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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
2010 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"), 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 responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 Mr. Zhao Jianming, director of the Company, was on a business trip and did not attend the Board meeting. He had appointed Mr. Gu Jianguo, director, to attend the meeting and exercise the voting right on his behalf. All other directors attended the meeting.
- 1.3 The financial statements contained in this quarterly report have been prepared in accordance with China Accounting Standards for Business Enterprises. They have not been audited, but have been reviewed by the Audit Committee of the Board of the Company.
- 1.4 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.

2 BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

	As at the end of the reporting period	As at the end of the previous year	<i>Unit: RMB</i> Increase/(decrease) of the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB)	67,941,507,393	67,984,106,505	-0.06
Owners' equity (or shareholders' equity) (RMB)	27,175,133,648	26,464,653,635	2.68
Net assets per share attributable to shareholders of the Company (RMB/share)	3.53	3.44	2.68

	Beginning of the year to the end of the reporting period (Jan – Sep)		Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities (RMB)		442,417,176	-95.29
Net cash flows per share from operating activities (RMB/share)		0.06	-95.29
	Reporting period (Jul – Sep)	Beginning of the year to the end of the reporting period (Jan – Sep)	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 (RMB)	3,036,352	1,044,675,847	-99.62
Basic earnings per share (RMB/share)	0.0004	0.1357	-96.55
Basic earnings per share excluding non-recurring gains or losses (RMB/share)	–	0.1233	Not applicable
Diluted earnings per share (RMB/share)	Not applicable	Not applicable	Not applicable
Return on net assets – Weighted average (%)	0.01	3.89	Not applicable
Return on net assets excluding non-recurring gains or losses – Weighted average (%)	–	3.54	Not applicable

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

	<i>Unit: RMB</i>
	Amount from the beginning of the year to the end of the reporting period (Jan – Sep)
Gains or losses on disposal of non-current assets	2,470,205
Subsidy income accounted for in the profit and loss account for the reporting period	59,091,598
Gains or losses on changes in fair value	(273,900)
Other non-operating income and expenses other than the above items	(558,770)
Amortisation of deferred income	58,141,262
Investment income – others	(157)
Dividends for financial assets held for trading	4,551
Income tax effect	(18,510,957)
Non-recurring gains or losses attributable to minority shareholders excluding income tax effect	(4,811,900)
Non-recurring gains or losses attributable to shareholders of the Company excluding income tax effect	95,551,932

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 not subject to selling restrictions

Unit: Share

Total number of shareholders as at the end of the reporting period 399,030

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

Name of shareholder (in full)	Number of circulating shares not subject to selling restriction held at end of the reporting period	Type of shares
Magang (Group) Holding Company Limited	3,886,423,927	RMB-denominated ordinary shares
HKSCC (Nominees) Limited	1,707,291,897	Overseas-listed foreign shares
中國建設銀行－上投摩根中國優勢證券投資基金	94,000,001	RMB-denominated ordinary shares
中國建設銀行－鵬華價值優勢股票型證券投資基金	74,000,000	RMB-denominated ordinary shares
中國工商銀行－南方成份精選股票型證券投資基金	25,391,677	RMB-denominated ordinary shares
中國銀行－華寶興業先進成長股票型證券投資基金	20,000,074	RMB-denominated ordinary shares
MORGAN STANLEY & CO. INTERNATIONAL PLC.	16,187,914	RMB-denominated ordinary shares
Wang Yong (王勇)	15,785,170	RMB-denominated ordinary shares
中國銀行－嘉實滬深300指數證券投資基金	15,112,551	RMB-denominated ordinary shares
中國工商銀行股份有限公司 －華夏滬深300指數證券投資基金	10,111,124	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, as the recovery of the global economy slowed down, demand for steel turned sluggish and steel prices dropped. At the end of September, the international steel price index was 179.4, representing an increase of 11.4% year-on-year and a decline of 9.6% as compared to the end of June. Prices in domestic steel market were generally volatile while keeping an upward trend. At the end of September, the domestic steel price index was 121.08, representing an increase of 18.0% year-on-year and an increase of 5.5% as compared to the end of June.

