



**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: 323)**

**PRICE-SENSITIVE INFORMATION**  
**OVERSEAS REGULATORY ANNOUNCEMENT**  
**2008 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 of Directors”), the supervisory committee and directors, 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 jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 Mr. Gu Jianguo, Chairman, Mr. Gu Zhanggen, Deputy Chairman, and Mr. Su Yong, Independent Non-executive Director, were unavailable for attending the Board meeting due to business trip; and Mr. Gu Jianguo and Mr. Gu Zhanggen had appointed Mr. Su Jiangan, Director and General Manager, to attend the meeting and vote on their behalf; Mr. Su Yong had appointed Mr. Han Yi, Independent Non-executive Director, to attend the meeting and vote on his behalf.
- 1.3 Mr. Su Jiangan, authorised representative of the person-in-charge of the Company, and the overseer of accounting operations, and Mr. Guan Yagan, person-in-charge of the Accounting Department, make representations in respect of the truthfulness and completeness of the financial statements contained in the quarterly report.
- 1.4 The financial statements contained in this quarterly report have been prepared in accordance with PRC Accounting Standards for Business Enterprises. They have not been audited, but have been reviewed by the Company’s audit committee.

## 2. BASIC INFORMATION OF THE COMPANY

### 2.1 Major accounting data and financial indicators (unaudited)

	As at the end of the reporting period	As at the end of the previous year	<i>Unit: RMB</i> Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets	75,143,880,605	71,126,023,549	5.65
Shareholders' equity attributable to shareholders of the Company	25,160,304,174	23,017,263,567	7.23
Net assets per share attributable to shareholders of the Company	3.72	3.41	9.09
	Beginning of the year to the end of the reporting period		Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities		7,790,569,792	605.32
Net cash flows per share from operating activities		1.153	573.85

	Reporting period	Beginning of the year to the end of the reporting period	Increase/(decrease) of the reporting period as compared to the corresponding period of the previous year (%)
Net profit attributable to the shareholders of the Company	786,695,127	3,047,973,508	56.47
Basic earnings per share	0.1164	0.4510	49.42
Basic earnings per share excluding non-recurring gains or losses	–	0.4397	–
Diluted earnings per share	0.1130	0.4376	66.42
Return on net assets - Fully diluted (%)	3.13	12.11	an increase of 0.86 percentage point
Return on net assets excluding non-recurring gains or losses – Fully diluted (%)	–	11.81	–

**Item of non-recurring gains or losses**

**Amount (from the beginning of the year to the end  
of the reporting period)**

Net gains/losses on disposal of non-current fixed assets	4,108,889
Subsidy income	92,732,329
Other non-operating income and expenses	2,452,164
Gains/losses on debt restructuring	307,753
Income tax effect	(12,416,805)
Non-recurring gains or losses attributable to minority shareholders of the Company after excluding the effect of tax expenses	(10,670,819)
Non-recurring gains or losses attributable to shareholders of the Company after excluding the effect of tax expenses	76,513,511

## 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*

<b>Total number of shareholders at the end of the reporting period</b>	As at the end of the reporting period, the Company had a total of 346,557 shareholders, including 345,131 A share holders and 1,426 H share holders.
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### Top ten holders of circulating shares not subject to selling restrictions

Name of shareholder	Number of circulating shares held	Type of shares
HKSCC (Nominees) Limited	1,708,170,966	Overseas-listed foreign shares
鵬華價值優勢股票型證券投資基金	28,000,000	RMB-denominated ordinary shares
上投摩根中國優勢證券投資基金	22,499,880	RMB-denominated ordinary shares
光大保德信量化核心證券投資	20,552,050	RMB-denominated ordinary shares
易方達價值成長混合型證券投資基金	15,500,000	RMB-denominated ordinary shares
上證紅利交易型開放式指數證券投資基金	15,355,709	RMB-denominated ordinary shares
易方達策略成長證券投資基金	14,928,671	RMB-denominated ordinary shares
易方達策略成長二號混合型證券投資基金	14,882,275	RMB-denominated ordinary shares
Magang (Group) Holding Company Limited	13,760,000	RMB-denominated ordinary shares
嘉實滬深300指數證券投資基金	10,967,109	RMB-denominated ordinary shares

