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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: 323)

**PRICE-SENSITIVE INFORMATION/
OVERSEAS REGULATORY ANNOUNCEMENT
2009 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 NOTICE

- 1.1 The board of directors (the "Board of Directors"), the supervisory committee, the directors, the supervisors and senior management members of Maanshan Iron & Steel Company Limited (the "Company") warrant that there are no false representations and 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 Mr. Gu Jianguo, the person-in-charge of the Company, Mr. Su Jianguo, the overseer of accounting operations, and Mr. Zhang Qianchun, 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.
- 1.3 The financial statements contained in this quarterly report have been prepared in accordance with China Accounting Standards, and have not been audited, but have been reviewed by the Audit Committee of the Board of Directors of the Company.

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	71,940,721,925	66,144,555,642	8.76
Shareholders' equity attributable to shareholders of the Company	26,067,018,826	26,006,983,163	0.23
Net assets per share attributable to shareholders of the Company	3.385	3.377	0.24

	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	9,399,747,213	20.66
Net cash flows per share from operating activities	1.221	5.90

	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	802,335,588	6,914,878	1.99
Basic earnings per share	0.1042	0.0009	-10.48
Basic earnings per share excluding non-recurring gains or losses	–	-0.012	–
Diluted earnings per share	Not applicable	Not applicable	Not applicable
Return on net assets – fully diluted (%)	3.08	0.03	A decrease of 0.05 percentage-point
Return on net assets excluding non-recurring gains or losses – fully diluted (%)	–	-0.36	–

Item of non-recurring gains or losses	Amount (from the beginning of the year to the end of the reporting period)
Gains or losses on disposal of non-current assets	12,296,673
Subsidy income	57,188,743
Recognition of deferred income	51,415,512
Gains or losses on changes in fair value	(139,650)
Other non-operating income and expenses	(2,165,541)
Income tax effect	(13,565,458)
Non-recurring gains or losses attributable to minority shareholders after excluding the effect of tax expenses	<u>(3,913,237)</u>
Non-recurring gains or losses attributable to shareholders of the Company after excluding the effect of tax expenses	<u><u>101,117,042</u></u>

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 395,389

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

Name of shareholder	Number of circulating shares held	Type of shares
Magang (Group) Holding Company Limited (<i>Note</i>)	3,886,423,927	RMB-denominated ordinary shares
HKSCC (Nominees) Limited	1,708,242,997	Overseas-listed foreign shares
鵬華價值優勢股票型證券投資基金	79,999,865	RMB-denominated ordinary shares
南方成份精選股票型證券投資基金	40,683,647	RMB-denominated ordinary shares
交銀施羅德藍籌股票證券投資基金	28,000,000	RMB-denominated ordinary shares
景順長城精選藍籌股票型證券投資基金	23,650,587	RMB-denominated ordinary shares
上證紅利交易型開放式指數證券投資基金	22,050,067	RMB-denominated ordinary shares
中國工商銀行－諾安股票證券投資基金	21,191,238	RMB-denominated ordinary shares
National Social Security Fund No.104 (全國社保基金一零四組合)	17,999,990	RMB-denominated ordinary shares
中國工商銀行－諾安平衡證券投資基金	17,214,511	RMB-denominated ordinary shares

Note: As at the end of the reporting period, Magang (Group) Holding Company Limited (“Holding”) held a total 3,886,423,927 A shares of the Company, including 55,863,927 A shares acquired by Holding since the implementation of the acquisition plan of the Company’s shares during the 12-month period from 12 September 2008 to 11 September 2009. Holding shall not sell such shares during a legal binding period.

3 SIGNIFICANT MATTERS

3.1 Management discussion and analysis

During the reporting period, demands in the international iron and steel market saw a recovery with steel prices continuing to re-climb. The growth of China's economy was relatively rapid and domestic demand for steel increased. However, the production volume of iron and steel continued to increase, leading to an acute imbalance between demand and supply. After experiencing a continued re-climb in July, the prices of domestic steel products decreased significantly from mid-August to September. The consolidated price indice for domestic steel products in late-September was 102.65, representing a decrease of 28.69% year-on-year. The prices of raw materials and fuels such as iron ore and coal remained at relatively higher levels as compared to steel prices, resulting in a significant decrease in profits of iron and steel enterprises. In view of this, the Company strove to mitigate the negative impact caused by the substantial fluctuations in steel product prices through meticulously organising production, enhancing efforts in reducing costs and increasing efficiency, and flexibly adjusting sales strategies, thereby enabling the Company to achieve good production and operation results.

