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安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 0914)

2009 THIRD QUARTERLY REPORT

In accordance with the applicable rules of the Shanghai Stock Exchange of the People's Republic of China ("PRC"), the quarterly report ("Quarterly Report") of Anhui Conch Cement Company Limited ("Company") and its subsidiaries (together with the Company referred to as the "Group") for the third quarter as at 30 September 2009 ("Reporting Period") will be published in newspapers circulating in the PRC on 27 October 2009. The full text of the Quarterly Report is set out below pursuant to Rule 13.09(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§ 1. IMPORTANT NOTICE

- 1.1 The board ("Board") of directors ("Directors"), supervisory committee ("Supervisory Committee"), and the Directors, supervisors and members of the senior management of the Company warrant that in respect of the information contained in this Quarterly Report, there are no misrepresentations, misleading statements or material omission, and they individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this Quarterly Report.
- 1.2 The financial report of this quarter has not been audited.
- 1.3 The Company's Chairman, Mr Guo Wensan, the officer-in-charge of the accounting functions, Mr Ren Yong, and the head of the accounting department, Mr Zhou Bo, declare that the financial report contained in this Quarterly Report is warranted to be true and complete.
- 1.4 Unless stated otherwise, the currency unit in this Quarterly Report refers to Renminbi ("RMB"), the lawful currency of the PRC; unless stated otherwise, all financial information was prepared under the generally accepted accounting principles of the PRC.

§ 2. BASIC CORPORATE INFORMATION

2.1 Major accounting data and financial indicators of the Group

	As at the end of Reporting Period	As at the end of the previous year	Changes as at the end of the Reporting Period compared with that as at the end of the previous year (%)
Total assets (RMB)	42,684,565,872	42,532,122,806	0.36
Total equity attributable to equity shareholders of the Company (RMB)	27,083,798,912	24,796,664,298	9.22
Net assets per share attributable to equity shareholders of the Company (RMB)	15.33	14.04	9.22
	From the beginning of this year to the end of the Reporting Period		Changes as compared with that of the corresponding period of the previous year (%)
Net cash flow generated from operating activities (RMB)	6,489,688,086		339.52
Net cash flow generated from operating activities per share (RMB)	3.67		339.52
	Reporting Period	From the beginning of this year to the end of the Reporting Period	Changes for the Reporting Period compared with that of the corresponding period of the previous year (%)
Net profit attributable to equity shareholders of the Company (RMB)	937,926,752	2,235,048,220	33.18
Basic earnings per share (RMB/ share)	0.53	1.27	33.18
Diluted earnings per share (RMB/share)	0.53	1.27	33.18
Return on net assets attributable to equity shareholders of the Company (diluted)	3.46%	9.01%	Increased by 0.51 percentage point
Return on net assets attributable to equity shareholders of the Company after extraordinary items (diluted)	3.41%	8.67%	Increased by 0.57 percentage point
Basic earnings per share after extraordinary items (RMB/share)	1.22		

Extraordinary items	Amount from the beginning of this year to the end of the Reporting Period (RMB)
Gain/ (loss) on disposals of long term equity investment and fixed assets	112,183
Government subsidy income	102,695,960
Investment gain on disposal of trading equity securities and available-for-sale equity securities	6,380,953
Other extraordinary items	3,053,215
Effect of extraordinary items on income tax	(24,405,775)
Effect of extraordinary items on minority interest	(3,499,261)
Total	84,337,275

2.2 The total number of shareholders and the shareholding of the top 10 holders of floating shares without trading restriction as at the end of the Reporting Period