### **3. SIGNIFICANT MATTERS**

#### **3.1 Management Discussion and Analysis**

During the reporting period, the US subprime mortgage crisis continued to deteriorate, which led to continued turbulence in the financial markets worldwide and a further slowdown in growth for the international economy. Demands in the international steel market saw a decline with falling steel prices. Investment in fixed assets in the PRC registered a slowing growth, while demands in the domestic steel market decreased and steel product prices saw a drastic drop. Inevitably, companies recorded sharply falling profits. Faced with such market changes, the Company strove to mitigate the negative effects caused by the substantial fluctuations in steel product prices and achieved good production and operation results through flexibly adjusting production plans and sales strategies.

During the reporting period, the Group produced 3,750,000 tonnes of pig iron, 4,080,000 tonnes of crude steel and 3,810,000 tonnes of steel products, representing year-on-year increases of approximately 5.63%, 4.08% and 4.67% respectively. During the reporting period, under PRC Accounting Standards for Business Enterprises, the Group's operating revenue amounted to RMB19,871 million, representing an increase of 44.68% year-on-year and net profit attributable to shareholders of the Company amounted to RMB787 million, representing an increase of 56.47% year-on-year, primarily due to increase in sales volume of steel products of the Company during the reporting period.

The decreasing demand in the steel market is expected to continue for a period of time. The Company will adhere to its policy of "Basing production on sales" in order to maintain its market share. It will continue to enhance the quality of products, strengthen management, reduce cost and maximise efficiency, with a view to easing the pressure exerted by the market and ensuring the stability of production and operation.

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

- Items with more than 30% changes as compared to the end of 2007 in the consolidated financial statements and the reasons for such changes:

<b>Account item</b>	<b>Change</b>	<b>Reason for changes</b>
Trading financial assets	-33.80%	Decrease in the prices of shares held by the Company during the period.
Bills receivable	-35.65%	Increase in the amount of bills discounted during the period.
Prepayments	-33.95%	Increase in settlements of prepayments during the period.
Other receivables	+127.89%	Increase in prepayments of import customs and taxes during the period.
Inventories	+66.06%	Increase in purchases of raw materials during the period.
Construction materials	-41.90%	Decrease in the use of construction materials as construction-in-progress was basically completed during the period.
Short-term loans	+45.05%	Increase in the use of liquidity loans during the period.
Short-term commercial papers	-100%	Repayment of short-term commercial papers during the period.
Deposits received	+30.61%	Increase in deposits received during the period.
Taxes payable	+84.37%	Increase in unpaid VAT payable during the period.
Non-current liabilities due within one year	-57.76%	Decrease in certain long-term loans due within 1 year during the period.
Exchange fluctuation reserve	-187.21%	Change in exchange rates of foreign currencies during the period.

- Items with more than 30% changes as compared to the period from January to September 2007 in the consolidated financial statements and the reasons for such changes:

<b>Account item</b>	<b>Change</b>	<b>Reason for changes</b>
Operating revenue	+65.66%	Increase in sales volumes of the Company's steel products during the period.
Operating cost	+63.99%	Increase in sales volumes of the Company's steel products and rise in raw material costs during the period.
Taxes and surcharges	+72.79%	Increases in operating revenues and export tariffs during the period.
Selling expenses	+35.39%	Increase in overseas freight charges for the export of steel products during the period.
Financial expenses	+88.65%	Decrease in interest capitalisation during the period.
Investment income	+49.60%	Increase in the Company's share of profits from associates and joint ventures during the period.
Non-operating income	+89.67%	Increase in government subsidies granted to subsidiaries during the period.
Non-operating expenses	-92.76%	Decrease in loss on the disposal of fixed assets during the period.
Income tax	+246.72%	Increase in profit before tax during the period.
Minority interests	+40.37%	Increase in after-tax profits from non-wholly owned subsidiaries included in the scope of consolidation during the period.
Net cash flows from operating activities	+605.32%	Increase in the Company's steel product sales and cash received from sales during the period.
Net cash flows from investing activities	+40.13%	Decrease in construction project expenses of the Company during the period.
Net cash flows from financing activities	-226.01%	Repayment of short-term commercial papers and due loans by the Company during the period.