During the reporting period, the Company and its subsidiaries (the “Group”) produced 3,840,000 tonnes of pig iron, 4,070,000 tonnes of crude steel and 3,800,000 tonnes of steel products (among which the Company produced 3,490,000 tonnes of pig iron, 3,710,000 tonnes of crude steel and 3,440,000 tonnes of steel products), representing year-on-year increases of approximately 3.23%, 3.56% and 0.80% respectively. During the reporting period, under China Accounting Standards for Business Enterprises, the Group’s operating revenue increased by 18.0% year-on-year, mainly due to increases in sales volume and average prices of products of the Company; net profits attributable to shareholders of the Company decreased by 99.6% year-on-year, primarily due to an increase in prices of raw materials and fuels.

At present, prices of raw materials and fuels remained at high levels, resulting in a continuous rise in production costs for iron and steel enterprises. The Company will continue to strengthen its control on the quality of raw materials and fuels, adjust on a timely manner the product mix and the material mix of raw materials and fuels, and improve product quality while keeping a rein on costs so as to fulfill customers’ demanding requirements and to improve the Company’s competitiveness and profitability.

Items with more than 30% changes as compared to the end of 2009 in the consolidated financial statements and the reasons for such changes:

- (1) Cash and balances with financial institutions decreased by 31% as compared to the end of the previous year primarily due to a decrease in bank borrowings and an increase in settlement for procurement.
- (2) Bills receivable increased by 53% as compared to the end of the previous year primarily due to an increase in bank acceptance bills arisen from an increase in sales revenue.
- (3) Prepayments increased by 45% as compared to the end of the previous year primarily due to an increase in prepayments for raw materials.
- (4) Other receivables increased by 273% as compared to the end of the previous year primarily due to an increase in prepayments for customs import taxes.

- (5) Inventories increased by 31% as compared to the previous year primarily due to an increase in procurement prices of raw materials during the reporting period.
- (6) Investment properties increased by 42% as compared to the end of the previous year primarily due to an increase in land use rights leased out by the subsidiaries.
- (7) Deferred income tax assets decreased by 43% as compared to the end of the previous year primarily due to an increase in profit before tax during the reporting period, setting off the losses incurred in the previous years.
- (8) Tax payable decreased by 243% as compared to the end of the previous year primarily due to an increase in prepayment of corporate income tax.
- (9) Interests payable increased by 66% as compared to the end of the previous year primarily due to an increase in non-current liabilities due within one year.
- (10) Non-current liabilities due within one year increased by 99% as compared to the end of the previous year primarily due to an increase in long-term borrowings due within one year.
- (11) Exchange fluctuation reserve decreased by 221% as compared to the end of the previous year primarily due to the depreciation of the book-keeping currency of the Company's foreign subsidiary against Renminbi.

Items with more than 30% changes as compared to the period from January to September 2009 in the consolidated financial statements and the reasons for such changes:

- (1) Sales tax and surcharges increased by 59% over the same period of the previous year primarily due to an increase in sales revenue.
- (2) Net gain on fair value changes decreased by 308% over the same period of the previous year primarily due to a decrease in the fair value of the equity instruments held for trading.
- (3) Non-operating expenses decreased by 75% over the same period of the previous year primarily due to a decrease in amercement expenses.
- (4) Profit before tax increased by 829% over the same period of the previous year primarily due to increases in sales volume and average sales prices of products of the Company during the reporting period.
- (5) Income tax expense increased by 623% over the same period of the previous year primarily due to an increase in total profit during the reporting period.
- (6) Profit/loss from minority interests decreased by 37% over the same period of the previous year primarily due to a decrease in the equity ratio attributable to minority interests.

