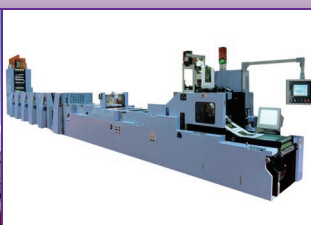


2009

Interim Report



Company Mission: To satisfy the demand for printing machinery products and services from users; to benefit the society and our shareholders, employees and customers as a whole; to ensure the maximization of our shareholders' gain.



北人
BEIREN

北人印刷機械股份有限公司
BEIREN PRINTING MACHINERY HOLDINGS LIMITED

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IMPORTANT NOTES

1. The board of directors (the "Board"), supervisory committee (the "Supervisory Committee") and the directors (the "Directors"), supervisors and senior management of the Company warrant that this report does not contain any false information, misleading statements or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.
2. 9 out of 10 directors eligible to participate in the meeting attended the meeting in person. Independent Non-executive Director Mr. Xie Bingguang was absent from the meeting due to business engagement and had appointed Independent Non-executive Director Mr. Wang Deyu to attend the meeting and vote on his behalf.
3. The financial statements of the interim report have not been audited.
4. None of our substantial shareholders has occupied the Company's capital.
5. Mr. Pang Liandong, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Duan Yuangang, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report.

BASIC CORPORATE INFORMATION

(I) BASIC CORPORATE INFORMATION

(1)	Chinese name of the Company	:	北人印刷機械股份有限公司
	Chinese abbreviation	:	北人股份
	English name of the Company	:	Beiren Printing Machinery Holdings Limited
	English abbreviation	:	BR
(2)	Place of listing of the Company's A Shares	:	Shanghai Stock Exchange (SSE)
	Abbreviated name of A Shares	:	北人股份
	A Shares stock code	:	600860
	Place of listing of the Company's H Shares	:	The Stock Exchange of Hong Kong Limited
	Abbreviated name of H Shares	:	Beiren Printing
	H Shares stock code	:	0187
(3)	Registered address	:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
	The PRC Office address	:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China (the "PRC")
	Postal code	:	100176
	International internet website	:	http://www.beirengf.com
	Email address	:	beirengf@beirengf.com
(4)	Legal representative	:	Mr. Pang Liandong
(5)	Secretary to the Board of Directors	:	Ms. Jiao Ruifang
	Telephone number	:	86-010-67802565
	Facsimile number	:	86-010-67802570
	Email address	:	beirengf@beirengf.com
	Correspondence address	:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
	Representative in charge of securities affairs	:	Lu Ruiping
	Telephone number	:	86-010-67802565
	Facsimile number	:	86-010-67802570
	Email address	:	beirengf@beirengf.com
	Correspondence address	:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
(6)	Newspapers designated for dissemination of the Company's information	:	Shanghai Securities News
	Internet website for Publishing the Company's Interim Report	:	http://www.sse.com.cn http://www.hkexnews.hk
	Place for Inspecting the Company's Interim Report	:	Secretariat of the Board of Directors of Beiren Printing Machinery Holdings Limited
(7)	Other basic information	:	
	Date of first business registration of the Company	:	13 July 1993
	Place of first business registration of the Company	:	Chaoyang District, Beijing, the PRC
	Date of first change in business registration of the Company	:	24 December 2003
	Place of first change in business registration of the Company	:	Beijing, the PRC
	Business registration number	:	11000005015956
	Tax registration number	:	Jing Guo Shui Chao Zi 110105101717457
	Corporate Organizational Structure Code	:	101717457
	Domestic auditors of the Company	:	ShineWing Certified Public Accountants
	Address of domestic auditors of the Company	:	9/F, Block A, Fu Hua Mansion No. 8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing, China
	Overseas auditors of the Company	:	SHINewing (HK) CPA Limited
	Address of overseas auditors of the Company	:	16/F., United Centre, 95 Queensway, Hong Kong
	Domestic legal adviser of the Company	:	China Kang Da Law Firm
	Address of domestic legal adviser of the Company	:	No. 19, Jianguomenwai Dajie, Chaoyang District, Beijing, the PRC
	Overseas legal adviser of the Company	:	Woo, Kwan, Lee & Lo
	Address of overseas legal adviser of the Company	:	26/F, Jardine House, Central, Hong Kong
	Reception of shareholder enquiries	:	10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturday and Sunday) 9:00-11:00a.m. 2:00-4:00p.m.

BASIC CORPORATE INFORMATION

(II) MAJOR FINANCIAL DATA AND INDICATORS

1. Major accounting data and financial indicators

Unit: RMB

	By the end of the reporting period	By the end of the reporting period last year	Increase(+)/ decrease(-) %
Total assets	1,867,403,451.67	1,959,518,162.60	-4.70
Equity holders' equity (or Shareholders' equity)	861,189,405.99	896,867,102.34	-3.98
Net assets per share	2.04	2.13	-4.23
	For the reporting period (January – June)	For the same period last year	Increase(+)/ decrease(-) %
Operating profit	-41,880,324.14	-28,164,530.81	-48.70
Total profit	-37,636,119.87	-23,677,203.00	-58.96
Net profit	-35,677,696.35	-22,797,649.93	-56.50
Net profit after extraordinary items	-39,788,653.21	-26,279,768.69	-51.40
Basic earnings per share	-0.08	-0.05	-60.00
Basic earnings per share after extraordinary items	-0.09	-0.06	-50.00
Diluted earnings per share	-0.08	-0.05	-60.00
Return on net assets (%)	-4.14	-2.01	Decreased by 2.13 percentage points
Net cash flow from operating activities	41,559,690.16	-31,328,391.72	232.66
Net cash flow per share from operating activities	0.10	-0.07	242.86

2. Extraordinary items and amount:

Unit: RMB

Extraordinary	Amount
Profit (loss) from disposal of non-current assets	-85,611.43
Government subsidy accounted into profit and loss for the current period, other than those closely associated with the operations of the Company which were accounted for in fixed amount or volume in compliance with the requirements of the policies of the State and in accordance with uniform standard of the state	4,309,977.27
Other net non-operating income/expenses save for the above	-113,408.98
Total	4,110,956.86

BASIC CORPORATE INFORMATION

3. DIFFERENCES BETWEEN THE PRC AND INTERNATIONAL ACCOUNTING STANDARDS

Unit: RMB'000

Items	Net assets		Net profit	
	Current period	Previous period	Current period	Previous period
As reported under Hong Kong Financial Reporting Standards	846,756	882,351	-35,595	-20,976
1. Difference in valuation of assets contributed to the Company by Beiren Group Corporation	60,198	60,198	0.00	0.00
2. Subsequent amortisation of difference in valuation of assets contributed to the Company by Beiren Group Corporation	-48,442	-48,409	-33	-33
3. Difference in valuation of assets contributed to subsidiaries	181	197	-16	-16
4. Difference in recognition of good will upon acquisition of a subsidiary	-4,479	-4,479	0.00	0.00
5. Difference in amortisation of goodwill upon acquisition of a subsidiary	4,479	4,479	0.00	0.00
6. Difference in recognition of reserve impairment of property in HK	0.00	0.00	0.00	-1,730
7. Others	2,496	2,530	-34	-43
Prepared under Accounting Standard for Business Enterprises	861,189	896,867	-35,678	-22,798

During the year, the financial impact of differences between the PRC and Hong Kong Financial Reporting Standards on the net profit of the Company was RMB83,000. The main differences are as follows:

- (1) Adjustment in valuation of assets contributed by Beiren Group Corporation: In accordance with Hong Kong Financial Reporting Standards, the land developing expense contributed by Beiren Group Corporation to the Company was accounted for as capital reserve. In accordance with Accounting Standards for Business Enterprises, the amount was recorded as the increase in long term deferred expenses. Accordingly, the related amortization charge of RMB33,000 for the year was written back in the accounts by the Company.
- (2) Difference in valuation of assets contributed to subsidiaries: In accordance with Hong Kong Financial Reporting Standards, the intangible assets invested by the Company into the subsidiaries with original cost of RMB4,624,000 should be written off. In accordance with Accounting Standards for Business Enterprises, the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortization of RMB16,000 for the year was written back in the accounts by the Company.

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

1. CHANGES IN SHAREHOLDING

	Before the change		Issue of new shares	Bonus issues	Conversion from reserve	Increase (+)/decrease (-)		After the change	
	Number	Percentage (%)				Others	Sub-total	Unit: share	
								Number	Percentage (%)
(1) Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	180,440,000	42.76			-180,440,000	-180,440,000	0	0	
3. Other domestic shares									
Including:									
Domestic non-state-owned legal person shares									
Domestic public shares									
4. Foreign shares									
Including:									
Overseas legal person shares									
Overseas public shares									
Total of shares subject to trading moratorium	180,440,000	42.76			-180,440,000	-180,440,000	0	0	
(2) Circulating shares not subject to trading moratorium									
1. Renminbi Ordinary shares	141,560,000	33.55			180,440,000	180,440,000	322,000,000	76.31	
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	23.69			0	0	100,000,000	23.69	
4. Others									
Total circulating shares not subject to trading moratorium	241,560,000	57.24			180,440,000	180,440,000	422,000,000	100	
(3) Total shares	422,000,000	100			0	0	422,000,000	100	

Note: About the changes in shareholding:

Share Segregation Reform of the Company was approved by related general meeting on 20 March 2006 and came into effect on 29 March 2006 (being the equity registration date), and the Company resumed listing for the first time after the implementation on 31 March 2006. According to the Share Segregation Reform, shares subject to trading moratorium held by the Company were 222,640,000 shares, of which 21,100,000 shares were listed for circulation in the market on 5 June 2007, 21,100,000 shares were listed for circulation in the market on 22 May 2008 and 180,440,000 shares were listed for circulation in the market on 31 March 2009, and the nature of shareholding has changed accordingly. Announcement of Listing of Circulating Shares subject to Trading Moratorium of the Beiren Printing Machinery Holdings Limited was disclosed by the Company on 30 May 2007, 20 May 2008 and 26 February 2009.