Total number of shareholders as at the end of the Reporting Period		16,979	
Shareholding of the top 10 holders of floating shares without trading restriction			
Serial number	Name of shareholder (in full)	Number of floating shares without trading restriction held at the end of the Reporting Period	Class
1	Anhui Conch Holdings Company Limited	611,596,203	RMB-denominated ordinary shares
2	HKSCC Nominees Limited	432,698,997	Overseas listed foreign shares
3	Bank of Communications - E Fund Kexun Stock Securities Investment Fund	13,000,000	RMB-denominated ordinary shares
4	UBS AG	10,967,081	RMB-denominated ordinary shares
5	China Construction Bank - Hua An Hongli Stock Securities Investment Fund	9,999,968	RMB-denominated ordinary shares
6	Bank of Communications - Hua An Strategic Selected Stock Fund	9,413,905	RMB-denominated ordinary shares
7	Industrial and Commercial Bank of China - Hua An Mid-cap and Small-cap Growth Stock Securities Investment Fund	9,347,723	RMB-denominated ordinary shares

8	International Finance — HSBC — JP Morgan Chase Bank, National Association	8,576,277	RMB-denominated ordinary shares
9	Bank of China - Da Cheng Wealth Management 2020 Life Cycle Securities Investment Fund	8,500,000	RMB-denominated ordinary shares
10	China Life Insurance Company Ltd. - Bonus – Personal bonus - 005L - FH002Hu	8,121,278	RMB-denominated ordinary shares

§ 3. MAJOR EVENTS

3.1 Significant changes and reasons for such changes in major items of the accounting statements and financial indicators of the Company

1. As at the end of the Reporting Period, the closing balances of construction in progress and construction materials increased by 106% and 74% respectively from those at the beginning of the year. The changes were mainly attributable to the Group's acceleration of project construction progress which led to an increase in investment in construction projects; the closing balance of the monetary capital decreased by 48% from that of the beginning of the year, which was mainly due to the increase in investment in project construction and the repayment of certain amounts of bank borrowings;
2. as at the end of the Reporting Period, the Group's bills receivable, short-term borrowings and non-current liabilities due within one year decreased by 57%, 74% and 45% respectively from those of the beginning of the year. The decreases were mainly due to the gradual maturity during the year of the discounted and unexpired bank acceptance bills which were included in the closing balances at the beginning of the year and the repayment of certain amounts of bank borrowings;
3. as at the end of the Reporting Period, the closing balance of the available-for-sale equity securities of the Group increased by 41% from that of the beginning of the year, which was mainly due to the increase in the market value of the shares held by the Group in other cement companies as strategic investment;
4. as at the end of the Reporting Period, the closing balance of the Group's long-term equity investment increased by 48% from that of the beginning of the year. The increase was mainly due to the addition of joint venture companies during the Reporting Period and the change from cost method to equity method for recording the disposal of 50% equity

interests in Anhui Conch Machinery & Electric Co., Ltd.;

5. as at the end of the Reporting Period, the bills payable of the Group increased by RMB1.543 billion from that of the beginning of the year. The increase was due to the Group's issuance of bank acceptance bills during the year in the aggregate amount of RMB1.543 billion for payment to suppliers, for the main purpose of reducing financing costs;
6. as at the end of the Reporting Period, wages payables of the Group decreased by 67% from that of the beginning of the year, which was mainly due to the distribution by the Group during the year of year-end bonus, which was provided for in the previous year;
7. during the Reporting Period, the Group's financial expenses dropped by 42% as compared with that of the same period last year, which was mainly due to the substantial reduction in the Group's outstanding balance of borrowings and drop in loan interest rate;
8. during the Reporting Period, the Group's investment income increased by 170% from that of the same period last year, which was mainly due to the receipt during the Reporting Period of cash dividends from other cement companies for shares held by the Group as strategic investment;
9. during the Reporting Period, the Group's income tax expenses increased by 45% from that of the same period last year, which was mainly due to the expansion of the Group's production capacity and increase in total profits during the Reporting Period;
10. from the beginning of the year to the end of the Reporting Period, both net cash flow generated from operating activities and net cash flow generated from operating activities per share of the Group increased by 340% respectively, when compared with that of the same period last year. The increase was mainly due to the expansion of the Group's production capacity, increase in sales volume and the gradual maturity of the endorsed and discounted bank acceptance bills, which were included in the closing balances of bills receivable at the beginning of the year;
11. from the beginning of the year to the end of the Reporting Period, among the Group's cash outflow from investing activities, cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets increased by 47% when compared with that of the same period last year. The increase was mainly due to the Group's acceleration of project construction progress which led to an increase in investment in construction projects;

12. from the beginning of the year to the end of the Reporting Period, the Group's net cash flow generated from financing activities amounted to -RMB4.025 billion, representing a decrease of RMB11.892 billion from that of the same period last year. The decrease was mainly due to the proceeds of RMB11.282 billion raised from the Company's public issue of 200 million A shares in the same period last year and the repayment of certain amounts of bank borrowings during the year.