- (7) Net cash flows from operating activities decreased by 95% over the same period of the previous year primarily due to an increase in cash paid for procurement.
- (8) Net cash flows from investing activities increased by 120% over the same period of the previous year primarily due to an increase in cash received from the decrease of pledged deposits.
- (9) Net cash flows from financing activities decreased by 2,307% over the same period of the previous year primarily due to a decrease in bank borrowings.

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

The 2009 profit distribution plan was considered and approved at the annual general meeting of the Company held on 8 June 2010. Accordingly, the Company distributed a cash dividend of RMB0.04 (tax inclusive) per share to all shareholders and H share's dividends were paid in Hong Kong dollar. The relevant details were disclosed on Shanghai Securities News and websites of Shanghai Stock Exchange and Hong Kong Stock Exchange pursuant to the requirements. On 28 July 2010, A share's dividends were transferred and the cheques for H share's dividends were sent by post to all H share shareholders.

By Order of the Board
Gu Jianguo
Chairman

21 October 2010
Maanshan City, Anhui Province, the PRC

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

Executive Directors: Gu Jianguo, Su Jiangang, 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

4.1 2010 third quarterly financial statements of Maanshan Iron & Steel Company Limited

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet
(Prepared under China Accounting Standards for Business Enterprises)
30 September 2010
Unit: RMB

Assets	30 September 2010 (Unaudited)	31 December 2009 (Audited)
Current assets		
Cash and balances with financial institutions	6,029,090,581	8,700,317,608
Financial assets held for trading	763,460	1,037,360
Bills receivable	6,780,454,062	4,421,189,686
Trade receivables	692,292,942	822,930,091
Prepayments	1,196,847,272	823,338,565
Dividends receivable	25,619,078	24,751,198
Other receivables	999,167,554	268,164,615
Inventories	11,795,471,905	8,988,794,051
Total current assets	27,519,706,854	24,050,523,174
Non-current assets		
Long-term equity investments	1,033,817,080	999,403,592
Investment properties	6,718,988	4,727,175
Fixed assets	34,881,171,863	38,272,898,821
Construction materials	190,848,066	223,238,270
Construction in progress	2,047,299,842	1,797,954,642
Intangible assets	1,814,699,864	1,855,779,750
Deferred tax assets	447,244,836	779,581,081
Total non-current assets	40,421,800,539	43,933,583,331
Total assets	67,941,507,393	67,984,106,505

Maanshan Iron & Steel Company Limited
Consolidated Balance Sheet (Cont'd)
(Prepared under China Accounting Standards for Business Enterprises)
30 September 2010
Unit: RMB

Liabilities and shareholders' equity	30 September 2010 (Unaudited)	31 December 2009 (Audited)
Current liabilities		
Short-term loans	843,598,640	1,173,245,805
Bills payable	5,939,304,272	5,400,287,600
Accounts payable	5,726,755,263	6,315,104,235
Deposits received	6,939,157,256	6,092,362,835
Payroll and benefits payable	283,304,091	275,489,773
Taxes payable	(294,443,989)	(85,807,517)
Interests payable	13,482,691	8,138,718
Dividends payable	657,125,608	701,538,763
Other payables	860,078,409	753,587,311
Non-current liabilities due within one year	<u>1,624,203,333</u>	<u>816,000,000</u>
Total current liabilities	<u>22,592,565,574</u>	<u>21,449,947,523</u>
Non-current liabilities		
Long-term loans	10,622,659,300	13,603,960,000
Bonds payable	5,290,301,363	5,165,409,845
Medium-term note	1,026,599,738	—
Deferred tax liabilities	<u>552,471,776</u>	<u>579,926,538</u>
Total non-current liabilities	<u>17,492,032,177</u>	<u>19,349,296,383</u>
Total liabilities	<u>40,084,597,751</u>	<u>40,799,243,906</u>
Shareholders' equity		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	3,070,258,447	3,057,920,649
Retained profits	8,086,922,052	7,350,273,452
Exchange fluctuation reserve	<u>(21,086,436)</u>	<u>17,419,949</u>
Equity attributable to equity holders of the parent company	<u>27,175,133,648</u>	<u>26,464,653,635</u>
Minority interests	<u>681,775,994</u>	<u>720,208,964</u>
Total shareholders' equity	<u>27,856,909,642</u>	<u>27,184,862,599</u>
Total liabilities and shareholders' equity	<u><u>67,941,507,393</u></u>	<u><u>67,984,106,505</u></u>