2. STATUS OF SHAREHOLDERS

(1) Number of shareholders and their shareholding

Total number of shareholders at the end of the reporting period		30,813 (including: 30,715 A share holders, 98 H share holders)				
Particulars of top ten shareholders						
Name of shareholder	Nature of shareholder	Percentage in share capital (%)	Number of shares held	Increase/decrease during the reporting period	Number of shares subject to trading moratorium	Number of Shares pledged or frozen
Beiren Group Corporation	State-owned legal person	52.76	222,640,000	0	0	None
HKSCC NOMINEES LIMITED	Unknown	23.39	98,737,199	0	0	Unknown
李瑞宏	Unknown	0.32	1,365,000	1,365,000	0	Unknown
伍志强	Unknown	0.19	820,000	0	0	Unknown
北廣電子	Unknown	0.17	722,100	0	0	Unknown
楊志寧	Unknown	0.17	699,500	699,500	0	Unknown
廖敬秋	Unknown	0.15	653,000	33,000	0	Unknown
唐斌斌	Unknown	0.11	443,800	443,800	0	Unknown
江少珠	Unknown	0.10	420,100	20,100	0	Unknown
馮福琴	Unknown	0.09	384,700	46,000	0	Unknown

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

Particulars of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium held	Class of shares
Beiren Group Corporation	222,640,000	Renminbi ordinary shares
HKSCC NOMINEES LIMITED	98,737,199	Foreign shares listed overseas
李瑞宏	1,365,000	Renminbi ordinary shares
伍志強	820,000	Renminbi ordinary shares
北廣電子	722,100	Renminbi ordinary shares
楊志寧	699,500	Renminbi ordinary shares
廖敬秋	653,000	Renminbi ordinary shares
唐斌斌	443,800	Renminbi ordinary shares
江少珠	420,100	Renminbi ordinary shares
馮福亨	384,700	Renminbi ordinary shares

The explanation of the connected relation and action in concert among the aforesaid shareholders

As at the reporting period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company is neither aware of any connected relationship among the above shareholders, nor is aware of any of the above shareholders as parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

Notes:

1. HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who separately held more than 5% of the total share capital of the Company.
2. Save as disclosed above, as at 30 June 2009, Directors were not aware of any person (not being a Director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
3. There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
4. As at 30 June 2009, the Company did not issue any convertible securities, options, warrants or any other similar right.

Particulars of Shares held by Top Ten Holders of Shares subject to Trading Moratorium and Trading Moratorium

Unit: share

Particulars of Shares subject to Trading Moratorium available for listing and trading					
No.	Name of holder of shares subject to trading moratorium	No. of shares subject to trading moratorium held	Trading moratorium expires on	No. of additional shares available for listing and trading after expiring of trading moratorium	
				Trading moratorium	Trading moratorium
1.	Beiren Group Corporation	222,640,000 201,540,000 180,440,000	5 June 2007 22 May 2008 31 March 2009	21,100,000 21,100,000 180,440,000	It will not trade or transfer the non-circulating shares held by it within 12 months from the date of implementation of the Share Segregation Reform Proposal; within 12 and 24 months subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange will not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company. Within the aforesaid period, the selling price of such shares subsequently listed on the stock exchange will not be lower than 110% (RMB4.29/ share) of the weighted average price in the A share market 30 trading days before the announcement of the Share Segregation Reform Proposal.

(2) Changes in status of controlling shareholder and beneficial controller

There was no change in the controlling shareholder and the beneficial controller of the Company during the reporting period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Shareholding at the beginning of the year	Increase in the no. of shares held during the reporting period	Decrease in the no. of Shares held during the reporting period	Shareholding at the end of the reporting period	Reason for the change
Pang Liandong	Chairman	0	0	0	0	–
Deng Gang	Vice Chairman, Non-executive Director	0	0	0	0	–
Bai Fan	Non-executive Director	0	0	0	0	–
Zhang Peiwu	Executive Director and General Manager	0	0	0	0	–
Yu Baogui	Non-executive Director	5,796	0	0	5,796	–
Yang Zhendong	Executive Director and Deputy General Manager	0	0	0	0	–
Duan Yuangang	Executive Director, Chief Accountant	0	0	0	0	–
Xu Wencai	Independent non-executive Director	0	0	0	0	–
Wang Hui	Independent non-executive Director	0	0	0	0	–
Xie Bingguang	Independent non-executive Director	0	0	0	0	–
Wang Deyu	Independent non-executive Director	0	0	0	0	–
Xiao Maolin	Chairman of Supervisory Committee	0	0	0	0	–
Guo Xuan	Supervisor	0	0	0	0	–
Shao Zhenjiang	Supervisor	0	0	0	0	–
Jiao Ruifang	Company secretary to the Board	0	0	0	0	–
Kong Dagang	Deputy General Manager	0	0	0	0	–
Liu Jing	Deputy General Manager	0	0	0	0	–

Notes:

- Save as disclosed above, none of the Directors, supervisors and senior management of the Company, as at 30 June 2009, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- None of the Directors, supervisors and senior management of the Company or the respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2009.
- Save as those set out in the register required to be maintained by Directors and supervisors under section 352 of the SFO, during the reporting period, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company, nor did the directors or supervisors had any interest which was required to be recorded in the register under section 352 of the SFO.

2. Appointment or dismissal of Directors, supervisors and senior management

At the first extraordinary general meeting of 2009 on 8 January 2009, Mr. Pang Liandong and Mr. Duan Yuangang were approved to be additional directors of the Sixth Board of Directors of the Company with terms from 8 January 2009 to 13 July 2011.

DIRECTORS' REPORT

1. DISCUSSION AND ANALYSIS OF OVERALL OPERATION DURING THE REPORTING PERIOD

The effect of global financial crisis during the reporting period resulted in shrinking asset price, decreased investment scale, slow down in economic growth, cutback in export and a drastic drop in market demands. While the state has launched the ten measures and the economic stimulus plan of RMB4 trillion for two years, due to the effect of the spread of financial crisis, production and operation of downstream printing enterprises remained difficult. In particular, some printing enterprises mainly relying on export even had production completely or partially suspended. Under such effect, a bounce-back growth in demands in the market of printing machinery industry is yet to be seen. The operating results of the Company were thus directly affected. As at the end of June, the operating income of the Company prepared in accordance with the PRC Accounting Standards was RMB383,409,800 and the net loss was RMB35,677,700; while prepared in accordance with Hong Kong Financial Reporting Standards, the turnover was RMB375,882,000 and the net loss was RMB35,595,000.

2. REVIEW OF THE MAJOR EVENTS DURING THE FIRST HALF OF 2009

- (1) Faced with the tremendous changes that took place in the external market environment, the Company revised its strategic planning, launched intensive production research and organised specialist seminars to determine the positioning of product development through incorporating demands of the market and customers. Meanwhile, by means of value chain analysis, a system analysis was carried out for the key processes in the subject activities and supporting activities of production and operation of the Company so as to determine the major administrative measures to be taken by the Company in the near and long terms.
- (2) To set up a rapid market feedback mechanism, during the reporting period, the Company adjusted and perfected its organisational structure. The operating mode of branches to enter the market entirely was materialised, which enhanced the initiative of branches to take part in market competitions, thus saving management efforts and reducing management cost.
- (3) During the reporting period, the Company simplified its business flow and completed the Internal Control System of the Company which includes the book of control, book of information and communication, book of internal control framework, book of environmental protection, book of supervision and book of risk assessment in accordance with the requirements of Basic Criteria and Regulations on Corporate Internal Control issued by the five departments including the Ministry of Finance and CSRC. Such books were intended to be implemented in the second half of the year.
- (4) During the reporting period, the Company faced the financial crisis and took measures actively to enhance the management standard. (1) In respect of production and sales: the Company took the initiative to promote the ERP and CRM scientific management methods and commenced production in a reasonable manner for reducing production cost. Messages from clients were comprehended accurately in a timely manner to meet the clients' requirements on the products (2) In technical respect: improvements were done on existing products and a contract management system was implemented on research and development projects for perfecting product research and development mechanism so as to allow linkage among design, production and sales stages of products. (3) In financial respect: during the reporting period, the Company strengthened the procedural control in capital management and budget management by boosting efforts in execution and control of budget and carrying out analysis and giving feedback on the execution of budget on a quarterly basis. (4) Management on fragile segments including inventory and trade receivables was strengthened with initial effects obtained. The original value of inventory of the Company decreased by RMB896,862,000 and the original value of trade receivables decreased by RMB134,059,000.

3. SCOPE AND STATUS OF PRINCIPAL OPERATIONS

(1) Scope of principal operations:

Development, design, production and sales of printing presses, pressing machines, packing machines, business forms printing presses, commercial revolving presses, commercial soft cover presses, intaglio presses, the parts and components for the aforesaid machines; technical consultancy, technical support; own export and export of member enterprises' self-produced products and technology; import of raw and auxiliary materials, instruments and meters, machines, parts and components and technology (apart from those products restricted by the State from operating by enterprises and those from being imported and exported) for production of own enterprises and member enterprises; processing on customer-supplied materials and "processing raw materials on clients' demands, assembling parts for clients and processing according to clients' samples or compensation trade".

DIRECTORS' REPORT

(2) Principal operation by sector and product

Currency: RMB

By product	Operating income	Operating cost	Operating profit margin (%)	Increase (/(Decrease) in operating income over last year (%)	Increase (/(Decrease) in operating cost over last year (%)	Increase (/(Decrease) in operating profit margin over last year (%)
Product						
Sales of set print machines	231,482,074.73	204,066,017.42	-12.79	-5.80	1.59	Decreased by 2.52 percentage points
Sales of Intrusion printers	120,777,529.76	102,620,647.10	-6.61	13.38	24.08	Decreased by 6.29 percentage points
Sales of Form presses	16,524,942.37	13,356,711.23	-3.45	-29.47	-29.02	Increased by 2.83 percentage points
Total	368,784,546.86	320,043,375.75	-10.04	-1.84	5.84	Decreased by 3.27 percentage points

Including the total connection transaction sum of RMB0 for sales of products and provision of labour to controlling shareholders and its subsidiaries by the listed company.

(3) Principal operation by geographical segment

Currency: RMB

Region	Operating income	Increase (/(Decrease) in operating income over last year (%)
PRC	348,204,718.23	-0.07
Outside PRC	20,579,828.63	-24.47

(4) Operations of Equity Participation Companies (Applicable to those whose investment profit takes up more than 10% of the Company's net profit)

Unit: RMB

Name of company	Scope of business	Net profit	Investment profit contributed by Equity Participation Companies	Percentage in the net profit of the Company (%)
Beijing Monigraf Automatic Systems Company Limited	Development, design, manufacture and sales of automations of printing machines; sales of printing equipments and printing materials; provide relevant installation, test, repair, consulting services and staff training in respect of self-manufactured products	-225,687.41	-110,586.83	0.31
Beijing Beijing Printing and Casting Company Limited	Processing and sales of standard and non-standard parts; manufacture of castings and processing of molds; technology development and transfer; consulting and other service	1,794,870.02	358,974.00	-1.01

DIRECTORS' REPORT

4. INVESTMENT

(1) Use of proceeds

The initial raised proceeds of the Company had been used up as at 31 December 1998. The second raised proceeds had also been used up as at 31 March 2003. No utilization of proceeds subsisted in this reporting period.

(2) Projects financed by non-raised fund

No project financed by non-raised fund in this reporting period.

5. TURNOVER (PREPARED IN ACCORDANCE WITH THE HKFRS)

	For the six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Sales of printing machines	356,714	363,727
Sales of spare parts	12,071	11,962
Others	10,012	18,244
Total sales	378,797	393,933
Less: Sales tax and other surcharges	(2,915)	(953)
	375,882	392,980

6. BUSINESS AND GEOGRAPHICAL SEGMENT (PREPARED IN ACCORDANCE WITH THE HKFRS)

The Group's revenue and results are substantially derived from the manufacture and sales of printing presses in the PRC. Moreover, as substantially all of the Group's assets and liabilities are located in the PRC, no segment analysis of financial information is presented.