During the reporting period, the Company and its subsidiaries (the "Group") produced 3,720,000 tonnes of pig iron, 3,930,000 tonnes of crude steel and 3,770,000 tonnes of steel products, representing year-on-year decreases of 0.80%, 3.68% and 1.05% respectively. During the reporting period, under China Accounting Standards, the Group's operating revenue amounted to approximately RMB14,405 million, representing a decrease of 27.51% year-on-year, primarily due to significant year-on-year decreases in the sales prices of the Company's steel products during the reporting period. Net profit attributable to shareholders of the Company amounted to approximately RMB802 million, basically the same level as compared to the corresponding period of the previous year.

3.2 Details of 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 2008 in the consolidated financial statements and the reasons for such changes:
 - Cash and bank balances increased by 107.89% as compared to the end of the previous year, which was mainly attributable to an increase in deposit for trade facilities.
 - Bills receivable increased by 211.61% as compared to the end of the previous year, which was mainly attributable to an increase in bank acceptance bills arisen from sales.
 - Prepayments decreased by 40.83% as compared to the end of the previous year, which was mainly attributable to settlements of prepayments for purchases.
 - Investment properties increased by 294.15% as compared to the end of the previous year, which was mainly because the subsidiary has changed the purpose of its land from production to rental.

- Short-term loans decreased by 32.54% as compared to the end of the previous year, which was mainly attributable to repayments of short-term loans that fall due.
 - Bills payable increased by 645.41% as compared to the end of the previous year, which was mainly because more bank and commercial acceptance bills were issued for settlement for purchases.
 - Taxes payable decreased by 134.46% as compared to the end of the previous year, which was mainly attributable to an decrease in unpaid VAT payable.
 - Interests payable decreased by 62.63% as compared to the end of the previous year, which was mainly attributable to a decrease in average loan balances and a fall in interest rates.
 - Non-current liabilities due within one year increased by 130.89% as compared to the end of the previous year, which was mainly attributable to an increase in long-term borrowings due within one year.
 - Exchange fluctuation reserve increased by 111.19% as compared to the end of the previous year, which was mainly attributable to the significant appreciation of Australian dollars.
- Items with more than 30% changes as compared to the period from January to September 2008 in the consolidated financial statements and the reasons for such changes:
 - Operating revenue decreased by 34.32% as compared to the corresponding period of the previous year, which was mainly attributable to decreases in both sales volume and in average prices of steel products during the period.
 - Taxes and surcharges decreased by 76.61% as compared to the corresponding period of the previous year, which was mainly attributable to a decrease in payable of export duty charges during the period.
 - Selling expenses decreased by 35.72% as compared to the corresponding period of the previous year, which was mainly attributable to a decrease in expenses related to sales during the period.
 - Financial expenses decreased by 41.76% as compared to the corresponding period of the previous year, which was mainly attributable to a decrease in interest expenses during the period.
 - Assets impairment losses increased by 224.97% as compared to the corresponding period of the previous year, which was mainly attributable to provisions for price decreases of spare parts during the period.

- Net gains on fair value changes increased by 115.02% as compared to the corresponding period of the previous year, which was mainly attributable to an increase in fair value of the financial assets held for trading during the period.
- Non-operating expenses decreased by 66.07% as compared to the corresponding period of the previous year, which was mainly attributable to a decrease in public donations during the period.
- Income tax decreased by 94.59% as compared to the corresponding period of the previous year, which was mainly attributable to a loss before tax being recorded by the Company during the period.
- Net cash flows from investing activities decreased by 123.99% as compared to the corresponding period of the previous year, which was mainly attributable to an increase in cash paid due to an increase in pledged deposits during the period.
- Net cash flows from financing activities increased by 98.53% as compared to the corresponding period of the previous year, which was mainly attributable to an increase in borrowings during the period.