Maanshan Iron & Steel Company Limited
Consolidated Income Statement
(Prepared under China Accounting Standards for Business Enterprises)
For the nine months ended 30 September 2010
Unit: RMB

	July-September 2010 (Unaudited)	January-September 2010 (Unaudited)	July-September 2009 (Unaudited)	January-September 2009 (Unaudited)
Operating revenue	16,997,048,782	48,673,519,748	14,405,375,788	37,829,132,760
Less: Cost of sales	16,430,662,021	45,539,196,397	12,954,917,538	36,118,940,126
Taxes and surcharges	72,678,240	246,573,631	83,869,494	155,418,752
Selling expenses	60,489,066	175,751,381	57,732,334	173,623,836
Administrative expenses	301,833,702	837,429,539	275,825,687	726,682,456
Financial expenses	140,626,639	568,715,914	222,130,679	732,061,030
Assets impairment losses	-	13,906,462	-	12,241,344
Add: Gain/(loss) on changes in fair value	(185,980)	(273,900)	(139,650)	131,850
Investment income including: share of profits of associates and a jointly controlled entity	33,539,757	121,239,355	53,793,647	136,023,012
	<u>33,682,026</u>	<u>116,583,443</u>	<u>42,700,428</u>	<u>116,867,719</u>
Operating profit	24,112,891	1,412,911,879	864,554,053	46,320,078
Add: Non-operating income	40,266,017	121,545,462	34,321,625	120,950,018
Less: Non-operating expenses including: net loss/(gain) on disposal of non-current assets	140,761	558,770	856,003	2,214,631
	<u>(352,015)</u>	<u>(2,470,205)</u>	<u>(9,781,828)</u>	<u>(12,296,673)</u>
Profit before tax	64,238,147	1,533,898,571	898,019,675	165,055,465
Less: Income tax	36,482,815	426,669,382	51,246,394	58,979,662
Net profit	<u>27,755,332</u>	<u>1,107,229,189</u>	<u>846,773,281</u>	<u>106,075,803</u>
Net profit attributable to equity holders of the parent company	3,036,352	1,044,675,847	802,335,588	6,914,878
Minority interests	<u>24,718,980</u>	<u>62,553,342</u>	<u>44,437,693</u>	<u>99,160,925</u>
Earnings per share:				
Basic	<u>0.04 cents</u>	<u>13.57cents</u>	<u>10.42cents</u>	<u>0.09 cents</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Other comprehensive income	<u>(19,228,993)</u>	<u>(38,506,385)</u>	19,415,740	53,120,784
Total comprehensive income	<u>8,526,339</u>	<u>1,068,722,804</u>	<u>866,189,021</u>	<u>159,196,587</u>
Including: Total comprehensive income/(loss) attributable to the shareholders of the parent company	<u>(16,192,641)</u>	<u>1,006,169,462</u>	<u>821,751,328</u>	<u>60,035,662</u>
Total comprehensive income attributable to the minority shareholders	<u>24,718,980</u>	<u>62,553,342</u>	<u>44,437,693</u>	<u>99,160,925</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement
(Prepared under China Accounting Standards for Business Enterprises)
For the nine months ended 30 September 2010
Unit: RMB