7. TAXATION (PREPARED IN ACCORDANCE WITH THE HKFRS)

	For the six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
The taxation comprises:		
PRC income tax ("EIT")		
Current period	166	104
Deferred tax		
Current	-	(183)
	166	(79)

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the Company and certain of its PRC subsidiaries to 25% from 1 January 2008 onwards.

Starting from 1 January 2008, EIT of the Company is calculated at the rate of 25% (2008: 25%) of the estimated assessable profits for the year. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren"), all other PRC subsidiaries are subject to EIT at a rate of 25% (2008: 25%).

DIRECTORS' REPORT

According to document (Guoshuifa [2002] 47) and document (Caishuizi [2008] 21) "Notice of Application of Transitional Preferential Policy on Enterprises Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2008 respectively, the applicable income tax rate of Shaanxi Beiren is 15% (2008: 15%).

No provision for Hong Kong profits tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the two years ended 30 June 2009 and 2008.

8. LOSS DURING THE PERIOD (PREPARED IN ACCORDANCE WITH THE HKFRS)

	For the six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Loss for the year has been arrived at after charging (crediting):		
Depreciation and amortisation		
– Property, plant and equipment and investment properties	22,858	24,014
– Prepaid lease payments	1,446	1,355
– Other intangible assets	–	283
Total depreciation and amortisation	24,304	25,652
Share of taxation of associates (included in share of results of associates)	(5)	250
Cost of inventories recognised as an expense	330,579	318,241
Interest on bank and other borrowings	9,384	12,070
Loss (Gain) on disposal of property, plant and equipment	600	(4,572)
Interest income from bank deposits	(137)	(342)

9. DIVIDENDS (PREPARED IN ACCORDANCE WITH THE HKFRS)

No dividend was paid or proposed during the period, nor has any dividend been proposed since the balance sheet date.

10. LOSS PER SHARE (PREPARED IN ACCORDANCE WITH THE HKFRS)

The calculation of basic loss per share attributable to the equity holders of the Company is based on the loss for the year attributable to the equity holders of the Company of approximately RMB35,595,000 (2008: RMB20,976,000) and the weighted average number of 422,000,000 (2008: 422,000,000) ordinary shares in issue during the period.

No diluted loss per share is presented as the Company did not have any potential shares outstanding for the two periods ended 30 June 2009.

11. SHARE CAPITAL (PREPARED IN ACCORDANCE WITH THE HKFRS)

	RMB'000
Registered, issued and fully paid:	
At 1 January 2008, 30 June 2008, 31 December 2008 and 30 June 2009	
332,000,000 A shares of RMB each	322,000
100,000,000 H shares of RMB each	100,000
	422,000



DIRECTORS' REPORT

12. CONTINGENT LIABILITIES

As at 30 June 2009, the Company did not have any material contingent liabilities.

13. BUSINESS OUTLOOK FOR THE SECOND HALF OF 2008

In the second half of the year, following the spur from the promotion of domestic demand and loosening of the monetary policy by the state, economic sentiment in the PRC resumed gradually. Nonetheless, the real economy will still need to take some time to recover. It is expected that growth in the market demands in printing industry and printing machinery industry will remain slow. To better the overall operation of the Company, the following measures will be taken:

- (1) Strategic planning will be perfected continuously by means of reasonable planning for the overall resource allocation, strategic objectives, strategic measures and actual implementation plans of the Company. Functional strategies and strategic management mechanism for branches and subsidiaries will be established against different functional organisations and characteristics of branches and subsidiaries.
- (2) Advantaged resources will be centralised for research, production and development of products with suitable and appropriate sales channels as well as for enhancing the product quality, level of automatisisation and materialising multi-functions and multi-purposes of products so as to cater for the demands of medium-and high-end users.
- (3) Market research will be intensified with strengthened efforts in sales and marketing while files for the credit ranking of key clients and suppliers will be set up.
- (4) The implementation of internal control system of the Company will be strengthened with regular inspections on key procedures of internal control to prevent and control risks and enhance the quality of operation of the Company.
- (5) Management and control on corporate governance and parent company's control over subsidiaries will be carried out firmly. The operation standard and asset quality of subsidiaries will be raised and efforts in supervision and assessment over subsidiaries will be strengthened.

SIGNIFICANT EVENTS

1. CORPORATE GOVERNANCE

During the reporting period, under the requirements of laws and regulations including Company Law and Securities Law and regulatory authorities, the Company, after taking into consideration the Company's specific situation, had formulated and amended the Articles of Association, the Rules of Procedure for the General Meeting, the Rules of Procedure for the Supervisory Committee and the Framework of the Work on Annual Report of the Audit Committee of the Board of Directors. The Internal Control System of the Company was formulated in accordance with the requirements of the Basic Criteria and Regulations on Corporate Internal Control issued by the five departments including the Ministry of Finance and CSRC.

During the reporting period, a clear hierarchy of authority and responsibility for the Company's general meeting, board of directors and the senior management that allowed each performs its own functions in a proper manner was established; the disclosure of company information was true, accurate, complete and in time; the specialized committees of the board of directors performed according to their own functions; the independent directors played important role in issues such as connected transaction and financial audit.

2. IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

There was no such condition during the reporting period.

3. PROPOSAL ON PROFIT DISTRIBUTION AND CONVERSION OF SURPLUS RESERVES INTO SHARE CAPITAL DETERMINED EVERY HALF YEAR

Due to the loss recorded during the reporting period, there was no profit distribution plan and no plan to convert surplus reserves into share capital in the first half of 2009.

4. MATERIAL LITIGATION AND ARBITRATION

During the reporting period, the Company was not engaged in any material litigation or arbitration.

5. ASSETS TRANSACTIONS

During the reporting period, the Company has no acquisition, disposal, merger or takeover of assets.

6. MATERIAL CONNECTED TRANSACTIONS

(1) Non-operating connected debts and liabilities

Unit: RMB10,000

Name of connected party	Connection	Capital provided to connected parties		Capital provided to the Company by connected parties	
		Incurred amount	Balance	Incurred amount	Balance
Beiren Group Corporation	Controlling shareholder	0	0	0	1,236.5
Total		0	0	0	1,236.5

During the reporting period, the amount provided by the Company to the controlling shareholder and its subsidiaries was RMB0, and the balance was RMB0.

Connected debts and liabilities were attributable to amount payable to Beiren Group Corporation arising from the acquisition of the No. 4 Factory (the current rolling paper subsidiary) in 2000.

7. CUSTODY

During the reporting period, the Company had no custody.

8. CONTRACTING

During the reporting period, the Company had no contracting.

SIGNIFICANT EVENTS

9. LEASES

During the reporting period, the Company had no leases.

10. GUARANTEE

Unit: RMB10,000

Guarantee provided to external parties by the Company (not including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee provided during the reporting period

Total amount of outstanding guarantee provided as at the end of the reporting period

Guarantee provided to the subsidiaries of the Company

Total amount of guarantee provided to the controlling subsidiaries during the reporting period

Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period

1,550

1,250

Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee

1,250

Percentage of the total amount of guarantee to the net assets of the Company

1.45%

Of which:

Amount of guarantee provided to the shareholders, beneficial controller and their connected parties

Amount of guarantee provided directly or indirectly to borrowers with gear ratio of over 70%

Total amount of guarantee exceeding 50% of net assets

Total amount of the above three guarantees

1,250'

11. ASSET MANAGEMENT ON TRUST

During the reporting period, the Company had no asset management on trust.

12. PERFORMANCE OF UNDERTAKINGS

During the reporting period, the sole holder of non-circulating shares of the Company Beiren Group Corporation had completed the performance of the undertakings concerning the Share Segregation Reform.

13. APPOINTMENT OR DISMISSAL OF THE ACCOUNTANTS OF THE COMPANY

Unit: RMB 0'000

Whether to appoint another accounting firm:

No

Current appointment

Name of domestic accounting firm

ShineWing Certified Public Accountants

Name of overseas accounting firm

SHINEWING (HK) CPA Limited

Audit fee

130 per year

Names of auditors

Ying-Huang

Chuanjun Ma

14. THE PUNISHMENT AND RECTIFICATION OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS OF THE COMPANY AND BENEFICIAL CONTROLLER

During the reporting period, the Company and its Directors, supervisors, senior management, shareholders and beneficial controller were not subject to any investigation, administration punishments and criticisms by the CSRC or public reprimand by any stock exchange.

15. OTHER SIGNIFICANT EVENTS

(1) Income tax

The Enterprise Income Tax for the Company is 25%.

(2) The Company had received employment subsidies for the stability of enterprises in Beijing and social insurance subsidies amounting to RMB3,891,200.

(3) Audit Committee

The unaudited 2009 Interim Report has been reviewed by the audit committee of the Board of Directors.

(4) Code on Corporate Governance Practices

During the reporting period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(5) Model Code for securities transactions by directors and supervisors

During the reporting period, the Company has adopted a set of code of practice regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code for Securities Transactions by directors of Listed Issuers in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, each of the Directors and supervisors has complied with the required standards set out in the Model Code within the 6 months ended 30 June 2009.

(6) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

(7) There is no change in scope of the consolidation for the reporting period.

16. ACCESS TO DISCLOSEABLE INFORMATION

<u>Events</u>	<u>Name and page of the publication</u>	<u>Date of Publishing</u>	<u>Websites and path of publication</u>
Announcement of resolutions passed at the 2009 1st Extraordinary General Meeting	"Shanghai Securities" page C6	9 January 2009	Shanghai Stock Exchange http://www.sse.com.cn Hong Kong Stock Exchange http://www.hkexnews.hk
Announcement for resolution passed at the 7th meeting of the sixth Board of Directors	"Shanghai Securities" page 19	10 January 2009	Same as above
Announcement in respect of estimated loss for 2008	"Shanghai Securities" page C11	16 January 2009	Same as above
Announcement	"Shanghai Securities" page C8	4 February 2009	Same as above
Announcement in relation to unusual movements in share price and transaction volume		5 February 2009	Same as above

SIGNIFICANT EVENTS

Events	Name and page of the publication	Date of Publishing	Websites and path of publication
Announcement relating to the listing of restricted circulating A shares of the Company	"Shanghai Securities" page D11	26 March 2009	Same as above
2008 Annual Report summary	"Shanghai Securities" page C175	31 March 2009	Same as above
Announcement for the 10th meeting of the sixth Board of Directors	"Shanghai Securities" page C175	31 March 2009	Same as above
Announcement for covering of losses	"Shanghai Securities" page C175	31 March 2009	Same as above
Announcement for the 5th meeting of the sixth Supervisory Committee	"Shanghai Securities" page C175	31 March 2009	Same as above
Notice of 2008 Annual General Meeting	"Shanghai Securities" page C10	9 April 2009	Same as above
Announcement for the continuing connected transaction	"Shanghai Securities" page C47	15 April 2009	Same as above
2009 first Quarterly Report	"Shanghai Securities" page C27	24 April 2009	Same as above
Supplemental notice of 2008 annual reporting	"Shanghai Securities" page C95	29 April 2009	Same as above
Announcement of resolutions passed at the 2008 Annual General Meeting	"Shanghai Securities" page C24	27 May 2009	Same as above