### **3.3 Undertakings made by the Company, shareholders and the de facto controller and their implementation**

- As a process of the State Share Reform in 2006, the following special undertakings made by Magang (Group) Holding Company Limited (“Holding”) continued to be effective during the reporting period:
  - a) After the implementation of the State Share Reform, the Company’s shares held by Holding will not be listed for trading or transferred within 12 months from the date of obtaining circulation right, and the State-owned shares held by Holding also will not be listed for trading or transferred in the following 24 months. However, so far as it is permitted under the scope of prevailing policies, Holding may carry out incentive stock option plan(s) or share transfer to particular investor(s). Target(s) of the incentive stock option plan(s) should hold the shares for such period as prescribed under the relevant policies and the particular investor(s) should, after acquiring the shares from Holding, continue to hold such transfer for the same period as undertaken by Holding.
  - b) Holding pays all the costs and expenses arising from the State Share Reform. Moreover, Holding makes representations as follows:
    - i) If Holding acts in breach of the above undertakings, it will bear the following breach liabilities in accordance with the law: Holding will be liable for making compensation in respect of the direct economic losses suffered by the other shareholders of the Company as a result of Holding’s breach of the above undertakings. Moreover, Holding will, in accordance with the relevant provisions of Chapter 7 “Regulatory Measures and Legal Liabilities” of the Administrative Procedures of the State Share Reform of Listed Companies, accept any punishment imposed by the regulatory authorities such as the China Securities Regulatory Commission and the Shanghai Stock Exchange, and will bear any legal liabilities accordingly.
    - ii) Holding will perform its undertakings in a faithful manner and bear any legal liabilities accordingly. Unless the transferee agrees and has the ability to bear the liabilities for the undertakings, Holding will not transfer the shares it held otherwise.

During the reporting period, Holding fully complied with such undertakings.

- Holding acquired 13,760,000 A shares of the Company via the trading system of the Shanghai Stock Exchange on 12 September 2008, representing 0.2% of the total share capital of the Company. Prior to this shares acquisition, Holding held 3,830,560,000 shares of the Company, representing 56.68% of the total share capital of the Company. Holding held 3,844,320,000 shares of the Company after this acquisition, representing 56.88% of the total share capital of the Company. Holding intends to continue to acquire A shares of the Company via the trading system of the Shanghai Stock Exchange within 12 months as from this shares acquisition. The accumulated acquisition ratio will not exceed 2% of the total share capital of the Company (including the shares acquired this time). Meanwhile, Holding undertakes that it will not sell the shares of the Company it held during the implementation of the continuous acquisition plan and during the statutory period.

Save for the afore-mentioned undertakings, there were no undertakings which may incur significant impact on the Company's operating results and financial position made during, or already made but extending into, the reporting period, by the Company or shareholders holding 5% or more of the Company's shares, and no extension of shares lock-up undertakings was reported.

### 3.4 Securities investments

*Unit: RMB*

Item no.	Securities code	Abbreviation	Number of shares held at the end of the reporting period	Initial investment amount	Book value at the end of the reporting period	Book value at the beginning of the reporting period	Item category in accounting
1	601857	PetroChina	35,000	584,500	449,400	522,900	Held-for-trading financial assets
2	601390	China Railway Group	33,000	158,400	191,070	171,600	Held-for-trading financial assets
3	601898	China Coal Energy	12,000	201,960	140,640	191,760	Held-for-trading financial assets
4	601186	China Rail Construction Corporation Limited	20,000	181,600	187,200	187,200	Held-for-trading financial assets
Total				1,126,460	968,310	1,073,460	