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

- During the reporting period, Holding complied fully with its undertakings made in the process of 2006 State Share Reform. For details of its undertakings, please refer to the 2006 Interim Report, 2006 Annual Report, 2007 Interim Report, 2007 Annual Report and 2008 Annual Report.
- Holding acquired 13,760,000 A shares of the Company for the first time via the trading system of the Shanghai Stock Exchange (the “SSE”) on 12 September 2008, representing 0.2% of the then issued share capital of the Company. Meanwhile, Holding undertook that: It would continue to acquire A shares of the Company via the trading system of the SSE within 12 months from the date of publishing of the announcement of increase in holding of shares (i.e. 12 September 2008). The accumulated acquisition ratio would not exceed 2% of the total share capital of the Company (i.e. the then issued share capital of the Company) (including the shares acquired that time) and that it would not sell the shares of the Company it held during the implementation of the continuous acquisition plan and during the statutory period.

As at 11 September 2009, Holding acquired a total 55,863,927 A shares of the Company, representing 0.73% of the issued share capital of the Company during the first acquisition. Such number of shares did not exceed 2% of the issued share capital of the Company during the first acquisition. Nor did Holding sell the shares of the Company it held. Holding complied fully with such undertakings.

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 Implementation of the cash dividend distribution policy during the reporting period

In 2008 and the first half of 2009, the Company did not distribute any cash dividends. During the reporting period, the Company did not distribute any cash dividends as well.

By Order of the Board of Directors
Gu Jianguo
Chairman

27 October 2009
Maanshan City, Anhui Province, the PRC

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

Executive Directors: Gu Jianguo, Su Jianguo, 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

Unaudited 2009 third quarterly financial statements of Maanshan Iron & Steel Company Limited

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet
(Prepared under China Accounting Standards)
 30 September 2009
 Unit: RMB

Assets	30 September 2009 (Unaudited)	31 December 2008 (Audited)
Current assets		
Cash and balances with financial institutions	12,371,695,709	5,951,087,213
Financial assets held for trading	945,100	813,250
Bills receivable	3,948,942,639	1,267,254,719
Trade receivables	771,428,725	626,727,102
Prepayments	655,150,249	1,107,261,236
Other receivables	309,419,984	436,494,366
Inventories	9,141,465,004	9,848,058,341
Non-current assets due within one year	2,938,870	2,938,870
Total current assets	27,201,986,280	19,240,635,097
Non-current assets		
Long-term equity investments	1,001,627,779	909,160,061
Investment properties	4,752,830	1,205,850
Fixed assets	38,872,859,222	40,769,495,822
Construction materials	393,185,662	476,672,223
Construction in progress	1,987,453,561	2,277,918,588
Intangible assets	1,865,147,534	1,850,539,277
Deferred tax assets	613,709,057	618,928,724
Total non-current assets	44,738,735,645	46,903,920,545
Total assets	71,940,721,925	66,144,555,642

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
(Prepared under China Accounting Standards)
30 September 2009
Unit: RMB

	30 September 2009 (Unaudited)	31 December 2008 (Audited)
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	778,438,503	1,154,000,000
Bills payable	7,820,242,864	1,049,125,831
Accounts payable	6,719,135,017	7,525,140,482
Deposits received	6,198,429,636	5,615,976,320
Payroll and benefits payable	238,259,928	197,384,329
Taxes payable	(229,785,411)	666,749,301
Interests payable	16,479,386	44,099,563
Dividends payable	801,538,763	1,101,575,013
Other payables	779,548,811	802,838,050
Non-current liabilities due within one year	516,215,797	223,579,337
Total current liabilities	23,638,503,294	18,380,468,226
Non-current liabilities		
Long-term loans	15,880,250,169	15,666,296,218
Bonds payable	5,131,070,689	4,992,975,444
Deferred income	546,810,384	563,549,396
Deferred tax liabilities	-	6,678,903
Other non-current liabilities	7,485,033	7,485,033
Total non-current liabilities	21,565,616,275	21,236,984,994
Total liabilities	45,204,119,569	39,617,453,220
Shareholders' equity		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	3,008,523,500	3,008,523,500
Retained profits	7,014,110,163	7,007,195,285
Exchange fluctuation reserve	5,345,578	(47,775,207)
Equity attributable to equity holders of the parent	26,067,018,826	26,006,983,163
Minority interests	669,583,530	520,119,259
Total shareholder's equity	26,736,602,356	26,527,102,422
Total liabilities and shareholders' equity	71,940,721,925	66,144,555,642