FINANCIAL STATEMENTS

THE CONSOLIDATED BALANCE SHEET (as at 30 June 2009)

Beiren Printing Machinery Holdings Limited

Unit: RMB

Assets	<i>Appendix</i>	June 30th, 2009	December 31st, 2008
		Consolidated Amount	
Current Assets:			
Cash	<i>VIII.1</i>	91,390,995.29	74,783,510.00
Tradable Financial Assets			
Notes Receivable	<i>VIII.2</i>	23,059,679.47	7,830,646.60
Accounts Receivable	<i>VIII.3</i>	278,125,308.40	298,808,641.12
Advances to Suppliers	<i>VIII.4</i>	29,045,626.86	26,921,968.40
Interests Receivable			
Dividends Receivable	<i>VIII.5</i>		622,300.00
Other Accounts Receivable	<i>VIII.6</i>	31,849,208.31	35,036,409.30
Inventory	<i>VIII.7</i>	582,556,274.13	659,504,841.69
Non-current Assets Maturing within One Year			
Other Current Assets			
Total Current Assets		1,036,027,092.46	1,103,508,317.11
Non-current Assets			
Financial Assets Available for Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	<i>VIII.8</i>	14,726,880.07	14,478,492.90
Investment Property	<i>VIII.9</i>	15,425,051.03	15,802,196.22
Fixed Assets	<i>VIII.10</i>	649,798,677.50	671,802,649.88
Construction In Progress	<i>VIII.11</i>	2,751,740.41	3,723,256.13
Project Materials			
Disposal of Fixed Assets			
Intangible Assets	<i>VIII.12</i>	128,059,014.51	129,555,254.67
Goodwill			
Long-term Prepayments	<i>VIII.13</i>	11,963,291.10	11,996,291.10
Deferred Income Tax Assets	<i>VIII.14</i>	8,651,704.59	8,651,704.59
Other Non-current Assets			
Total Non-current Assets		831,376,359.21	856,009,845.49
Total Assets		1,867,403,451.67	1,959,518,162.60

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE CONSOLIDATED BALANCE SHEET (as at 30 June 2009) (continued)

Beiren Printing Machinery Holdings Limited

Unit: RMB

Liabilities and Shareholder's Equity	Appendix	Consolidated Amount	
		June 30th, 2009	December 31st, 2008
Current Liabilities:			
Short-term Loan	VIII.16	351,658,500.00	360,692,750.00
Tradable Financial Liabilities			
Notes Payable	VIII.17	9,500,000.00	8,000,000.00
Accounts Payable	VIII.18	360,530,579.57	405,817,379.06
Advances from Customers	VIII.19	69,512,847.31	60,111,842.44
Employee Benefit Payable	VIII.20	57,876,761.96	67,040,363.66
Taxes Payable	VIII.21	11,018,723.21	4,878,200.28
Interests Payable			550,237.50
Dividends Payable			
Other Payables	VIII.22	60,821,585.22	63,945,480.53
Non-current Liabilities Maturing Within One Year	VIII.23	29,550,000.00	29,550,000.00
Other Current Liabilities			1,195,575.00
Total Current Liabilities		950,468,997.27	1,001,781,828.47
Non-Current Liabilities			
Long-term Loan	VIII.24	24,000,000.00	27,000,000.00
Bonds Payable			
Long-term Accounts Payable			
Special Payable	VIII.25	4,078,638.33	4,078,638.33
Estimated liabilities	VIII.26	266,891.98	266,891.98
Accrued Liabilities			
Deferred Income Tax Liabilities			
Other Non-current Liabilities		3,564,223.27	3,564,223.27
Total Non-current Liabilities		31,909,753.58	34,909,753.58
Total Liabilities		982,378,750.85	1,036,691,582.05
Shareholder's Equity			
Stock	VIII.27	422,000,000.00	422,000,000.00
Capital Reserves	VIII.28	523,020,271.06	523,020,271.06
less: Treasury Stock			
Surplus Reserves	VIII.29	43,172,707.88	198,928,288.88
General Risk Reserves			
Undistributed Profit	VIII.30	-127,003,572.95	-247,081,457.60
Converted Difference in Foreign Currency Statements			
Total Shareholder's Equity Attributed to the Parent		861,189,405.99	896,867,102.34
Minority Shareholder's Equity	VIII.31	23,835,294.83	25,959,478.21
Total Shareholder's Equity		885,024,700.82	922,826,580.55
Total Liabilities and Shareholder's Equity		1,867,403,451.67	1,959,518,162.60

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE CONSOLIDATED INCOME STATEMENT (January to June, 2009)

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	Consolidated Amount	
		Jan-Jun, 2009	Jan-Jun, 2008
1. Total Operating Income		383,409,839.94	399,620,446.17
Operating Income	VIII.32	383,409,839.94	399,620,446.17
2. Total Operating Cost		425,538,551.25	429,543,383.65
Operating Cost	VIII.32	332,331,652.34	319,217,098.23
Tax and Additional Expense	VIII.33	2,915,111.67	953,478.44
Sales Expense		24,128,444.42	32,974,585.70
Administration Expense		49,372,063.92	52,072,391.18
Financing Expense	VIII.34	9,513,837.69	13,460,655.99
Assets Impairment Losses	VIII.35	7,277,441.21	10,865,174.11
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	VIII.36	248,387.17	1,758,406.67
Thereinto: Investment Income to Subsidiaries and Joint Venture		248,387.17	1,758,406.67
Exchange Gain and Loss (loss marked "-")			
3. Operating Profit (loss marked "-")		-41,880,324.14	-28,164,530.81
Add: Non-operating Income	VIII.37	5,035,683.35	5,116,327.07
Less: Non-operating Expense	VIII.38	791,479.08	628,999.26
Thereinto: Disposal Loss of Non-current Assets		616,954.93	413,210.28
4. Total Profit (loss marked "-")		-37,636,119.87	-23,677,203.00
Less: Income Tax Expense	VIII.39	165,759.86	-79,484.83
5. Net Profit		-37,801,879.73	-23,597,718.17
Thereinto: Net Profit Attributed to the Parent's Shareholders		-35,677,696.35	-22,797,649.93
Minority Shareholder's Equity		-2,124,183.38	-800,068.24
6. Earnings Per Share:			
(1) Basic Earnings Per Share		-0.08	-0.05
(2) Earnings Per Diluted Share		-0.08	-0.05

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE CONSOLIDATED CASH FLOW STATEMENT (January to June, 2009)

Beiren Printing Machinery Holdings Limited

Unit:RMB

Items	Appendix	Jan-Jun, 2009	Jan-Jun, 2008
1. Cash Flow From Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		375,446,665.69	422,182,742.36
Receipts of taxes and levy refunds		1,022,126.55	743,623.58
Other Cash receipts in operating activities	VIII.41	7,624,732.72	3,705,143.67
Activities		384,093,524.96	426,631,509.61
Cash payments for goods and services acquired		204,465,366.09	306,057,030.78
Cash payments to and on behalf of employees		92,935,062.86	98,885,377.59
Payments of taxes and levy		25,468,346.69	15,011,106.69
Other cash payments from Operating Activities	VIII.41	19,665,059.16	38,006,386.27
Activities		342,533,834.80	457,959,901.33
Net Cash Flow From Operating Activities		41,559,690.16	-31,328,391.72
2. Cash Flow From Investing Activities:			
Cash receipts from return of investments			94,847.59
Cash receipts from investment income			
Net cash receipts from the sale of fixed assets,intangible assets and other long-term assets		2,839.42	5,174,560.00
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities			
Total Cash Flow-in From Investing Activities		2,839.42	5,269,407.59
Cash payments to acquired fixed assets, intangible assets and other long-term assets		1,413,587.18	4,312,078.82
Cash payments to acquired investments			50,000.00
Net cash payment to acquired subsidiaries and other business units			
Other cash payments in investing activities			
Total Cash Flow-out From Investing Activities		1,413,587.18	4,362,078.82
Net Cash Flow From Investing Activities		-1,410,747.76	907,328.77
3. Cash Flow From Financing Activities:			
Cash proceeds from absorbing investment			
Thereinto: cash receipts from absorbing minority shareholders' investment by subsidiary			
Cash receipts from borrowings		202,450,000.00	208,450,000.00
Other cash receipts in financing activities	VIII.41	8,280,000.00	9,853,301.83
Total Cash Flow-in From Financing Activities		210,730,000.00	218,303,301.83
Cash repayments of amount borrowed		215,349,250.00	216,485,000.00
Cash payments for distribution of dividends, profits or interest expenses		10,476,900.01	12,056,673.54
Thereinto: subsidiary's payment for minority shareholders' interest and profit			
Other cash payments in financing activities	VIII.41	8,767,158.55	13,787,176.10
Subtotal Cash Flow-out From financing Activities		234,593,308.56	242,328,849.64
Net Cash Flow From Financing Activities		-23,863,308.56	-24,025,547.81
4. Effect of exchange rate change on cash and cash equivalent		-7,242.43	-502,794.25
5. Net Increased Cash and Cash Equivalent		16,278,391.41	-54,949,405.01
Add: the Beginning Balance of Cash and Cash Equivalent	VIII.41	66,503,510.00	98,652,543.32
6. Total increased cash and cash equivalent	VIII.41	82,781,901.41	43,703,138.31

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY

Jan-Jun, 2009

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Current Period Attributable to equity interest of the parent Company shareholder						Minority Shareholder's Equity	Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Surplus Reserves	Business Risk Reserve	Undistributed Profit		
1. The ending balance for last year	422,000,000.00	523,020,271.06	-	198,928,288.88	-	-247,081,457.60	25,959,478.21	922,826,580.55
Add: Changes in Accounting Policies								-
Corrections for previous errors								-
2. The beginning balance of this year	422,000,000.00	523,020,271.06	-	198,928,288.88	-	-247,081,457.60	25,959,478.21	922,826,580.55
3. Increase and decrease for this year (decrease represents as '-')	-	-	-	-155,755,581.00	-	120,077,884.65	-2,124,183.38	-37,801,879.73
(1) Net profit						-35,677,696.35	-2,124,183.38	-37,801,879.73
(2) Profits and losses directly recorded in shareholder's equity								
I. Net variation of salable financial assets' fair value								
II. Effect of other invested companies' shareholder's equity changes								
III. Effect of related income tax recorded in shareholder's equity								
IV. Others								
Subtotal of (1) and (2)	-	-	-	-	-	-35,677,696.35	-2,124,183.38	-37,801,879.73
(3) Shareholders Investing and Reducing Capital								
I. Shareholders investing capital								
II. Shares payment in shareholder's equity								
III. Others								
(4) Profit Distribution								
I. Provision of Surplus Reserve								
II. Provision for Business Risk								
III. Distribution for Shareholders								
IV. Others								
(5) Shareholder's Equity Internal transfer								
I. Capital Reserve transfer to Capital (or Share Capital)								
II. Surplus Reserve transfer to Capital (or Share Capital)								
III. Surplus Reserve offset losses								
IV. Others								
4. The ending balance for this year	422,000,000.00	523,020,271.06	-	43,172,707.88	-	-127,003,572.95	-23,835,294.83	885,024,700.82