**Maanshan Iron & Steel Company Limited**  
**Su Jiangan**  
*authorised representative of the person-in-charge*

14 October 2008

Maanshan City, Anhui Province, the PRC

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

*Executive Directors: Gu Jianguo, Gu Zhanggen, Su Jiangan, Gao Haijian, Hui Zhigang*

*Non-executive Director: Zhao Jianming*

*Independent Non-executive Directors: Wong Chun Wa, Su Yong, Hui Leung Wah, Han Yi*

#### 4 APPENDIX:

#### A. Unaudited 2008 third quarterly financial statements of Maanshan Iron & Steel Company Limited

##### Maanshan Iron & Steel Company Limited Consolidated Balance Sheet

*(Prepared under the PRC Accounting Standards for Business Enterprises)*

*30 September 2008*

*Unit: RMB*

Assets	30 September 2008 Unaudited	31 December 2007 Audited (restated)
<b>Current Assets</b>		
Cash and balances with financial institutions	6,944,634,948	6,293,537,191
Financial assets held for trading	968,310	1,462,770
Bills receivable	2,698,860,914	4,194,297,474
Trade receivables	1,089,796,997	1,037,224,713
Prepayments	1,104,834,619	1,672,835,435
Other receivables	586,906,449	257,539,176
Inventories	15,991,012,806	9,629,944,412
<b>Total current assets</b>	<b>28,417,015,043</b>	<b>23,086,841,171</b>
<b>Non-current Assets:</b>		
Held-to-maturity investments	5,598,870	5,598,870
Long-term equity investments	889,380,616	781,448,790
Investment properties	1,020,552	1,240,303
Fixed assets	40,657,839,816	41,328,227,114
Construction materials	297,830,439	512,588,681
Construction in progress	2,911,746,332	3,510,765,654
Intangible assets	1,707,135,609	1,640,550,796
Deferred tax assets	256,313,328	258,762,170
<b>Total non-current assets</b>	<b>46,726,865,562</b>	<b>48,039,182,378</b>
<b>Total Assets</b>	<b>75,143,880,605</b>	<b>71,126,023,549</b>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Balance Sheet (Cont'd)**  
*(Prepared under the PRC Accounting Standards for Business Enterprises)*  
30 September 2008  
Unit: RMB

<b>Liabilities and Shareholders' Equity</b>	<b>30 September 2008 Unaudited</b>	31 December 2007 Audited (restated)
<b>Current Liabilities:</b>		
Short-term loans	1,863,178,131	1,284,495,217
Bills payable	2,257,040,452	1,790,845,160
Short-term commercial papers	–	2,000,000,000
Accounts payable	9,229,312,563	7,688,764,859
Deposits received	8,663,583,325	6,633,408,854
Payroll and benefits payable	271,909,066	341,871,394
Taxes payable	1,124,429,085	609,863,471
Interests payable	69,462,942	80,563,315
Dividends payable	1,301,575,013	1,303,757,138
Other payables	946,182,105	933,429,649
Non-current liabilities due within one year	<u>1,190,109,444</u>	<u>2,817,346,333</u>
<b>Total current liabilities</b>	<u>26,916,782,126</u>	<u>25,484,345,390</u>
<b>Non-current Liabilities:</b>		
Long-term loans	16,812,796,473	16,577,951,605
Bonds payable	4,960,477,536	4,828,761,588
Deferred income	552,583,938	590,425,767
Deferred tax liabilities	150,136,450	168,275,911
Other non-current liabilities	<u>12,485,032</u>	<u>12,485,032</u>
<b>Total non-current liabilities</b>	<u>22,488,479,429</u>	<u>22,177,899,903</u>
<b>Total liabilities</b>	<u>49,405,261,555</u>	<u>47,662,245,293</u>
<b>Shareholders' Equity:</b>		
Share capital	6,758,551,716	6,758,551,716
Capital reserve	6,056,692,904	6,056,692,904
Surplus reserves	2,901,562,765	2,901,562,765
Retained profits	9,451,895,178	7,290,826,476
including: cash dividend proposed by directors	–	878,611,723
Exchange fluctuation reserve	<u>(8,398,389)</u>	<u>9,629,706</u>
Equity attributable to equity holders of the parent	<u>25,160,304,174</u>	<u>23,017,263,567</u>
Minority interests	<u>578,314,876</u>	<u>446,514,689</u>
<b>Total shareholder's equity</b>	<u>25,738,619,050</u>	<u>23,463,778,256</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>75,143,880,605</u></u>	<u><u>71,126,023,549</u></u>