3.2 Progress of significant events and analysis of their effects and solutions

The issue of corporate bonds in the aggregate principal amount of not exceeding RMB9.5 billion in the PRC was approved by the board of directors of the Company on 2 April 2009, and was passed and approved at the 2008 annual general meeting of the Company on 5 June 2009. As at the date of announcement of this report, the application for the issue of the corporate bonds is still pending the approval of China Securities Regulatory Commission.

3.3 Implementation of undertakings made by the Company, its shareholders and beneficial controllers

Applicable Not applicable

3.4 Warning of and explanation for the accumulated net profit from the beginning of the year to the end of the next reporting period forecast to be a probable loss or to be significantly differed from that of the corresponding period of the previous year

Applicable Not applicable

3.5 Implementation of cash dividend distribution

During the Reporting Period, the Company did not distribute any cash dividends.

Board of Anhui Conch Cement Company Limited

26 October 2009

§ 4 Appendix

4.1 Balance Sheet

Balance Sheet

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	As at 30 September 2009 Consolidated	As at 31 December 2008 Consolidated	As at 30 September 2009 The Company	As at 31 December 2008 The Company (as restated)
Current Assets:				
Monetary capital	3,565,101,197	6,799,363,846	2,322,178,307	5,438,149,950
Tradable equity securities	-	-	-	-
Bills receivable	1,629,883,663	3,762,045,813	522,421,730	1,408,989,714
Accounts receivable	410,570,292	446,538,846	26,480,582	46,599,145
Advance payments	382,300,186	305,900,926	40,170,045	32,541,075
Dividends receivable	-	-	-	140,000,000
Other receivables	223,080,604	200,183,574	5,453,209,813	6,947,648,190
Inventory	2,032,230,957	1,870,366,227	213,253,008	231,818,388
Other current assets	141,573,271	148,745,438	-	3,948,777
Total current assets	8,384,740,170	13,533,144,670	8,577,713,485	14,249,695,239
Non-current assets:				
Available-for-sale equity securities	1,699,702,280	1,201,757,498	1,699,702,280	1,201,757,498
Long-term equity investment	478,351,538	322,939,011	24,524,440,781	14,564,570,720
Net amount of fixed assets	23,932,234,264	22,435,101,126	964,533,178	1,026,900,084
Construction in progress	3,485,810,548	1,695,613,659	6,649,074	6,884,027
Construction materials	2,394,094,616	1,375,490,140	18,101,196	24,705,410
Net amount of intangible assets	1,930,275,873	1,660,242,713	214,157,249	219,467,702
Goodwill	16,119,621	16,119,621	-	-
Deferred income tax assets	83,292,391	68,969,584	11,285,069	11,285,069
Other non-current assets	279,944,571	222,744,784	-	-
Total non-current assets	34,299,825,702	28,998,978,136	27,438,868,827	17,055,570,510
Total assets	42,684,565,872	42,532,122,806	36,016,582,312	31,305,265,749

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ren Yong

Head of the accounting department: Zhou Bo

Balance Sheet (Continued)