Maanshan Iron & Steel Company Limited
Consolidated Income Statement
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	July- September 2009 (Unaudited)	January- September 2009 (Unaudited)	July- September 2008 (Unaudited)	January- September 2008 (Unaudited)
Operating revenue	14,405,375,788	37,829,132,760	19,870,914,651	57,595,746,029
Less: Cost of sales	12,954,917,538	36,118,940,126	17,889,851,640	50,737,460,565
Taxes and surcharges	83,869,494	155,418,752	228,657,174	664,560,747
Selling expenses	57,732,334	173,623,836	99,076,717	270,090,422
Administrative expenses	275,825,687	726,682,456	229,861,559	737,097,328
Financial expenses	222,130,679	732,061,030	484,038,648	1,256,946,216
Assets impairment losses/(reversal)	-	12,241,344	-	(9,795,364)
Add: Gain/(loss) on changes in fair value	(139,650)	131,850	(105,150)	(878,020)
Investment income	53,793,647	136,023,012	53,139,517	179,907,655
including: share of profits of associates and a jointly controlled entity	42,700,428	116,867,719	52,837,924	179,606,062
Operating profit	864,554,053	46,320,078	992,463,280	4,118,415,750
Add: Non-operating income	34,321,625	120,950,018	71,818,737	106,128,529
Less: Non-operating expenses	856,003	2,214,631	(224,860)	6,527,394
including: net gain/(loss) on disposal of non-current assets	(9,781,828)	(12,296,673)	(4,684,167)	(4,108,889)
Profit before tax	898,019,675	165,055,465	1,064,506,877	4,218,016,885
Less: Income tax	51,246,394	58,979,662	268,709,378	1,090,852,654
Net profit	846,773,281	106,075,803	795,797,499	3,127,164,231
including: Net profit from entity being combined prior to the business combination involving entities under common control	-	-	-	9,846,023
Attributable to equity holders of the parent	802,335,588	6,914,878	786,695,127	3,047,973,508
Minority interests	44,437,693	99,160,925	9,102,372	79,190,723
Earnings per share				
Basic	10.42 cents	0.09 cents	11.64 cents	45.10 cents
Diluted	N/A	N/A	11.30 cents	43.76 cents

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	Nine Months Ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	43,427,913,549	68,320,078,684
Refunds of taxes	14,932,173	–
Cash received relating to other operating activities	71,254,660	213,855,300
	<hr/>	<hr/>
Sub-total of cash inflows	43,514,100,382	68,533,933,984
	<hr/>	<hr/>
Cash paid for goods and services	(29,003,105,375)	(53,402,587,662)
Cash paid to and on behalf of employees	(2,204,470,378)	(2,346,552,274)
Cash paid for all taxes	(2,494,344,158)	(4,628,202,078)
Cash paid relating to other operating activities	(412,433,258)	(366,022,178)
	<hr/>	<hr/>
Sub-total of cash outflows	(34,114,353,169)	(60,743,364,192)
	<hr/>	<hr/>
Net cash flows from operating activities	9,399,747,213	7,790,569,792
	<hr/>	<hr/>
2. Cash flows from investing activities		
Cash received from disposal of investments	–	602,193
Cash received from returns on investments	51,414,781	76,599,996
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	11,242,991	13,416,494
Cash received relating to other investing activities	45,490,000	10,310,375
	<hr/>	<hr/>
Sub-total of cash inflows	108,147,772	100,929,058
	<hr/>	<hr/>
Cash paid for acquisitions and construction of fixed assets, intangible assets and other long-term assets	(2,514,337,108)	(2,275,755,928)
Cash paid for investments	(9,500,000)	(882,297)
Net cash paid due to increase in pledged deposits	(2,720,997,634)	(117,553,927)
	<hr/>	<hr/>
Sub-total of cash outflows	(5,244,834,742)	(2,394,192,152)
	<hr/>	<hr/>
Net cash flows from investing activities	(5,136,686,970)	(2,293,263,094)
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Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement (Cont'd)
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	Nine Months Ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
3. Cash flows from financing activities		
Cash received from capital contribution	30,152,736	101,194,034
including: capital contribution by minority		
shareholders received by subsidiaries	30,152,736	101,194,034
Cash received from borrowings	19,070,740,380	11,450,842,852
Sub-total of cash inflows	19,100,893,116	11,552,036,886
Cash repayments of borrowings	(18,234,134,714)	(14,505,392,347)
Cash paid for distribution of dividends and		
profits or for interest expenses	(938,137,074)	(1,908,770,363)
including: dividends and profits paid to minority		
shareholders by subsidiaries	(13,458,770)	(45,301,670)
Sub-total of cash outflows	(19,172,271,788)	(16,414,162,710)
Net cash flows from financing activities	(71,378,672)	(4,862,125,824)
4. Effect of foreign exchange rate changes on cash and cash equivalents	21,652,258	15,916,883
5. Net increase in cash and cash equivalents	4,213,333,829	651,097,757
Add: Balance of cash and cash equivalents at beginning of period	5,437,364,246	6,293,537,191
6. Balance of cash and cash equivalents at end of period	9,650,698,075	6,944,634,948