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuanguang

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY

Jan-Jun, 2008

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Period of the Last Year Attributable to equity interest of the parent Company shareholder						Others	Minority Shareholder's Equity	Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Surplus Reserves	Business Risk Reserve	Undistributed Profit			
1. The ending balance for last year	422,000,000.00	523,020,271.06		198,928,288.88		16,060,153.67	1,031,112.23	45,646,279.43	1,206,686,105.27
Add: Changes in Accounting Policies Corrections for previous errors									-
2. The beginning balance of this year	422,000,000.00	523,020,271.06	-	198,928,288.88	-	16,060,153.67	1,031,112.23	45,646,279.43	1,206,686,105.27
3. Increase and decrease for this year (decrease/increase represents as "-")									
(1) Net profit	-	-	-	-	-	-22,797,649.93	-3,243,286.16	-800,068.24	-26,841,004.33
(2) Profits and losses directly recorded in shareholder's equity	-	-	-	-	-	-	-3,243,286.16	-	-3,243,286.16
I. Net variation of salable financial assets' fair value									-
II. Effect of other invested companies' shareholder's equity changes									-
III. Effect of related income tax recorded in shareholder's equity									-
IV. Others							-3,243,286.16		-3,243,286.16
Subtotal of (1) and (2)	-	-	-	-	-	-22,797,649.93	-3,243,286.16	-800,068.24	-26,841,004.33
(3) Shareholders investing and reducing capital	-	-	-	-	-	-	-	-	-
I. Shareholders investing capital									-
II. Shares payment in shareholder's equity									-
III. Others									-
(4) Profit Distribution	-	-	-	-	-	-	-	-	-
I. Provision of Surplus Reserve									-
II. Provision for Business Risk									-
III. Distribution for Shareholders									-
IV. Others									-
(5) Shareholder's Equity Internal transfer	-	-	-	-	-	-	-	-	-
I. Capital Reserve transfer to Capital (or Share Capital)									-
II. Surplus Reserve transfer to Capital (or Share Capital)									-
III. Surplus Reserve offset losses									-
IV. Others									-
4. The ending balance for this year	422,000,000.00	523,020,271.06	-	198,928,288.88	-	-6,737,496.26	-2,212,173.93	44,846,211.19	1,179,845,100.94

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE BALANCE SHEET OF THE PARENT (as at 30 June 2009)

Beiren Printing Machinery Holdings Limited

Unit: RMB

Assets	<i>Appendix</i>	June 30th, 2009	December 31st, 2008
Current Assets:			
Cash		70,738,384.54	53,273,532.77
Tradable Financial Assets			
Notes Receivable		21,642,683.89	5,207,218.80
Accounts Receivable	IX.1	223,896,981.95	253,002,606.89
Advances to Suppliers		13,011,396.31	11,886,494.43
Interests Receivable			
Dividends Receivable			622,300.00
Other Accounts Receivable	IX.2	6,577,883.33	8,707,574.84
Inventory		420,171,006.85	473,276,767.37
Non-current Assets Maturing Within One Year			
Other Current Assets			
Total Current Assets		756,038,336.87	805,976,495.10
Non-current Assets			
Financial Assets Available for Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	IX.3	217,321,579.33	217,073,192.16
Investment Property		15,425,051.03	15,802,196.22
Fixed Assets		490,541,887.64	506,064,054.57
Construction in Progress		1,630,410.91	1,979,279.63
Project Materials			
Disposal of Fixed Assets			
Intangible Asset		103,013,383.42	104,185,068.28
Goodwill			
Long-term Prepayments		11,963,291.10	11,996,291.10
Deferred Income Tax Assets			
Other Non-current Assets			
Total Non-current Assets		839,895,603.43	857,100,081.96
Total Assets		1,595,933,940.30	1,663,076,577.06

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE BALANCE SHEET OF THE PARENT (as at 30 June 2009) (continued)

Beiren Printing Machinery Holdings Limited

Unit: RMB

Liabilities and Shareholder's Equity	<i>Appendix</i>	June 30th, 2009	December 31st, 2008
Current Liabilities:			
Short-term Loan		271,808,500.00	272,742,750.00
Tradable Financial Liabilities			
Notes Payable			
Accounts Payable		244,074,051.90	279,873,659.04
Advances from Customers		19,461,084.91	18,026,655.38
Employee Benefit Payable		33,021,894.20	41,626,448.49
Taxes Payable		3,751,467.96	-1,092,290.44
Interests Payable			550,237.50
Dividends Payable			
Other Payables		62,954,801.80	66,453,202.81
Non-current Liabilities Maturing Within One Year			
Other Current Liabilities			395,575.00
Total Current Liabilities		635,071,800.77	678,576,237.78
Non-Current Liabilities			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payable		4,078,638.33	4,078,638.33
Estimated liabilities		266,891.98	266,891.98
Deferred Income Tax Liabilities			
Other Non-current Liabilities		2,627,264.02	2,627,264.02
Total Non-current Liabilities		6,972,794.33	6,972,794.33
Total Liabilities		642,044,595.10	685,549,032.11
Shareholder's Equity			
Stock		422,000,000.00	422,000,000.00
Capital Reserves		517,456,262.71	517,456,262.71
less: Treasury Stock			
Surplus Reserves		38,071,282.24	193,826,863.24
Undistributed Profit		-23,638,199.75	-155,755,581.00
Total Shareholder's Equity		953,889,345.20	977,527,544.95
Total Liabilities and Shareholder's Equity		1,595,933,940.30	1,663,076,577.06

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE INCOME STATEMENT OF THE PARENT

January to June 2009

Beiren Printing Machinery Holdings Limited

Unit:RMB

Items	Appendix	Jan-Jun, 2009	Jan-Jun, 2008
1. Total Operating Income		221,674,291.94	241,153,163.16
less: Operating Cost	IX.4	195,100,720.13	198,523,407.82
Tax and Additional Expense		2,097,140.55	505,492.16
Sales Expense		11,633,605.34	21,147,566.49
Administration Expense		27,064,020.65	30,433,766.64
Financing Expense		6,179,853.91	8,343,724.88
Assets Impairment Losses		7,277,441.21	8,919,260.35
Add:Income of Fair Value Change (loss marked "--")			
Investment Income (loss marked "--")	IX.5	248,387.17	1,758,406.67
Thereinto: Investment Income to Subsidiaries and Joint Venture		248,387.17	1,758,406.67
2. Operating Profit (loss marked "--")		-27,430,102.68	-24,961,648.51
Add: Non-operating Income		4,175,617.73	262,990.00
Less: Non-operating Expense		383,714.80	564,854.80
Thereinto: Disposal Loss of Non-current Assets		324,673.83	410,959.78
3. Total Profit (loss marked "--")		-23,638,199.75	-25,263,513.31
Less: Income Tax Expense			
4. Net Profit (loss marked "--")		-23,638,199.75	-25,263,513.31
5. Earnings Per Share:			
(1) Basic Earnings Per Share			
(2) Earnings Per Diluted Share			

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

THE CASH FLOW STATEMENT OF THE PARENT

January to June 2009

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	June 30th, 2009	December 31st, 2008
1. Cash Flow From Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		206,203,204.92	248,078,369.36
Receipts of taxes and levy refunds		-	743,623.58
Other Cash receipts in operating activities		4,957,518.07	1,983,166.08
Subtotal Cash Flow-in From Operating Activities		211,160,722.99	250,805,159.02
Cash payments for goods and services acquired		98,652,550.39	171,864,611.40
Cash payments to and on behalf of employees		61,673,104.97	69,832,173.50
Payments of taxes and levy		14,532,740.21	7,679,618.67
Other cash payments from Operating Activities		9,950,206.84	24,301,626.36
Subtotal Cash Flow-out From Operating Activities		184,808,602.41	273,678,029.93
Net Cash Flow From Operating Activities		26,352,120.58	-22,872,870.91
2. Cash Flow From Investing Activities:			
Cash receipts from return of investments			44,847.59
Cash receipts from investment income			
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets		8,300.00	
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities			
Total Cash Flow-in From Investing Activities		8,300.00	44,847.59
Cash payments to acquired fixed assets, intangible assets and other long-term assets		345,808.00	1,003,798.45
Cash payments to acquired investments			
Net cash payment to acquired subsidiaries and other business units			
Other cash payments in investing activities			
Total Cash Flow-out From Investing Activities		345,808.00	1,003,798.45
Net Cash Flow From Investing Activities		-337,508.00	-958,950.86
3. Cash Flow From Financing Activities:			
Cash proceeds from absorbing investment			
Cash receipts from borrowings		165,000,000.00	150,000,000.00
Other cash receipts in financing activities		5,332,000.00	500,000.00
Total Cash Flow-in From Financing Activities		170,332,000.00	150,500,000.00
Cash repayments of amount borrowed		166,799,250.00	164,785,000.00
Cash payments for distribution of dividends, profits or interest expenses		6,747,965.00	7,586,559.90
Other cash payments in financing activities		2,232,000.00	4,273,684.22
Subtotal Cash Flow-out From financing Activities		175,779,215.00	176,645,244.12
Net Cash Flow From Financing Activities		-5,447,215.00	-26,145,244.12
4. Effect of exchange rate change on cash and cash equivalent		-2,545.81	-42,110.20
5. Net Increased Cash and Cash Equivalent		20,564,851.77	-50,019,176.09
Add: the Beginning Balance of Cash and Cash Equivalent		47,941,532.77	76,186,356.04
6. The Ending Balance of Cash and Cash Equivalent		68,506,384.54	26,167,180.35

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT

Jan-Jun, 2009

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Current Period				Undistributed Profit	Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Surplus Reserves		
1. The ending balance for last year	422,000,000.00	517,456,262.71	-	193,826,863.24	-155,755,581.00	977,527,544.95
Add: Changes in Accounting Policies Corrections for previous errors						
2. The beginning balance of this year	422,000,000.00	517,456,262.71	-	193,826,863.24	-155,755,581.00	977,527,544.95
3. Increase and decrease for this year (decrease represents as '-')	-	-	-	-155,755,581.00	132,117,381.25	-23,638,199.75
(1) Net profit					-23,638,199.75	-23,638,199.75
(2) Profits and losses directly recorded in shareholders equity						-
I. Net variation of salable financial assets' fair value						-
II. Effect of other invested companies' shareholder's equity changes						-
III. Effect of related income tax recorded in shareholder's equity						-
IV. Others						-
Subtotal of (1) and (2)	-	-	-	-	-23,638,199.75	-23,638,199.75
(3) Shareholders investing and Reducing Capital	-	-	-	-	-	-
I. Shareholders investing capital						-
II. Shares payment in shareholder's equity						-
III. Others						-
(4) Profit Distribution	-	-	-	-	-	-
I. Provision of Surplus Reserve						-
II. Distribution for Shareholders						-
III. Others						-
(5) Shareholder's Equity Internal transfer	-	-	-	-155,755,581.00	155,755,581.00	-
I. Capital Reserve transfer to Capital (or Share Capital)						-
II. Surplus Reserve transfer to Capital (or Share Capital)						-
III. Surplus Reserve offset losses				-155,755,581.00	155,755,581.00	-
V. Others						-
4. The ending balance for this year	422,000,000.00	517,456,262.71	-	38,071,282.24	-23,638,199.75	953,889,345.20

The attached appendix is part of the financial statements.