# Maanshan Iron & Steel Company Limited

## Consolidated Income Statement

(Prepared under the PRC Accounting Standards for Business Enterprises)

Nine Months Ended 30 September 2008

Unit: RMB

	July- September 2008 Unaudited	January- September 2008 Unaudited	July- September 2007 Unaudited (restated)	January- September 2007 Unaudited (restated)
<b>Operating revenue</b>	<b>19,870,914,651</b>	<b>57,595,746,029</b>	13,734,172,820	34,766,988,405
Less: Cost of sales	17,889,851,640	50,737,460,565	12,341,853,096	30,939,858,590
Taxes and surcharges	228,657,174	664,560,747	216,490,794	384,608,957
Selling expenses	99,076,717	270,090,422	75,102,110	199,492,434
Administrative expenses	229,861,559	737,097,328	234,071,316	677,954,460
Financial expenses	484,038,648	1,256,946,216	358,441,538	666,283,932
Assets impairment losses/(reversal)	-	(9,795,364)	-	-
Add: Gain/(loss) on fair value changes	(105,150)	(878,020)	-	-
Investment income including: share of profits of associates and a jointly controlled entity	53,139,517	179,907,655	82,396,872	120,262,141
	<b>52,837,924</b>	<b>179,606,062</b>	56,570,603	94,435,872
<b>Operating profit</b>	<b>992,463,280</b>	<b>4,118,415,750</b>	590,610,838	2,019,052,173
Add: Non-operating income	71,818,737	106,128,529	26,677,651	55,953,819
Less: Non-operating expenses including: loss/(gain) on disposal of non-current assets	(224,860)	6,527,394	(6,584,235)	90,105,289
	<b>(4,684,167)</b>	<b>(4,108,889)</b>	(7,204,771)	87,099,697
<b>Profit before tax</b>	<b>1,064,506,877</b>	<b>4,218,016,885</b>	623,872,724	1,984,900,703
Less: Income tax	268,709,378	1,090,852,654	98,722,420	314,624,949
<b>Net profit</b>	<b>795,797,499</b>	<b>3,127,164,231</b>	<b>525,150,304</b>	<b>1,670,275,754</b>
including: Net profit from entity being combined prior to the business combination involving entities under common control	-	-	-	-
Attributable to equity holders of the parent	<b>786,695,127</b>	<b>3,047,973,508</b>	502,765,610	1,613,860,557
Minority interests	<b>9,102,372</b>	<b>79,190,723</b>	22,384,694	56,415,197
<b>Earnings per Share:</b>				
Basic	<b>11.64 cents</b>	<b>45.10 cents</b>	7.79 cents	25.00 cents
Diluted	<b>11.30 cents</b>	<b>43.76 cents</b>	6.79 cents	21.81 cents

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement**  
*(Prepared under the PRC Accounting Standards for Business Enterprises)*  
*Nine Months Ended 30 September 2008*  
*Unit: RMB*