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	As at 30 September 2009 Consolidated	As at 31 December 2008 Consolidated	As at 30 September 2009 The Company	As at 31 December 2008 The Company (as restated)
Current liabilities:				
Short-term borrowings	580,000,000	2,268,375,685	50,000,000	503,949,503
Bills payable	1,542,974,906	-	1,468,871,274	200,000,000
Accounts payable	2,815,090,900	3,470,635,887	854,309,794	1,199,162,545
Receipts in advance	629,753,078	547,375,471	95,236,233	99,896,738
Wages payable	42,444,566	129,806,082	4,769,323	20,682,552
Tax payable	401,345,099	445,305,480	61,127,302	65,093,690
Interests payable	8,813,037	24,580,408	621,878	10,281,098
Dividends payable	-	50,000,000	-	-
Other payables	1,782,079,319	1,704,029,537	7,299,851,347	2,533,650,067
Non-current liabilities due within one year	1,403,760,146	2,534,124,931	535,000,000	885,000,000
Total current liabilities	9,206,261,051	11,174,233,481	10,369,787,151	5,517,716,193
Non-current liabilities:				
Long-term borrowings	5,856,181,819	6,033,454,546	850,000,000	1,300,000,000
Long-term payables	28,780,469	33,230,850	-	-
Deferred income tax liabilities	19,589,419	19,907,085	-	-
Other non-current liabilities	2,935,500	3,090,000	-	-
Total non-current liabilities	5,907,487,207	6,089,682,481	850,000,000	1,300,000,000
Total liabilities:	15,113,748,258	17,263,915,962	11,219,787,151	6,817,716,193
Owners' equity:				
Share capital	1,766,434,193	1,766,434,193	1,766,434,193	1,766,434,193
Capital reserve	14,698,531,623	14,116,514,971	20,855,565,580	20,311,927,029
Surplus reserve	471,503,760	471,503,760	471,503,760	471,503,760
Unappropriated profits	10,147,329,336	8,442,211,374	1,703,291,628	1,937,684,574
Equity attributable to owners of the Company	27,083,798,912	24,796,664,298	-	-
Minority interests	487,018,702	471,542,546	-	-
Total owners' equity	27,570,817,614	25,268,206,844	24,796,795,161	24,487,549,556
Total liabilities and owners' equity	42,684,565,872	42,532,122,806	36,016,582,312	31,305,265,749

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ren Yong

Head of the accounting department: Zhou Bo

4.2 Income Statement

Income Statement

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	July to September 2009 Consolidated	July to September 2008 Consolidated	July to September 2009 The Company	July to September 2008 The Company (as restated)
I. Operating revenue	6,431,873,471	6,477,781,762	1,717,911,430	2,307,059,053
Less: Operating cost	(4,589,889,509)	(4,893,061,070)	(1,591,398,487)	(2,116,538,724)
Business tax and surcharges	(33,941,345)	(40,448,909)	(3,019,944)	(4,525,362)
Selling expenses	(361,765,453)	(352,569,900)	(26,758,894)	(28,184,368)
Administrative expenses	(212,090,408)	(202,683,394)	(29,828,490)	(33,033,378)
Financial expenses	(101,220,423)	(174,661,569)	(17,677,665)	(38,382,046)
Loss on impairment of assets	-	-	(1,350,880)	(1,725,532)
Add: Gain or loss on changes of fair value	-	-	-	-
Add: Investment income	13,976,010	5,172,303	17,639,559	6,430,605
Including: investment income from associates	1,682,713	1,262,387	1,682,713	1,262,387
II. Operating profit	1,146,942,343	819,529,223	65,516,629	91,100,248
Add: Non-operating income	48,346,499	56,313,672	14,398,568	51,376
Less: Non-operating expenses	(2,750,489)	(2,516,991)	(90,751)	-
Including: Loss from disposal of non-current assets	(296,257)	(1,684,500)	(53,241)	-
III. Total profits	1,192,538,353	873,325,904	79,824,446	91,151,624
Less: Income tax expenses	(227,185,450)	(156,814,370)	(18,269,922)	(10,021,195)
IV. Net profit	965,352,903	716,511,534	61,554,524	81,130,429
Including: Net profit realised by the entity to be included in the consolidated statements before the consolidation	-	-	-	-
Net profit attributable to owners of the Company	937,926,752	704,272,294		
Minority interests	27,426,151	12,239,240		
V. Earnings per share				
(1) Basic earnings per share	0.53	0.40	-	-
(2) Diluted earnings per share	0.53	0.40	-	-
VI. Other comprehensive income	17,432,817	(310,633,036)	17,432,817	(343,873,036)
VII. Total comprehensive income attributable to	982,785,721	405,878,498	78,987,341	(262,742,607)
owners of the Company	955,359,570	393,639,258		
minority interest	27,426,151	12,239,240		

