5,408,814,497
Investment properties	17,188,937	17,593,986
Fixed assets	28,432,984,128	28,163,111,487
Construction materials	402,523,616	282,303,496
Construction-in-progress	3,302,452,034	3,415,642,243
Intangible assets	1,158,894,578	1,182,953,916
Deferred tax assets	594,159,523	597,145,110
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>40,884,000,473</b>	<b>39,067,564,735</b>
	<hr/>	<hr/>
<b>Total assets</b>	<b>65,761,056,633</b>	<b>66,825,015,545</b>
	<hr/> <hr/>	<hr/> <hr/>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet** (*Cont'd*)  
30 September 2012  
Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>30 September 2012 Unaudited</b>	31 December 2011 Audited
<b>Current liabilities:</b>		
Short-term loans	1,885,826,040	720,152,772
Bills payable	2,047,217,879	2,219,224,949
Accounts payable	8,305,269,680	6,868,767,357
Deposits received	4,862,164,360	5,644,238,568
Payroll and benefits payable	163,728,062	175,902,146
Taxes payable	(349,461,461)	(388,139,010)
Interests payable	247,836,342	215,949,993
Dividends payable	6,146,772	5,936,218
Other payables	744,265,022	564,693,699
Non-current liabilities due within one year	1,316,632,500	2,681,045,000
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>19,229,625,196</b>	18,707,771,692
	<hr/>	<hr/>
<b>Non-current liabilities:</b>		
Long-term loans	15,415,732,000	12,838,172,000
Bonds payable	8,257,716,840	9,243,722,051
Deferred income	473,884,151	523,714,144
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>24,147,332,991</b>	22,605,608,195
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>43,376,958,187</b>	41,313,379,887
	<hr/>	<hr/>
<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	3,380,890,760	6,508,427,972
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>22,384,098,446</b>	25,511,635,658
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>65,761,056,633</b>	66,825,015,545
	<hr/> <hr/>	<hr/> <hr/>



**Maanshan Iron & Steel Company Limited**  
**Consolidated Income Statement**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	July – September 2012 Unaudited	January – September 2012 Unaudited	July – September 2011 Unaudited	January – September 2011 Unaudited
<b>Operating revenue</b>	14,249,844,520	46,469,631,028	20,789,530,379	59,506,718,584
Less: Cost of sales	14,387,791,493	46,851,063,890	20,425,892,791	58,281,317,108
Taxes and surcharges	14,175,033	73,115,658	36,923,462	142,684,117
Selling expenses	62,844,083	199,477,628	59,885,697	173,191,003
Administrative expenses	203,876,731	640,052,715	241,285,136	697,216,603
Financial expenses	337,760,921	1,017,826,353	76,862,157	300,689,613
Assets impairment losses	571,523,329	1,128,182,146	–	–
Add: Loss on changes in fair value	(16,300)	(40,840)	(118,470)	(191,290)
Investment income	48,351,805	256,173,542	38,758,009	179,546,615
Including: Share of profits of associates and a jointly controlled entity	16,884,955	77,699,950	30,948,863	119,247,233
<b>Operating profit/(loss)</b>	<b>(1,279,791,565)</b>	<b>(3,183,954,660)</b>	<b>(12,679,325)</b>	<b>90,975,465</b>
Add: Non-operating income	19,790,253	60,973,232	19,545,859	61,549,370
Less: Non-operating expenses	748,433	1,498,684	279,316	1,954,616
Including: Net loss/(gain) on disposal of non-current assets	1,790,229	547,813	19,622	(2,980,260)
<b>Profit/(loss) before tax</b>	<b>(1,260,749,745)</b>	<b>(3,124,480,112)</b>	<b>6,587,218</b>	<b>150,570,219</b>
Less: Income tax expense	20,532	3,057,100	1,646,805	19,330,385
<b>Net profit/(loss)</b>	<b>(1,260,770,277)</b>	<b>(3,127,537,212)</b>	<b>4,940,413</b>	<b>131,239,834</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income/(loss)</b>	<b>(1,260,770,277)</b>	<b>(3,127,537,212)</b>	<b>4,940,413</b>	<b>131,239,834</b>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2012</b>	2011
	<b>unaudited</b>	unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>53,037,200,093</b>	70,782,891,138
Cash received relating to other operating activities	–	5,371,300
	<hr/>	<hr/>
Sub-total of cash inflows	<b>53,037,200,093</b>	70,788,262,438
	<hr/>	<hr/>
Cash paid for goods and services	<b>(47,753,484,732)</b>	(61,809,646,658)
Cash paid to and on behalf of employees	<b>(2,707,435,219)</b>	(2,682,425,859)
Cash paid for all taxes	<b>(646,344,222)</b>	(1,519,338,517)
Cash paid relating to other operating activities	<b>(368,242,653)</b>	(528,548,956)
	<hr/>	<hr/>
Sub-total of cash inflows	<b>(51,475,506,826)</b>	(66,539,959,990)
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	<b>1,561,693,267</b>	4,248,302,448
	<hr/>	<hr/>
<b>2. Cash flows from investing activities:</b>		
Cash received from returns on investments	<b>300,926,670</b>	242,099,511
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>11,913,876</b>	321,633,361
Other cash received related to investing activities	<b>11,280,000</b>	–
	<hr/>	<hr/>
Sub-total of cash inflows	<b>324,120,546</b>	563,732,872
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(1,237,233,570)</b>	(2,175,395,142)
Cash paid for investments	<b>(1,512,800,607)</b>	(2,861,944,444)
	<hr/>	<hr/>
Net cash from increase of restricted use of monetary funds	<b>(800,000,000)</b>	–
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(3,550,034,177)</b>	(5,037,339,586)
	<hr/>	<hr/>
Net cash flows from investing activities	<b>(3,225,913,631)</b>	(4,473,606,714)
	<hr/>	<hr/>

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
*For the nine months ended 30 September 2012*  
*Unit: RMB*

	<b>For the nine months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>unaudited</b>	<b>unaudited</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<b>22,838,945,489</b>	11,446,407,500
Cash received from the issuance of company bonds	–	5,448,288,000
	<hr/>	<hr/>
Sub-total of cash inflows	<b>22,838,945,489</b>	16,894,695,500
	<hr/>	<hr/>
Cash repayments of borrowings	<b>(21,459,707,222)</b>	(9,563,126,100)
Cash paid for distribution of dividend, profits or interest expenses	<b>(1,060,450,405)</b>	(1,486,938,188)
	<hr/>	<hr/>
Sub-total of cash outflows	<b>(22,520,157,627)</b>	(11,050,064,288)
	<hr/>	<hr/>
Net cash flows from financing activities	<b>318,787,862</b>	5,844,631,212
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(13,263,752)</b>	86,247,543
	<hr/>	<hr/>
<b>5. Net increase in cash and cash equivalents</b>	<b>(1,358,696,254)</b>	5,705,574,489
	<hr/>	<hr/>
Add: Balance of cash and cash equivalents at beginning of period	<b>4,768,791,715</b>	3,087,223,561
	<hr/>	<hr/>
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>3,410,095,461</b>	8,792,798,050
	<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**

In August 2012, the Company set up Maanshan Iron and Steel Materials Technology (Hefei) Co., Ltd. (馬鋼(合肥)材料科技有限公司) with an investment of RMB 70 million, which is included in amalgamation during this period.

Beside the above, 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 Board  
**Su Jiangang**  
*Chairman*

25 October 2012

Maanshan City, Anhui Province, the PRC

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

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

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Qin Tongzhou, Yang Yada, Liu Fangduan*