	For the nine months ended 30 September	
	2010	2009
	Unaudited	Unaudited
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	55,387,025,974	43,427,913,549
Cash received from refund of taxes	–	14,932,173
Cash received relating to other operating activities	48,200,256	71,254,660
	<u>55,435,226,230</u>	<u>43,514,100,382</u>
Sub-total of cash inflows		
Cash paid for goods and services	(48,997,613,595)	(29,003,105,375)
Cash paid to and on behalf of employees	(2,730,158,562)	(2,204,470,378)
Cash paid for all taxes	(2,741,353,888)	(2,494,344,158)
Cash paid relating to other operating activities	(523,683,009)	(412,433,258)
	<u>(54,992,809,054)</u>	<u>(34,114,353,169)</u>
Sub-total of cash outflows		
Net cash flows from operating activities	<u>442,417,176</u>	<u>9,399,747,213</u>
2. Cash flows from investing activities		
Cash received from retrieval of investments	146,077,882	51,414,781
Net cash received from disposal of fixed assets, intangible assets and other long term assets	18,052,852	11,242,991
Cash received from the decrease of pledged deposits	1,984,921,205	–
Cash received relating to other investing activities	49,432,000	45,490,000
	<u>2,198,483,939</u>	<u>108,147,772</u>
Sub-total of cash inflows		
Cash paid for acquisitions of fixed assets, intangible assets and other long term assets	(1,156,822,720)	(2,514,337,108)
Cash paid for acquisitions of investments	(4,900,000)	(9,500,000)
Net cash paid for the increase in pledged deposits	–	(2,720,997,634)
	<u>(1,161,722,720)</u>	<u>(5,244,834,742)</u>
Sub-total of cash outflows		
Net cash flows from investing activities	<u>1,036,761,219</u>	<u>(5,136,686,970)</u>

Maanshan Iron & Steel Company Limited
Consolidated Cash Flow Statement (Cont'd)
(Prepared under China Accounting Standards for Business Enterprises)
For the nine months ended 30 September 2010
Unit: RMB

	For the nine months ended 30 September 2010	2009
	Unaudited	Unaudited
3. Cash flows from financing activities		
Cash received from capital contribution including: capital contribution by minority shareholders received by subsidiaries	– –	30,152,736 30,152,736
Cash received from borrowings	<u>9,405,877,103</u>	<u>19,070,740,380</u>
Sub-total of cash inflows	<u>9,405,877,103</u>	<u>19,100,893,116</u>
Cash repayments of borrowings	(10,373,164,406)	(18,234,134,714)
Cash paid for distribution of dividend, profits or interest expenses including: dividend and profit paid to minority shareholders by subsidiaries	(750,730,883) <u>(25,566,752)</u>	(938,137,074) <u>(13,458,770)</u>
Sub-total of cash outflows	<u>(11,123,895,289)</u>	<u>(19,172,271,788)</u>
Net cash flows from financing activities	<u>(1,718,018,186)</u>	<u>(71,378,672)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(37,805,898)</u>	<u>21,652,258</u>
5. Net increase/(decrease) in cash and cash equivalents	<u>(276,645,689)</u>	<u>4,213,333,829</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>5,502,947,836</u>	<u>5,437,364,246</u>
6. Balance of cash and cash equivalents at end of period	<u><u>5,226,302,147</u></u>	<u><u>9,650,698,075</u></u>

Maanshan Iron & Steel Company Limited
Balance Sheet

(Prepared under China Accounting Standards for Business Enterprises)

30 September 2010

Unit: RMB

Assets	30 September 2010 (Unaudited)	31 December 2009 (Audited)
Current assets		
Cash and balances with financial institutions	2,701,989,026	5,809,069,109
Financial assets held for trading	763,460	1,037,360
Bills receivable	6,079,786,909	4,183,146,951
Trade receivables	1,264,243,424	1,071,371,524
Prepayments	856,250,071	571,602,521
Dividends receivable	157,547,157	24,751,198
Other receivables	32,272,716	29,344,892
Inventories	10,023,271,556	7,729,440,621
	<hr/>	<hr/>
Total current assets	21,116,124,319	19,419,764,176
	<hr/>	<hr/>
Non-current assets		
Long-term equity investments	2,210,974,022	2,181,564,626
Investment properties	17,999,035	18,404,084
Fixed assets	32,999,942,172	36,293,704,502
Construction materials	163,253,970	221,471,149
Construction in progress	1,590,542,877	1,505,126,557
Intangible assets	1,214,195,492	1,238,079,244
Deferred tax assets	439,902,997	767,989,564
	<hr/>	<hr/>
Total non-current assets	38,636,810,565	42,226,339,726
	<hr/>	<hr/>
Total assets	59,752,934,884	61,646,103,902
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Maanshan Iron & Steel Company Limited
Balance Sheet (Cont'd)
(Prepared under China Accounting Standards for Business Enterprises)
30 September 2010
Unit: RMB