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuanguang

FINANCIAL STATEMENTS

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT

Jan-Jun, 2008

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Period of the Last Year				Undistributed Profit	Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Surplus Reserves		
1. The ending balance for last year	422,000,000.00	517,456,262.71		193,826,863.24	31,617,087.22	1,164,900,213.17
Add: Changes in Accounting Policies						
Corrections for previous errors						
2. The beginning balance of this year	422,000,000.00	517,456,262.71		193,826,863.24	31,617,087.22	1,164,900,213.17
3. Increase and decrease for this year (decrease represents as '-')						
(1) Net profit					-25,263,513.31	-25,263,513.31
(2) Profits and losses directly recorded in shareholder's equity					-25,263,513.31	-25,263,513.31
I. Net variation of salable financial assets' fair value						
II. Effect of other invested companies' shareholder's equity changes						
III. Effect of related income tax recorded in shareholder's equity						
IV. Others						
Subtotal of (1) and (2)					-25,263,513.31	-25,263,513.31
(3) Shareholders Investing and Reducing Capital						
I. Shareholders investing capital						
II. Shares payment in shareholder's equity						
III. Others						
(4) Profit Distribution						
I. Provision of Surplus Reserve						
II. Distribution for Shareholders						
III. Others						
(5) Shareholder's Equity Internal transfer						
I. Capital Reserve transfer to Capital (or Share Capital)						
II. Surplus Reserve transfer to Capital (or Share Capital)						
III. Surplus Reserve offset losses						
V. Others						
4. The ending balance for this year	422,000,000.00	517,456,262.71		193,826,863.24	6,353,573.91	1,139,636,699.86

Legal Person: Pang Liandong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

I. GENERAL

Beiren Printing Machinery Holdings Company Limited (the "Company") was established by Beiren Group Corporation in Beijing, the People's Republic of China (the "PRC") on 13 July 1993 as a joint stock limited company. The Company was registered on 13 July 1993. In accordance with the approval of Ti Gai Sheng (1993) No. 118 issued by the State Commission for Restructuring the Economic System of the PRC, the Company became a listed company with the right of issuing public shares in both mainland of China and Hong Kong. In accordance with the approval of the China Securities Regulatory Commission ("CSRC") of the State Council, the H Shares and A Shares of the Company were listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC in 1993 and 1994 respectively.

Upon the approval of General Shareholders' Meeting on 16 May 2001 and 11 Jun 2002 as well as the approval of document Zheng Jian Fa Xing Zi [2002] No. 133 issued by China Securities Regulatory Commission ("CSRC") in 2002, during the period from 26 Dec 2002 to 7 January 2003, the Company issued 22,000,000 additional A Shares listed on the Shanghai Stock Exchange, with par value of RMB 1 Yuan.

After the additional issues, the total outstanding shares of the Company are added up to 422,000,000 shares, among which 250,000,000 shares are state-owned institutional shares, 72,000,000 shares are inland public issues, 100,000,000 shares are offshore public issues. All shares are with par value RMB 1 Yuan.

In accordance with the "Decision on the share right reformation of Beiren Printing Machinery Holdings Limited", Jing Guo Zi Quan Zi No.25 [2006], issued by the Committee of State-owned Assets Supervision and Administration of Beijing Government, Beiren Group Corporation as the sole non-floating shares holder should transfer the original 27,360,000 state-owned shares to the A share holders through the bonus issue on 10 for 3.8, and the registration date related to the share segregation reform was 29 March 2006. After the share right reformation, up to 30 Jun 2009, Beiren Group Corporation have held the state-owned institutional shares 222,640,000, as 52.76% of total share rights, are all unconditioned floating shares. 99,360,000 shares which are 23.54% of the total share rights are unconditioned inland public shares and unconditioned offshore public shares are 100,000,000 shares as 23.70% of the total share rights.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in developing, designing, manufacturing and selling a variety of printing press and related spare parts, as well as the technique consultation and services related to the operating business.

The board of directors exists to take charge of major decisions and the management on daily operation.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements are prepared based on going concern basis.

III. ANNOUNCEMENT

The financial statements prepared by the Company are subject to requirements from the Accounting Standards and present fairly the Company's financial position, operation results, cash flow and other related information.

IV. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, CORRECTIONS OF ACCOUNTING ERRORS TO THE PRIOR PERIOD

There are no significant changes in accounting policies and accounting estimates and no significant corrections of accounting errors to the prior period for the Company to disclose as of 30 Jun 2009.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting period

The accounting period of the Company is from 1 January to 31 December.

2. Reporting currency

The base currency for book keeping of the Company is Renminbi.

3. Principles of accounting and measurement

The Company uses the accrual method as its basis of accounting. All assets are measured at history cost, except for financial assets for trading and financial assets available-for-sale which are measured at fair value.

FINANCIAL STATEMENTS

4. Cash and Cash equivalents

Cash in the cash flow statement indicates the cash on hand and the deposit in bank available for a payment at any time. Cash equivalents in the cash flow statement are short-term (normally matured within 3 months), highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

5. Foreign exchange translation

(1) Transactions by foreign currency

Transactions by foreign currency are translated into RMB at the spot exchange rate of the transaction date. On the balance sheet date, monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance sheet date. Except for from the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized eventually, the exchange difference is accounted into current profit and loss. For non-monetary items measured at fair value and by foreign currency, the exchange rate on the date when the fair value is recognized is applied and the exchange difference is accounted into current profit and loss as a result of fair value change. For non-monetary accounts measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognized is applied and the amount in RMB kept unchanging.

(2) Translation of financial statements in foreign currencies

For the balance sheet in foreign currency, assets and liabilities are translated at the spot exchange rate on the balance sheet date. Items in shareholders' equity are translated at the exchange rate on the date when transactions occurred, except for the ones in undistributed profit. For the income statement in foreign currency, revenue and expenses are translated at the exchange rate on the date when transactions occur. The difference resulting from the translation of foreign financial statements is presented separately under shareholders' equity. For the investments in foreign currency in substance to the oversea business, differences as a result of exchange rate changes are presented separately in shareholders' equity in consolidated financial statements. When dispose the oversea business, the difference resulting from financial statements translation should be included in operating results at certain percentage.

Cash flows in foreign currencies and in foreign operations use the exchange rate when transactions take place. Impact of changes in exchange rates is presented separately in the cash flow statement.

6. Financial assets and financial liabilities

(1) Financial assets

In accordance with the investment purpose and the economic substance, the Company classifies its financial assets as: financial assets measured at fair value and whose movement on fair value is accounted into current profit and loss, financial investments held-to-maturity, receivables, and financial assets available for sale.

- 1) Financial assets measured at fair value and whose movement on fair value is accounted into current profit and loss; refer to those financial assets held for sale in short-term. They are presented as financial assets held for trading in balance sheet.
- 2) Financial investments held-to-maturity refers to those non-derivative financial assets with fixed maturity date, fixed or known return and the management has the obvious intention, capability to hold it until maturity date.
- 3) Receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables. They are non-derivative financial assets with fixed or known return but no quotation in the market.
- 4) Financial assets available-for-sale include non-derivative financial assets designated as financial assets available-for-sale initially and other financial assets not classified.

Financial assets are initially recognized at fair value. For the financial assets which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the expenses for the acquirement are accounted into the current profit and loss and the other relative transaction fees are recognized into initial cost. When a contract regarding to the receipt of cash flows from a financial asset terminates, or risks and benefits in relation to the ownership of a financial asset is transferred, this financial asset will be derecognized.

Financial assets, which are measured at fair value and whose movement on fair value is accounted into current profit and loss, and financial assets available-for-sale are measured subsequently at fair value. Receivables and financial investments held-to-maturity are subject to effective interest method and are presented as the cost after amortization.

FINANCIAL STATEMENTS

For financial assets, which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the movement of fair value is presented in 'gain and loss from fair value changes'. The interests or dividends acquired when holding the financial asset are reported as 'investment income'. When disposed, the difference between its fair value and the initial cost is accounted into investment gain and loss and meanwhile the 'gain and loss from fair value changes' is adjusted.

For financial assets available-for-sale, the fair value changes are accounted into shareholders' equity. The interests calculated by effective interest method, as well as cash dividends announced by the investee are accounted into the 'investment income'. When disposed, the difference between the amount received and the book value after the cumulative amount of fair value changes accounted into shareholders' equity is accounted into investment gain and loss.

Except for the financial assets which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the Company assesses the book value of the other financial assets on balance sheet date. The provision will be made for the impairment of the financial assets which there are objective evidences showing the impairment. If the fair value of financial assets available-for-sale declines dramatically or not temporarily, the accumulated loss in the shareholders' equity will be accounted into the impairment loss of current period. For the investment on the financial debt implementation whose impairment loss has been reported, when the fair value goes up after the period and this change is objectively related to the matters after the report of impairment loss, the reported impairment loss will be reversed and accounted into current profit and loss. For the investment on the financial equity implementation, when the fair value goes up after the period and this change is objectively related to the matters after the report of impairment loss, the reported losses will be transferred back and accounted into shareholders' equity. The impairment loss of equity implementation whose fair value can not be measured securely as well as no announced price in the market can not be reversed.

(2) Financial liabilities

The financial liabilities of the Company are classified into two categories when they are initially recognized: financial liabilities which are measured at fair value whose movement on fair value is accounted into current profit and loss, and other financial liabilities.

The financial liabilities which are measured at fair value and whose movement on fair value is accounted into current profit and loss are including financial liabilities for trading and those designated as into this category initially. For these financial liabilities, the subsequent measurement is at their fair value and the gain or loss from the movement of fair value as well as the relative dividends and interests are accounted into current profit and loss.

The other financial liabilities are subject to effective interest method and are presented as the cost after amortization.

7. Provision for bad debts of receivables

The Company assesses the book value of receivables on balance sheet date, and the bad debt loss is made into the current profit and loss when any of the following circumstances occur: (1) There is the existence of the withdrawal, bankrupt, insolvency, stoppage due to a natural disaster or weak solvency within foreseeable period from debt enterprises. (2) Debt enterprises have not satisfied debts past the due date for more than 3 years. (3) There are other substantial evidences showing that receivables can hardly be collected.