	<b>Nine Months Ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>Unaudited</b>	Unaudited
		(restated)
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>68,320,078,684</b>	32,407,183,477
Cash received relating to other operating activities	<b>213,855,300</b>	167,057,624
	<u><b>68,533,933,984</b></u>	<u>32,574,241,101</u>
Sub-total of cash inflows		
Cash paid for goods and services	<b>(53,402,587,662)</b>	(26,970,272,056)
Cash paid to and on behalf of employees	<b>(2,346,552,274)</b>	(1,461,181,013)
Cash paid for all taxes	<b>(4,628,202,078)</b>	(2,488,704,696)
Cash paid relating to other operating activities	<b>(366,022,178)</b>	(549,539,118)
	<u><b>(60,743,364,192)</b></u>	<u>(31,469,696,883)</u>
Sub-total of cash outflows		
Net cash flows from operating activities	<u><b>7,790,569,792</b></u>	<u>1,104,544,218</u>
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	<b>602,193</b>	5,367,035
Cash received from returns on investments	<b>76,599,996</b>	84,626,472
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>13,416,494</b>	23,453,518
Cash received relating to other investing activities	<b>10,310,375</b>	3,081,492
	<u><b>100,929,058</b></u>	<u>116,528,517</u>
Sub-total of cash inflows		
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(2,275,755,928)</b>	(3,561,262,881)
Cash paid for investments	<b>(882,297)</b>	(58,011,290)
Cash paid due to increase in pledged deposits	<b>(117,553,927)</b>	(327,565,312)
	<u><b>(2,394,192,152)</b></u>	<u>(3,946,839,483)</u>
Sub-total of cash outflows		
Net cash flows from investing activities	<u><b>(2,293,263,094)</b></u>	<u>(3,830,310,966)</u>

**Maanshan Iron & Steel Company Limited**  
**Consolidated Cash Flow Statement** *(Cont'd)*  
*(Prepared under the PRC Accounting Standards for Business Enterprises)*  
*Nine Months Ended 30 September 2008*  
*Unit: RMB*

	<b>Nine Months Ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>Unaudited</b>	Unaudited
		(restated)
<b>3. Cash flows from financing activities:</b>		
Cash received from capital contribution	<b>101,194,034</b>	27,818,021
including: capital contribution by minority		
shareholders received by subsidiaries	<b>101,194,034</b>	27,818,021
Cash received from borrowings	<b>11,450,842,852</b>	14,550,000,000
Sub-total of cash inflows	<b>11,552,036,886</b>	14,577,818,021
Cash repayments of borrowings	<b>(14,505,392,347)</b>	(9,404,000,000)
Cash paid for distribution of dividend or profits		
and for interest expenses	<b>(1,908,770,363)</b>	(1,315,348,237)
including: dividend paid to minority		
shareholders by subsidiaries	<b>(45,301,670)</b>	(25,266,667)
Sub-total of cash outflows	<b>(16,414,162,710)</b>	(10,719,348,237)
Net cash flows from financing activities	<b>(4,862,125,824)</b>	3,858,469,784
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>15,916,883</b>	(7,081,593)
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>651,097,757</b>	1,125,621,443
Add: Balance of cash and cash equivalents at beginning of period	<b>6,293,537,191</b>	4,160,704,714
<b>6. Balance of cash and cash equivalents at end of period</b>	<b>6,944,634,948</b>	5,286,326,157

# Maanshan Iron & Steel Company Limited

## Balance Sheet

(Prepared under the PRC Accounting Standards for Business Enterprises)

30 September 2008

Unit: RMB

<b>Assets</b>	<b>30 September 2008 Unaudited</b>	<b>31 December 2007 Audited</b>
<b>Current Assets:</b>		
Cash and balances with financial institutions	4,467,811,236	3,665,369,814
Financial assets held for trading	968,310	1,462,770
Bills receivable	2,324,254,717	3,667,209,079
Trade receivables	1,459,723,646	1,554,054,832
Prepayments	1,257,341,128	1,576,389,197
Dividends receivable	2,607,200	–
Other receivables	42,182,572	63,496,847
Inventories	13,980,728,148	8,314,475,335
<b>Total current assets</b>	<b>23,535,616,957</b>	<b>18,842,457,874</b>
<b>Non-current Assets:</b>		
Held-to-maturity investments	5,598,870	5,598,870
Long-term equity investments	1,997,605,598	1,667,922,886
Investment properties	18,809,133	19,214,182
Fixed assets	38,801,313,860	39,741,473,656
Construction materials	258,011,233	432,590,795
Construction in progress	2,696,838,196	3,360,315,305
Intangible assets	1,257,786,869	1,214,768,182
Deferred tax assets	255,876,059	258,324,901
<b>Total non-current assets</b>	<b>45,291,839,818</b>	<b>46,700,208,777</b>
<b>Total Assets</b>	<b>68,827,456,775</b>	<b>65,542,666,651</b>