Liabilities and shareholders' equity	30 September 2010 (Unaudited)	31 December 2009 (Audited)
Current liabilities		
Short-term loans	268,040,000	–
Bills payable	3,330,620,000	3,057,932,063
Accounts payable	3,717,585,173	5,743,462,652
Deposits received	5,858,554,966	5,584,922,592
Payroll and benefits payable	194,180,371	208,145,931
Taxes payable	(257,998,584)	(66,882,101)
Interests payable	13,279,854	8,039,421
Dividends payable	657,125,608	701,538,763
Other payables	747,167,718	710,762,838
Non-current liabilities due within one year	<u>1,624,203,333</u>	<u>816,000,000</u>
Total current liabilities	<u>16,152,758,439</u>	<u>16,763,922,159</u>
Non-current liabilities		
Long-term loans	10,556,400,300	13,577,000,000
Bonds payable	5,290,301,363	5,165,409,845
Medium-term note	1,026,599,738	–
Deferred income	<u>536,588,276</u>	<u>562,619,538</u>
Total non-current liabilities	<u>17,409,889,677</u>	<u>19,305,029,383</u>
Total liabilities	<u>33,562,648,116</u>	<u>36,068,951,542</u>
Shareholders' equity		
Share capital	7,700,681,186	7,700,681,186
Capital reserve	8,338,358,399	8,338,358,399
Surplus reserves	2,873,596,445	2,873,596,445
Retained profits	<u>7,277,650,738</u>	<u>6,664,516,330</u>
Total shareholders' equity	<u>26,190,286,768</u>	<u>25,577,152,360</u>
Total liabilities and shareholders' equity	<u><u>59,752,934,884</u></u>	<u><u>61,646,103,902</u></u>

Maanshan Iron & Steel Company Limited
Income Statement

(Prepared under China Accounting Standards for Business Enterprises)

For the nine months ended 30 September 2010

Unit: RMB

	July-September 2010 (Unaudited)	January-September 2010 (Unaudited)	July-September 2009 (Unaudited)	January-September 2009 (Unaudited)
Operating revenue	16,596,589,383	48,560,174,052	14,586,564,272	38,769,040,425
Less: Cost of sales	16,281,435,323	46,197,572,710	13,456,779,899	37,658,017,743
Taxes and surcharges	65,810,199	224,448,205	75,891,346	134,273,516
Selling expenses	55,435,757	159,774,812	52,803,362	161,106,226
Administrative expenses	234,415,573	658,068,598	214,784,429	574,827,541
Financial expenses	99,862,220	439,014,651	194,457,778	677,063,355
Assets impairment losses	-	13,906,462	-	12,241,344
Add: Gain/(loss) on changes in fair value	(185,980)	(273,900)	(139,650)	131,850
Investment income	34,203,269	288,868,720	53,933,307	154,013,701
including: share of profits of associates and a jointly controlled entity	34,203,268	116,432,115	42,840,087	117,002,377
Operating profit/(loss)	(106,352,400)	1,155,983,434	645,641,115	(294,343,749)
Add: Non-operating income	21,874,464	93,784,306	16,589,516	94,503,981
Less: Non-operating expenses	139,911	519,518	777,353	2,074,409
including: net loss/(gain) on disposal of non-current assets	(339,959)	(1,687,044)	(1,190,603)	(3,315,398)
Profit/(loss) before tax	(84,617,847)	1,249,248,222	661,453,278	(201,914,177)
Less: Income tax	-	328,086,567	5,451,829	2,413,905
Net profit/(loss)	(84,617,847)	921,161,655	656,001,449	(204,328,082)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	(84,617,847)	921,161,655	656,001,449	(204,328,082)