For the individual receivables above significant level, when the receivables can not be fully collected with solid evidences, the impairment test should performed separately, and the provision of bad debts should be made according to the difference between the present value of future cash flows and the book value of receivables.

For the individual receivables below significant level, they will be grouped according to the credit risk characteristics as well as those receivables without impairment after testing. On the basis of the actual percentage of loss of previous receivables grouped with similar risk level, taking the current conditions into consideration, the Company makes the provision of bad debts by the rate of each group. The Company also groups those receivables which are expected hardly to be paid under solid proofs into specific assets combination and made the provision fully.

FINANCIAL STATEMENTS

8. Inventory

The inventory of the Company covers goods in transit, raw material, work in process, finished goods, low-valued consumables, self-made semi-finished products, and outside processing materials, etc.

The perpetual inventory system is applied to the physically count. The inventory is measured at actual cost when acquired and at weighted average cost on calculation of cost of sales. Low-valued consumables and packing materials on cyclic use should be amortized in full amount.

At the end of period, inventory is measured as lower of cost and net realizable value. For inventories whose value is impaired due to the physical damage or technology obsolete or selling price lower than cost, the provision of impairment for inventory will be made. The provision of impairment for finished goods and raw materials in a large amount is made on the basis of the difference of the cost of the individual inventory item over its net realizable value. The provision of impairment for the auxiliary materials with a large quantity and low cost is withdrawn in terms of classification.

The net realizable value of these inventories, such as finished goods, work in process and materials for selling, is their estimated price after estimated sales expenses and relevant taxes. The net realizable value of materials which are for production is estimated price of relevant finished goods after estimated cost for finished goods, estimated sales expenses and relevant taxes. The net realizable value of those inventories arising from project of sales contract is calculated on the basis of contract price. The net realizable value for those inventories beyond contracts is calculated on the basis of the general selling price.

9. Long-term equity investment

The item of long-term equity investment includes equity investments which are either with the control, common control or significance influence over investees, or without those control or influence over investees but no pricing and no reliable fair value measured in the market.

Common control indicates the sharing control according to the contract. Any parties involved can not control the production and operation activities of the joint venture. All decisions related to principal operation activities need the agreement from all parties.

Significant influence indicates the rights to be involved into the decision-making on financial and operational policies in investees but no control or common control on these policies-making. The evidence of significant influence is the direct ownership or indirect ownership through subsidiaries of from and including 20% up to 50% voting rights from investees otherwise there must be solid evidences showing investors can not be involved in investees' decision making under such conditions.

When the long-term equity investment is arising from merger of enterprises under the common control, the initial investment cost is recognized as the percentage of shareholders' equity book value of the investee. When the long-term equity investment is arising from the merger of enterprises under the non-common control, the cost of merging is measured including: assets paid, actual liabilities charged and the fair value of issued equity securities on the merger date, and recognized as the cost of initial equity investment.

Apart from the situation above, if the long-term equity investment is acquired by cash, the actual payment will be recognized as the initial investment cost which covers all the direct expenses, taxes and other necessary direct contributable expenses for this acquirement. If the long-term equity investment is acquired by issuing equity securities, the fair value of issuing equity securities will be recognized as the initial investment cost. If there is a contract or an agreement on the value of this investment from investors to acquire the long-term equity investment, then the contract or agreement price will be the initial cost of this investment. If the long-term equity investment is acquired by debts restructuring or exchange of non-monetary items, the relevant accounting standards will be applied to recognize the initial investment cost.

The Company recognizes the investment on subsidiaries by cost method and adjusts into equity method in compilation of consolidated statements. The Company applies the equity method on accounting the investment of joint ventures and associated companies, and the cost method on accounting the long-term equity investment without control, common control and significant influence as well as no pricing and no reliable fair value in the market. The Company accounts the long-term equity investment, which is without the control, the common control or significant influence but with pricing and reliable fair value in the market, as financial assets available-for-sale.

Under the cost method, the long-term equity investment is measured at initial investment cost. The investment income is subject to the distribution of accumulative net profit from investees after the investment. Then the apportioned profit or cash dividends acquired from investees will be written off against the book value of the investment as a withdrawal of initial investment cost.

Under the equity method, the investment gains or loss in current period is the apportionment of the net profit or loss from investees in the same period. To recognize this apportionment of the net profit or loss from investees, the investors should adjust the net profit from investees by offsetting the gains or loss from intra sales with associated companies or joint ventures on the basis of realizable assets fair value from investees under investors' accounting policies.

FINANCIAL STATEMENTS

To recognize the apportioned net loss from investees, the deduction limitation to the book value of long-term equity investment and other net long-term equity investment in substance on investees is up to zero. Besides, if the Company is responsible for extraneous loss of investees, the estimated liabilities will be accounted into current profit and loss. When investees realize profits later on, the Company recovers the unconfirmed loss first and then recognizes revenues.

For the long-term equity investment on associated companies and joint ventures before the first implementation date, if there is a difference on debt side of equity investment, the difference allocated by straight-line amortization in the rest periods should be deducted first and then the investment gains or loss will be recognized.

10. Investment in real estate

The investment in real estate includes the land use right that is rented to other parties, the land use right held for and prepared for transfer after appreciation, and buildings that are rented to other parties.

The investment in real estate is recognized at its cost. The cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset. The cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use.

The Company makes a follow-up measurement to the investment real estate through the cost pattern on the date of the balance sheet. The investment in real estate is amortized and depreciated basing on its useful life and the salvage value. The life time and the rate of salvage value applied by the Company are as follows:

Classification	Useful life (year)	salvage value (%)	Amortization rate (%)
Land use right	50		1.940
Buildings	40	3	2.425

When the investment in real estate is changed for owner occupied, it is recognized as fixed assets or intangible assets since the changed date. When the real estate for owner occupied is changed for generating rents or capital appreciation, it is recognized as the investment in real estate since the change date. The book value of the real estate prior to the conversion shall be entry value after conversion

If an investment real estate is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment real estate shall be terminated. When an enterprise sells, transfers or discards any investment real estate, or when any investment real estate of an enterprise is damaged or destroyed, the enterprise shall deduct the book value of the investment real estate as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

11. Fixed assets

Fixed assets are defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing for operation & management. The useful life of fixed assets is more than one year and the unit price is over RMB 2,000.

Fixed assets which cover buildings, machinery, transportation equipments, administrative equipments and others are initially measured at their cost. The cost of purchased fixed assets includes the purchasing price, import duty and other relevant taxes and expenses, as well as other expenditures attribute to assets for their availability of use. The cost of self-made fixed assets covers all expenditures for their availability to use. The cost of fixed assets invested by investors is recognized under contracts or agreements but if the value from contracts or agreements is not fair, the fair value will be applied. The fixed assets from finance leasing are measured at lower of the fair value and the minimum payment of leasing on leasing date.

The subsequent measurement of fixed assets comprises maintenance expenses and renewal and renovation expenses etc. Expenses which meet the criteria of fixed assets are accounted into the cost of fixed assets otherwise are accounted into current profit and loss. The replacement part is derecognized from the account.

Apart from those fixed assets fully depreciated but still in use, land is separately recognized. The Company withdraws depreciation for fixed assets by straight-line method and the depreciations are accounted into current profit and loss in accordance with the purposes of fixed assets. The estimated Depreciation rate and the useful life applied by the Company are as follows:

Classification	Useful life (year)	salvage value (%)	Depreciation rate (%)
Building	40	3	2.425
Machinery	8-14	3	12.125-6.929
Transportation Equipment	8	3	12.125
Administrative equipments and others	8	3	12.125

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The Company assesses the useful life, the depreciation rate and the method of depreciation for fixed assets at the end of period yearly. If any changes occur, they will be regarded as changes on accounting estimates.

The Company derecognizes fixed assets from the account which has been disposed or can not generate economic benefits by using or disposing. The income from selling, transferring, disposal or impairment of fixed assets, after their book value and relevant taxes and expenses is accounted into current profit and loss.

12. Construction in process

Construction in process is recognized at actual cost. Self-construction project is recognized at the cost of direct material, labor cost and construction expenses. Contracted construction is recognized at actual project price paid. Installed construction is recognized at the value of equipments, expenses of installation and assembly and expenditures of pilot run. Besides above, the cost of construction in process comprises the borrowing cost which can be capitalized and foreign exchange gains and losses.

Constructions in process are carried down into fixed assets at an estimated cost on the basis of the project budgeting, pricing and actual cost when completing and achieving estimated usage status. The corresponding depreciation on these fixed assets will be withdrawn since the month after carrying down into fixed assets. After clearing for completed the project, the difference of the original cost of fixed assets will be adjusted.

13. Borrowing cost

Borrowing cost includes interests from borrowing, amortization of discount or price premium, other attributable expenses and foreign exchange difference from borrowing in foreign currency. Borrowing cost which directly attributes to purchasing or constructing assets is to be capitalized when expenditures for assets and borrowing cost occur and the activities of purchasing or constructing made the assets available for use or sale commences. When assets reach the status available for use or sale, the capitalization of borrowing cost ceases. The rest of borrowing cost will be accounted into current profit and loss.

The current actual interest expenses from specific borrowings are capitalized, after deducting interest income as deposit in bank or short-term investment gains. The capitalized amount for the general borrowing is calculated as weighted average of the general borrowing (excluding any specific borrowings for qualified asset) times the weighted average of the interest rate of the general borrowing.

The qualified assets refer to the assets of investment in real estate and inventories which only can arrive at status of available for use or sale after purchasing and constructing in more than one year generally.

If a suspending takes place during the purchasing and constructing on the qualified assets for more than three months, the capitalization of borrowing cost is suspend until the purchasing and constructing of assets restart.

14. Intangible assets

Then intangible assets of the Company including the land use right and non-patent technology are recognized at their actual cost when acquired. The cost of purchased intangible assets includes the actual purchase price and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured at the contract or agreement, except for those with unfair value in the contract or agreement.

The Company amortizes land use right on the basis of its useful life by straight line method since it is acquired. The patent technology, non-patent technology and other intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into current profit and loss.

The Company makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year and makes adjustment if needed. The Company assesses the estimated useful life of intangible assets with uncertain useful life during each accounting period. If there are evidences to prove the useful life of intangible assets is limited, the Company will estimate their useful life and amortize the intangible assets within the estimated lifetime.

15. R&D expense

For the R&D expenses generated internally, it is classified as Research Stage and Development Stage in accordance with nature of the expense and the possibility of forming into intangible asset.

For internally-generated intangible assets, the expenditures in research phase are accounted into current profit and loss. The expenditures in development phase are recognized as intangible assets if they meet the following conditions:

- 1) It is feasible to sell or use the intangible asset technically;
- 2) The intention is to sell or use the intangible asset;
- 3) The market is available for products from the intangible asset or the intangible asset itself.
- 4) The Company is capable of accomplishing the development of intangible asset by the supporting techniques, finance and other resources and of using or selling the intangible asset.
- 5) The expenditures on the research and development of the intangible asset can be measured reliably.