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ren Yong

Head of the accounting department: Zhou Bo

Income Statement (Continued)

Prepared by: Anhui Conch Cement Company Limited Unit: RMB Type of audit: Unaudited

Items	January to September 2009 Consolidated	January to September 2008 Consolidated	January to September 2009 The Company	January to September 2008 The Company (as restated)
I. Operating revenue	17,667,929,572	16,675,368,340	4,949,483,994	5,919,669,921
Less: Operating cost	(12,971,296,075)	(12,220,630,605)	(4,612,190,388)	(5,485,154,486)
Business tax and surcharges	(91,690,758)	(103,452,397)	(8,469,304)	(11,191,888)
Selling expenses	(1,065,883,684)	(986,488,988)	(77,704,361)	(63,364,742)
Administrative expenses	(622,221,829)	(546,901,582)	(92,967,065)	(78,994,534)
Financial expenses	(285,543,317)	(606,726,610)	(17,341,178)	(139,764,831)
Loss on impairment of assets	-	-	(4,241,123)	(4,766,164)
Add: Gain or loss on changes of fair value	-	-	-	-
Add: Investment income	20,496,386	24,104,083	165,813,536	920,679,233
Including: investment income from associates	1,822,136	3,772,055	1,822,136	3,772,055
II. Operating profit	2,651,790,295	2,235,272,241	302,384,111	1,057,112,509
Add: Non-operating income	146,975,831	199,701,160	20,319,264	421,585
Less: Non-operating expenses	(4,627,618)	(5,377,174)	(253,241)	(140,170)
Including: Loss from disposal of non-current assets	(1,251,772)	(2,567,750)	(53,241)	-
III. Total profits	2,794,138,508	2,429,596,227	322,450,134	1,057,393,924
Less: Income tax expenses	(497,581,632)	(347,697,516)	(26,912,823)	(11,894,787)
IV. Net profit	2,296,556,876	2,081,898,711	295,537,311	1,045,499,137
Including: Net profit realised by the entity to be included in the consolidated statements before the consolidation	-	-	-	--
Net profit attributable to owners of the Company	2,235,048,220	2,017,735,016		
Minority interests	61,508,656	64,163,695		
V. Earnings per share				
(1) Basic earnings per share	1.27	1.22		
(2) Diluted earnings per share	1.27	1.22		
VI. Other comprehensive income	584,984,151	(464,937,159)	543,638,551	(521,230,359)
VII. Total comprehensive income attributable to	2,881,541,028	1,616,961,552	839,175,862	524,268,778
owners of the Company	2,817,064,872	1,552,797,857		
minority interest	64,476,156	64,163,695		

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ren Yong

Head of the accounting department: Zhou Bo

4.3 Cash Flow Statement

Cash Flow Statement

Prepared by: Anhui Conch Cement Company Limited. Unit: RMB Type of audit: Unaudited