**Maanshan Iron & Steel Company Limited**

**Balance Sheet (Cont'd)**

*(Prepared under the PRC Accounting Standards for Business Enterprises)*

30 September 2008

Unit: RMB

<b>Liabilities and Shareholders' Equity</b>	<b>30 September 2008 Unaudited</b>	31 December 2007 Audited
<b>Current Liabilities</b>		
Short-term loans	897,974,642	200,000,000
Bills payable	20,000,000	63,000,000
Short-term commercial papers	-	2,000,000,000
Accounts payable	8,330,616,154	7,633,708,228
Deposits received	7,854,427,814	5,456,620,794
Payroll and benefits payable	198,526,193	297,925,673
Taxes payable	1,132,192,578	529,786,745
Interests payable	69,144,721	80,432,389
Dividends payable	1,301,575,013	1,303,757,138
Other payables	844,268,370	730,183,167
Non-current liabilities due within one year	<u>1,190,109,444</u>	<u>2,809,660,000</u>
<b>Total current liabilities</b>	<u>21,838,834,929</u>	<u>21,105,074,134</u>
<b>Non-current Liabilities:</b>		
Long-term loans	16,792,869,581	16,563,408,200
Bonds payable	4,960,477,536	4,828,761,588
Deferred income	551,511,438	590,425,767
Deferred tax liabilities	150,136,450	167,989,571
Other non-current liabilities	<u>12,485,032</u>	<u>12,485,033</u>
<b>Total non-current liabilities</b>	<u>22,467,480,037</u>	<u>22,163,070,159</u>
<b>Total liabilities</b>	<u>44,306,314,966</u>	<u>43,268,144,293</u>
<b>Shareholders' Equity:</b>		
Share capital	6,758,551,716	6,758,551,716
Capital reserve	6,056,692,904	6,056,692,904
Surplus reserves	2,777,851,769	2,777,851,769
Retained profits	8,928,045,420	6,681,425,969
including: cash dividend proposed by directors	-	878,611,723
<b>Total shareholders' equity</b>	<u>24,521,141,809</u>	<u>22,274,522,358</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>68,827,456,775</u></u>	<u><u>65,542,666,651</u></u>

## Maanshan Iron & Steel Company Limited

### Income Statement

*(Prepared under the PRC Accounting Standards for Business Enterprises)*

*Nine Months Ended 30 September 2008*

*Unit: RMB*

	July- September 2008 Unaudited	January- September 2008 Unaudited	July- September 2007 Unaudited (restated)	January- September 2007 Unaudited (restated)
<b>Operating revenue</b>	<b>21,951,467,602</b>	<b>62,830,820,516</b>	13,273,586,566	34,812,082,736
Less: Cost of sales	20,203,176,486	56,562,237,703	12,074,018,753	31,513,217,383
Taxes and surcharges	222,067,961	639,850,986	207,317,998	361,973,368
Selling expenses	95,168,508	257,288,694	71,534,017	188,086,193
Administrative expenses	176,716,668	558,449,715	185,499,159	547,144,541
Financial expenses	367,526,874	1,018,324,992	320,372,267	594,890,698
Assets impairment losses/(reversal)	-	(9,795,364)	-	-
Add: Gain/(loss) on fair value changes	(105,150)	(878,020)	-	-
Investment income including: share of profits of associates and a jointly controlled entity	54,639,801	292,620,884	80,966,140	174,216,138
	<u>54,531,719</u>	<u>182,563,069</u>	<u>56,417,093</u>	<u>94,576,940</u>
<b>Operating profit</b>	<b>941,345,756</b>	<b>4,096,206,654</b>	495,810,512	1,780,986,691
Add: Non-operating income	21,611,333	55,241,219	12,801,051	38,971,629
Less: Non-operating expenses including: loss/(gain) on disposal of non-current assets	227,993	5,012,014	(8,214,511)	87,800,517
	<u>(5,139,890)</u>	<u>(5,429,290)</u>	<u>(8,401,864)</u>	<u>85,893,136</u>
<b>Profit before tax</b>	<b>962,729,096</b>	<b>4,146,435,859</b>	516,826,074	1,732,157,803
Less: Income tax	243,131,115	1,021,204,685	72,792,167	243,365,425
<b>Net profit</b>	<b><u>719,597,981</u></b>	<b><u>3,125,231,174</u></b>	<u>444,033,907</u>	<u>1,488,792,378</u>
<b>Earnings per Share:</b>				
Basic	<u>10.65 cents</u>	<u>46.24 cents</u>	<u>6.88 cents</u>	<u>23.06 cents</u>
Diluted	<u>10.33 cents</u>	<u>44.87 cents</u>	<u>6.00 cents</u>	<u>20.12 cents</u>