Maanshan Iron & Steel Company Limited
Balance Sheet
(Prepared under China Accounting Standards)
30 September 2009
Unit: RMB

	30 September 2009 (Unaudited)	31 December 2008 (Audited)
Assets		
Current assets		
Cash and balances with financial institutions	9,130,949,748	4,368,314,406
Financial assets held for trading	945,100	813,250
Bills receivable	3,637,581,808	1,180,972,207
Trade receivables	1,151,168,840	840,021,187
Prepayments	828,590,167	1,573,542,503
Dividends receivable	17,687,460	–
Other receivables	35,028,937	48,206,022
Inventories	7,904,403,479	8,991,015,193
Non-current assets due within one year	2,938,870	2,938,870
	<hr/>	<hr/>
Total current assets	22,709,294,409	17,005,823,638
	<hr/>	<hr/>
Non-current assets		
Long-term equity investments	2,164,441,801	2,018,118,616
Investment properties	18,404,084	18,809,133
Fixed assets	36,894,250,697	38,877,703,976
Construction materials	369,249,309	434,169,176
Construction in progress	1,662,764,068	2,138,731,681
Intangible assets	1,246,040,836	1,269,925,611
Deferred tax assets	606,305,275	603,267,351
	<hr/>	<hr/>
Total non-current assets	42,961,456,070	45,360,725,544
	<hr/>	<hr/>
Total assets	65,670,750,479	62,366,549,182
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Maanshan Iron & Steel Company Limited
Balance Sheet (Cont'd)
(Prepared under China Accounting Standards)
30 September 2009
Unit: RMB

	30 September 2009 (Unaudited)	31 December 2008 (Audited)
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	–	630,000,000
Bills payable	4,895,092,529	20,000,000
Accounts payable	6,234,362,842	6,917,042,896
Deposits received	5,784,441,336	5,212,997,409
Payroll and benefits payable	134,302,168	136,423,372
Taxes payable	(230,079,859)	650,199,891
Interests payable	16,285,523	43,853,466
Dividends payable	801,538,763	1,101,575,013
Other payables	701,041,139	734,772,103
Non-current liabilities due within one year	514,980,556	216,000,000
	<hr/>	<hr/>
Total current liabilities	18,851,964,997	15,662,864,150
	<hr/>	<hr/>
Non-current liabilities		
Long-term loans	15,869,133,000	15,654,324,200
Bonds payable	5,131,070,689	4,992,975,444
Deferred income	529,028,884	562,504,397
Other non-current liabilities	7,485,033	7,485,033
	<hr/>	<hr/>
Total non-current liabilities	21,536,717,606	21,217,289,074
	<hr/>	<hr/>
Total liabilities	40,388,682,603	36,880,153,224
	<hr/>	<hr/>
Shareholders' equity		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,864,520,805	2,864,520,805
Retained profits	6,378,507,486	6,582,835,568
	<hr/>	<hr/>
Total shareholders' equity	25,282,067,876	25,486,395,958
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Total liabilities and shareholders' equity	65,670,750,479	62,366,549,182
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Maanshan Iron & Steel Company Limited
Income Statement
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	July- September 2009 (Unaudited)	January- September 2009 (Unaudited)	July- September 2008 (Unaudited)	January- September 2008 (Unaudited)
Operating revenue	14,586,564,272	38,769,040,425	21,951,467,602	62,830,820,516
Less: Cost of sales	13,456,779,899	37,658,017,743	20,203,176,486	56,562,237,703
Taxes and surcharges	75,891,346	134,273,516	222,067,961	639,850,986
Selling expenses	52,803,362	161,106,226	95,168,508	257,288,694
Administrative expenses	214,784,429	574,827,541	176,716,668	558,449,715
Financial expenses	194,457,778	677,063,355	367,526,874	1,018,324,992
Assets impairment losses/(reversal)	–	12,241,344	–	(9,795,364)
Add: Gain/(loss) on changes in fair value	(139,650)	131,850	(105,150)	(878,020)
Investment income	53,933,307	154,013,701	54,639,801	292,620,884
including: share of profits of associates and a jointly controlled entity	<u>42,840,087</u>	<u>117,002,377</u>	<u>54,531,719</u>	<u>182,563,069</u>
Operating profit	645,641,115	(294,343,749)	941,345,756	4,096,206,654
Add: Non-operating income	16,589,516	94,503,981	21,611,333	55,241,219
Less: Non-operating expenses	777,353	2,074,409	227,993	5,012,014
including: net gain/(loss) on disposal of non-current assets	<u>(1,190,603)</u>	<u>(3,315,398)</u>	<u>(5,139,890)</u>	<u>(5,429,290)</u>
Profit/(loss) before tax	661,453,278	(201,914,177)	962,729,096	4,146,435,859
Less: Income tax	<u>5,451,829</u>	<u>2,413,905</u>	<u>243,131,115</u>	<u>1,021,204,685</u>
Net profit/(loss)	<u>656,001,449</u>	<u>(204,328,082)</u>	<u>719,597,981</u>	<u>3,125,231,174</u>
Earning per share				
Basic	<u>8.52 cents</u>	<u>(2.65) cents</u>	<u>10.65 cents</u>	<u>46.24 cents</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>10.33 cents</u>	<u>44.87 cents</u>