Items	2009 Q3 Consolidated	2008 Q3 Consolidated	2009 Q3 The Company	2008 Q3 The Company
1. Cash flow generated from operating activities:				
Cash received from sale of goods and rendering of services	25,045,372,854	19,811,401,644	6,740,088,207	6,895,160,548
Tax and charges refund	36,486,856	49,350,497	18,213,864	-
Cash received relating to other operating activities	186,001,875	124,108,474	2,317,580,415	920,325,267
Sub-total of cash inflow from operating activities	25,267,861,585	19,984,860,615	9,075,882,486	7,815,485,815
Cash paid for goods and services	(15,486,883,902)	(15,027,838,024)	(4,397,722,905)	(6,888,368,117)
Cash paid to and on behalf of employees	(756,908,156)	(486,057,266)	(92,991,511)	(81,147,237)
Various types of tax paid	(2,191,789,623)	(2,415,362,246)	(174,720,070)	(136,571,468)
Cash paid relating to other operating activities	(342,591,818)	(579,077,581)	(729,868,718)	(1,886,715,633)
Sub-total of cash outflow from operating activities	(18,778,173,499)	(18,508,335,117)	(5,395,303,204)	(8,992,802,455)
Net cash flow generated from operating activities	6,489,688,086	1,476,525,498	3,680,579,282	(1,177,316,640)
2. Cash flow generated from investing activities:				
Cash received from sales of investments	77,211,325	1,562,369,583	73,709,438	1,548,777,083
Cash received from investment income	15,966,423	4,000,000	295,966,423	399,289,792
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,603,155	30,141,945	-	13,311
Net cash received from disposal of subsidiaries and other operation entities	80,000,000	-	80,000,000	-
Cash received from other investing activities	116,799,177	53,687,373	88,907,192	29,578,811
Sub-total of cash inflow from investing activities	293,580,080	1,650,198,901	538,583,053	1,977,658,997
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	(5,857,333,163)	(3,993,581,227)	(9,779,084)	(46,051,243)
Cash paid for investments	(30,656,603)	(2,921,949,551)	(27,501,115)	(2,910,078,825)
Net cash paid for acquisition of subsidiaries and other operation entities	(80,000,000)	-	(4,015,704,906)	(1,809,365,411)
Net cash paid for acquisition of minority interest	-	(10,709,000)	-	-
Cash paid for other investing activities	(21,000,000)	(39,260,000)	(1,223,990,320)	(3,332,713,337)
Sub-total of cash outflow from investing activities	(5,988,989,766)	(6,965,499,778)	(5,276,975,425)	(8,098,208,816)
Net cash flow generated from investing activities	(5,695,409,686)	(5,315,300,877)	(4,738,392,372)	(6,120,549,819)
3. Cash flow generated from fin				

ancing activities:				
Cash received from contribution of investments	1,000,000	11,442,057,207	-	11,282,057,207
Cash received from borrowings	1,990,000,000	4,631,645,995	100,000,000	1,763,763,320
Cash received from other financing activities	-	-	-	-
Sub-total of cash inflow from financing activities	1,991,000,000	16,073,703,202	100,000,000	13,045,820,527
Cash paid for repaying borrowings	(4,984,948,412)	(7,554,306,115)	(1,353,949,503)	(2,170,000,000)
Cash paid for distribution of dividends, profits or payment of interest	(1,030,967,199)	(652,131,985)	(627,847,568)	(161,017,984)
Cash paid for other financing activities	-	-	-	-
Sub-total of cash outflow from financing activities	(6,015,915,611)	(8,206,438,100)	(1,981,797,071)	(2,331,017,984)
Net cash flow generated from financing activities	(4,024,915,611)	7,867,265,102	(1,881,797,071)	10,714,802,543
4. Effect of changes in foreign exchange rates on cash and cash equivalents		-	-	-
5. Net increase in cash and cash equivalents	(3,230,637,211)	4,028,489,723	(2,939,610,161)	3,416,936,084
Add: Cash and cash equivalents at the beginning of the period	6,751,210,705	1,411,707,022	5,395,168,650	469,638,962
6. Cash and cash equivalents at the end of the period	3,520,573,494	5,440,196,745	2,455,558,489	3,886,575,046

Legal representative: Guo Wensan

Officer-in-charge of the accounting functions: Ren Yong

Head of the accounting department: Zhou Bo

By order of the Board
Anhui Conch Cement Company Limited
Zhang Mingjing
Company Secretary

Wuhu City, Anhui Province, the PRC

26 October 2009

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Mr Ren Yong, Mr Yu Biao, and Mr Li Shunan as executive Directors, and (ii) Mr Kang Woon, Mr Chan Yuk Tong, and Mr Ding Meicai as independent non-executive Directors.