Maanshan Iron & Steel Company Limited
Cash Flow Statement
(Prepared under China Accounting Standards for Business Enterprises)
For the nine months ended 30 September 2010
Unit: RMB

	For the nine months ended 30 September	
	2010	2009
	Unaudited	Unaudited
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	54,802,338,203	42,875,396,439
Cash received from refund of taxes	–	14,932,173
Cash received relating to other operating activities	34,353,370	58,685,088
	<hr/>	<hr/>
Sub-total of cash inflows	54,836,691,573	42,949,013,700
	<hr/>	<hr/>
Cash paid for goods and services	(49,989,246,921)	(31,016,502,840)
Cash paid to and on behalf of employees	(2,535,001,911)	(2,016,339,379)
Cash paid for all taxes	(2,517,504,525)	(2,328,788,602)
Cash paid relating to other operating activities	(467,852,908)	(384,822,837)
	<hr/>	<hr/>
Sub-total of cash outflows	(55,509,606,265)	(35,746,453,658)
	<hr/>	<hr/>
Net cash flows from operating activities	(672,914,692)	7,202,560,042
	<hr/>	<hr/>
2. Cash flows from investing activities		
Cash received from retrieval of investments	144,146,484	51,414,781
Net cash received from disposal of fixed assets, intangible assets and other long term assets	1,687,044	7,136,603
Cash received from the decrease of pledged deposits	2,049,545,713	–
Cash received relating to other investing activities	34,170,000	19,622,000
	<hr/>	<hr/>
Sub-total of cash inflows	2,229,549,241	78,173,384
	<hr/>	<hr/>
Cash paid for acquisitions of fixed assets, intangible assets and other long term assets	(976,843,863)	(1,666,790,917)
Cash paid for acquisitions of investments	–	(64,997,461)
Cash paid for the increase in pledged deposits	–	(2,720,997,634)
	<hr/>	<hr/>
Sub-total of cash outflows	(976,843,863)	(4,452,786,012)
	<hr/>	<hr/>
Net cash flows from investing activities	1,252,705,378	(4,374,612,628)
	<hr/>	<hr/>

Maanshan Iron & Steel Company Limited
Cash Flow Statement (Cont'd)
(Prepared under China Accounting Standards for Business Enterprises)
For the nine months ended 30 September 2010
Unit: RMB

	For the nine months ended 30 September	
	2010	2009
	Unaudited	Unaudited
3. Cash flows from financing activities		
Cash received from borrowings	<u>8,512,015,700</u>	<u>17,907,564,450</u>
Sub-total of cash inflows	<u>8,512,015,700</u>	<u>17,907,564,450</u>
Cash repayments of borrowings	<u>(9,461,635,000)</u>	<u>(17,850,702,008)</u>
Cash paid for distribution of dividend, profits or interest expenses	<u>(678,736,312)</u>	<u>(858,137,074)</u>
Sub-total of cash outflows	<u>(10,140,371,312)</u>	<u>(18,708,839,082)</u>
Net cash flows from financing activities	<u>(1,628,355,612)</u>	<u>(801,274,632)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(8,969,444)</u>	<u>20,964,926</u>
5. Net increase/(decrease) in cash and cash equivalents	<u>(1,057,534,370)</u>	<u>2,047,637,708</u>
Add: Balance of cash and cash equivalents at beginning of period	<u>3,759,523,396</u>	<u>4,362,314,406</u>
6. Balance of cash and cash equivalents at end of period	<u><u>2,701,989,026</u></u>	<u><u>6,409,952,114</u></u>

4.2 Change in accounting policy and its effect

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

4.3 Change in the scope of consolidation

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