# Maanshan Iron & Steel Company Limited

## Cash Flow Statement

(Prepared under the PRC Accounting Standards for Business Enterprises)

Nine Months Ended 30 September 2008

Unit: RMB

	Nine Months Ended 30 September	
	2008	2007
	Unaudited	Unaudited
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>60,021,567,648</b>	31,048,145,511
Cash received relating to other operating activities	<b>367,559,454</b>	21,954,317
Sub-total of cash inflows	<b>60,389,127,102</b>	31,070,099,828
Cash paid for goods and services	<b>(46,704,130,677)</b>	(26,170,039,879)
Cash paid to and on behalf of employees	<b>(2,022,338,679)</b>	(1,439,053,365)
Cash paid for all taxes	<b>(4,230,989,657)</b>	(2,479,859,070)
Cash paid relating to other operating activities	<b>(283,622,823)</b>	(524,942,374)
Sub-total of cash outflows	<b>(53,241,081,836)</b>	(30,613,894,688)
Net cash flows from operating activities	<b>7,148,045,266</b>	456,205,140
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	<b>602,193</b>	5,367,035
Cash received from returns on investments	<b>202,369,184</b>	84,626,472
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>13,416,494</b>	23,452,518
Cash received relating to other investing activities	<b>10,310,375</b>	3,081,492
Sub-total of cash inflows	<b>226,698,246</b>	116,527,517
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	<b>(2,112,041,453)</b>	(3,857,920,161)
Cash paid for investments	<b>(229,751,509)</b>	(58,011,290)
Cash paid due to increase in pledged deposits	<b>-</b>	(9,000,000)
Sub-total of cash outflows	<b>(2,341,792,962)</b>	(3,924,931,451)
Net cash flows from investing activities	<b>(2,115,094,716)</b>	(3,808,403,934)

**Maanshan Iron & Steel Company Limited**  
**Cash Flow Statement (Cont'd)**  
*(Prepared under the PRC Accounting Standards for Business Enterprises)*  
*Nine Months Ended 30 September 2008*  
*Unit: RMB*

	<b>Nine Months Ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	<u>10,485,639,363</u>	<u>14,550,000,000</u>
Sub-total of cash inflows	<u>10,485,639,363</u>	<u>14,550,000,000</u>
Cash repayments of borrowings	<u>(13,420,897,130)</u>	<u>(9,404,000,000)</u>
Cash paid for distribution of dividend or profits and for interest expenses	<u>(1,313,112,663)</u>	<u>(1,280,913,901)</u>
Sub-total of cash outflows	<u>(14,734,009,793)</u>	<u>(10,684,913,901)</u>
Net cash flows from financing activities	<u>(4,248,370,430)</u>	<u>3,865,086,099</u>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>17,861,302</u>	<u>(4,525,917)</u>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<u>802,441,422</u>	<u>508,361,388</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>3,665,369,814</u>	<u>2,808,993,288</u>
<b>6. Balance of cash and cash equivalents at end of period</b>	<u><u>4,467,811,236</u></u>	<u><u>3,317,354,676</u></u>