Maanshan Iron & Steel Company Limited
Cash Flow Statement
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	Nine Months Ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
1. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	42,875,396,439	60,021,567,648
Refunds of taxes	14,932,173	–
Cash received relating to other operating activities	58,685,088	367,559,454
	<u>42,949,013,700</u>	<u>60,389,127,102</u>
Sub-total of cash inflows		
Cash paid for goods and services	(31,016,502,840)	(46,704,130,677)
Cash paid to and on behalf of employees	(2,016,339,379)	(2,022,338,679)
Cash paid for all taxes	(2,328,788,602)	(4,230,989,657)
Cash paid relating to other operating activities	(384,822,837)	(283,622,823)
	<u>(35,746,453,658)</u>	<u>(53,241,081,836)</u>
Sub-total of cash outflows		
Net cash flows from operating activities	<u>7,202,560,042</u>	<u>7,148,045,266</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	–	602,193
Cash received from returns on investments	51,414,781	202,369,184
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,136,603	13,416,494
Cash received relating to other investing activities	19,622,000	10,310,375
	<u>78,173,384</u>	<u>226,698,246</u>
Sub-total of cash inflows		
Cash paid for acquisitions and construction of fixed assets, intangible assets and other long-term assets	(1,666,790,917)	(2,112,041,453)
Cash paid for investments	(64,997,461)	(229,751,509)
Cash paid due to increase in pledged deposits	(2,720,997,634)	–
	<u>(4,452,786,012)</u>	<u>(2,341,792,962)</u>
Sub-total of cash outflows		
Net cash flows from investing activities	<u>(4,374,612,628)</u>	<u>(2,115,094,716)</u>

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
(Prepared under China Accounting Standards)
Nine Months Ended 30 September 2009
Unit: RMB

	Nine Months Ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
3. Cash flows from financing activities		
Cash received from borrowings	<u>17,907,564,450</u>	<u>10,485,639,363</u>
Sub-total of cash inflows	<u>17,907,564,450</u>	<u>10,485,639,363</u>
Cash repayments of borrowings	(17,850,702,008)	(13,420,897,130)
Cash paid for distribution of dividend and profits or for interest expenses	<u>(858,137,074)</u>	<u>(1,313,112,663)</u>
Sub-total of cash outflows	<u>(18,708,839,082)</u>	<u>(14,734,009,793)</u>
Net cash flows from financing activities	<u>(801,274,632)</u>	<u>(4,248,370,430)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>20,964,926</u>	<u>17,861,302</u>
5. Net increase in cash and cash equivalents	<u>2,047,637,708</u>	<u>802,441,422</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>4,362,314,406</u>	<u>3,665,369,814</u>
6. Balance of cash and cash equivalents at end of period	<u><u>6,409,952,114</u></u>	<u><u>4,467,811,236</u></u>