If the expenditures can not meet the above criteria, they will be accounted into the profit and loss of the period. The expenditures expensed in previous accounting period can not be recognized as the asset in later accounting period. The capitalized expenditures in development phase are presented as development expenditure in balance sheet and it is carried down into the intangible asset since the date when the asset reaches the status of available for use.

16. Impairment of non-financial assets

The Company makes the assessment on the long-term equity investment, fixed assets, and construction in progress on each balance sheet date. The impairment could occur for the impairment indicators. The Company should make impairment tests. The Company should make the impairment tests on goodwill, intangible assets with uncertain useful life at the end of each year no matter if there are impairment indicators. When it is impossible to make the impairment test on the recoverable amount of an individual asset, the impairment test should be made on the basis of the corresponding assets group or the combination of group assets belongs to.

After the test of impairment, if the book value exceeds the recoverable amount of the asset, the difference is accounted as impairment loss. The losses of impairment recognized are not reversible in the later accounting period. The recoverable amount of an asset refers to the higher of the fair value of the asset after disposal expenses, and the present value of estimated future cash flow of the asset.

Indicators of impairment are as follows:

- (1) During the period, the market value of an asset has declined significantly and the decrease is far more than the decrease caused by timing or practice or by normal use.
- (2) Significant changes, in terms of economic, technical or legal environment and the market, with a negative effect on the Company have taken place during the period, or will take place in the near future.
- (3) Market interest rates or other market rates of return on investments have increased during the period and the increase of rates are likely to affect the discount rate used in calculating the NPV of future cash flow of assets and lead to the decrease in the recoverable amount of assets in substance.
- (4) Evidences are available for the obsolescence or physical damage of an asset.
- (5) An asset has been idle or is becoming idle, discontinued, or planned to be disposed in advance.
- (6) Evidences from internal reporting indicate that the economic performance of an asset is or will be, worse than expectations. For instance, the net cash flow or net profit generated by an asset is far lower than the amount expected.
- (7) Other evidences indicate the impairment of assets.

17. Long-term prepaid expense

The long-term prepaid expense of the Company refers to the actual expenses paid and charged into current period and later periods. The length of period is normally more than one year (excluding one year). These expenses are amortized on straight line method within beneficial periods. If the long-term prepaid expense can not benefit the later periods, the amortized price will be accounted into current profit and loss.

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18. Employee compensation

During the accounting period of an employee' providing services to an enterprise, the enterprise shall recognize the compensation payable as liabilities. The compensations for the cancellation of the labor relationship with the employees are accounted into current profit and loss.

Employee compensation comprises salary, bonus, allowance, welfare, social insurance, housing fund, labor union expenditure, employee education expenditure and other relevant expenditures on service rendered by the employees.

If an enterprise cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, or the enterprise has formulated a formal plan on the cancellation of labor relationship or has brought forward a proposal on voluntary layoff and will execute it soon, the enterprise shall recognize the expected liabilities incurred due to the compensation for the cancellation of the labor relationship with the employee, and shall simultaneously record them into the profit or loss for the current period

When the Company implements the internal retire plan, the compensation is accounted in accordance with the principle mentioned above. The Company should recognize the corresponding salary and insurances from the date that employee ceases provide service till the date of retirement, with matching with the criteria of estimated liabilities, the compensation should be recognized as estimated liabilities and accounted into the current profit and loss.

19. Contingent liability/Estimated liability

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Company will recognize them as liabilities. The requirements mentioned above are as follows: The assumed responsibilities are actual and real. The fulfilment of obligations will cause the outflow of economic benefit from the Company. The amount of liabilities can be measured reliably.

Estimated liabilities are recognized at the most appropriate estimation of obligations by considering relative risks, uncertainties and timing factor etc. If the effect from time value of currency is significant, the most appropriate estimation will be discounted into present value. The Company assesses the book value of estimated liabilities on each balance sheet date and adjustment will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

20. Revenue recognition principle

The revenue of the Company is mainly from selling goods and allowing the use by others of company's assets. The criteria of reorganization are as follows:

The revenue from selling goods shall be realized, when main risks and rewards related to the ownership of goods have been transferred to buyers, and the Company doesn't hold continuing management rights or effective control rights of goods, and the relevant economic benefits may flow into the Company, and the amount of this relevant revenue can be measured reliably.

The revenue from allowing the use by others of company's assets shall be realized, when economic benefits related to transactions may flow into the Company, and the amount of this relevant revenue can be measured reliably.

21. Lease

The Company categorizes the lease into the financial lease and the operating lease.

The financial lease is the lease in which all risks and returns related to the ownership of assets are transferred in substance. The Company as a lease holder, on the date of lease, the financial lease is recognized as the fixed asset at lower cost of fair value of the rental asset and the NPV of minimum payment of leasing. The minimum payment of leasing is recognized as long-term payable and the difference is accounted into unrecognized financing expense.

The operating lease is the lease apart from the financial lease. The Company, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Company, as a leaser, accounts the rental income into current period by straight line method during the term of the lease.

22. Government subsidies

A government subsidy of the Company shall be recognized if the Company can meet the conditions for the government subsidy and also can obtain the government subsidy. If a government subsidy is a monetary asset, it is measured in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it is measured at its fair value. If the fair value of a non-monetary asset cannot be acquired in a reliable way, it is measured at its nominal amount (RMB 1).

The government subsidies pertinent to assets are recognized as deferred revenue, and equally accounted into current profit and loss within the useful life. The government subsidies pertinent to incomes are treated respectively in accordance with the indications as follows: Those subsidies used for compensating the related future expenses or losses of the Company are recognized as deferred income and accounted into current profit and loss when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the Company are accounted into current profit and loss directly.

23. Deferred tax assets and deferred tax liability

Deferred tax assets and deferred tax liability are recognized at the differences (temporary tax differences) between the tax base of an asset or liability and its book value. The Company recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. On the balance sheet date, deferred tax assets and deferred tax liability are measured at applicable tax rate.

The Company recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. For the deferred tax assets which have already been recognized, when there are any evidences showing that the Company is probably incapable of acquiring sufficient amount of taxable income tax in a future period to offset against the deductible temporary difference, the book value of the deferred tax assets will be deducted. When it is likely to acquire sufficient amount of taxable income tax, the amount deducted can be reversed.

24. Income tax accounting

The Company recognizes income tax by balance sheet method. The income taxes of the current period and deferred income tax of the Company are treated as income tax expenses for the current period, and are accounted into current profit and loss, excluding the income taxes incurred in following circumstances: the deferred tax arising from consolidation and accounted as the adjustment on the book value of goodwill; the income taxes of the current period and deferred income tax related to the transactions or events directly recognized into owners' equity are accounted into owners' equity.

The income tax expenses for the current period are the amount payable to the Tax Office which are calculated and recognized according to the tax law and transactions and events of the current period, i.e. income taxes payable. The deferred income taxes refer to the differences recognized between the amount at the end of period and amount recognized originally of the deferred tax assets and deferred tax liability by the balance sheet liability method.

25. Presentation of consolidated financial statements

(1) Recognition principles of consolidation scope

The scope of consolidated financial statements of the Company covers all subsidiaries of the parent and the special purpose entities.

(2) Accounting methods of consolidated financial statements

The Company's consolidated financial statements have been prepared in accordance with <Accounting Standard for Business Enterprise No.33 – Consolidated Financial Statements>. All material intra-group transactions and balance have been eliminated fully. The parts of subsidiaries' equity non-attributable to parent company are regarded as minority interest listed separately in owners' equity in consolidated financial statements.

Where there are inconsistent accounting policies and accounting period for the subsidiaries, the Company adjusts the subsidiaries' financial statements in accordance with the Company's accounting policies and accounting period when preparing the consolidated financial statements.

For the subsidiaries under non-common control, when preparing the consolidated financial statements, the Company adjusts the separate financial statements based on the fair value of identifiable net assets on the purchasing date. For the subsidiaries acquired by the Company under common control, the Company regards the subsidiaries as their existence since the beginning of the period, and the assets, liabilities, operation performance and cash flows are involved in the scope of consolidation of the financial statements from the beginning of the combination period according at the original book value.

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VI. TAXATION

1. Enterprise Income Tax

The Enterprise Income Tax for the Company is 25%

Tax rates for subsidiaries are as following:

<u>Company</u>	<u>Tax Rate (%)</u>
Shaanxi Beiren Printing Machinery Co., Ltd.	15
Beijing Beiren Fuji Printing Machinery Co., Ltd.	25
Haimen Beiren Printing Machinery Co., Ltd.	25
Hebei Beiren Paper Feeder Co., Ltd.	25
Beijing Beiren Yuxin Offset Printing Co., Ltd.	25
Beijing Beiren Jingyan Printing Machinery Factory	25

In accordance with Wei Di Shui Fa No.280 [2007], as the subsidiary of the Company, Shaanxi Beiren Printing Machinery Company Limited. will continue to benefit from the Preferential Tax Policy on West China Great Development, and the Enterprise Income Tax is applied on 15%.

In accordance with Guo Shui Zhi Jianmianzi No.0002 [2006], Enterprise Income Tax of Beijing Beiren Fuji Printing Machinery Company Limited is the half of the tax amount calculated on 25%, for the benefit for High New Technology Enterprise.

2. VAT

The value-added tax is applied on sales of goods, further processing of goods, and repairs and supply replacements. The valued-added tax is levied at the rate of 17% on domestic sales of goods.

The input VAT on raw materials purchasing should be written-off against the output VAT, levied at the rate of 17%. The input VAT on exports is refundable.

The VAT payable is the balance of the output VAT after the input VAT in current period.

3. Business Tax

The business tax of the Company is levied on the taxable revenue at the rate of 5%.

4. City construction tax and educational fees

The city construction tax is levied at the rate from 5% to 7% on the net VAT payable and business tax. The educational fees are levied at the rate from 3% to 4% on the net VAT payable and business tax.

5. Property tax

The property tax is levied at the rate of 1.2% on the 70% to 80% of the real estates' initial carrying amounts or 12% of rental income of buildings.

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VII. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Unit: 10'000

Company	Registration Location	Nature	Registered Capital	Operating Scope	Investment Amount	Shareholding (%)	Voting Right (%)	Consolidated (Yes/No)
Shaanxi Beiren Printing Machinery Co., Ltd.	Weinan City, Shaanxi Province	Limited Liability company	11,500	Manufacturing selling and maintaining printing machine, packing machine, engineering machine, and electrical equipments. Relevant fittings; manufacture, sale, type setting and the printing machine production and sale.	9,918.00	86.24	86.24	Yes
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Chayang District, Beijing City	Sino-Foreign Equity Joint Venture Enterprise	USD 510	Manufacturing printing machine, selling self-manufactured products	2,963.27	70.00	70.00	Yes
Haimen Beiren Fuji Printing Machinery Co., Ltd.	Haimen City, Jiangsu Province	Limited Liability company	5,100	Manufacture printing machine and relevant fittings	3,484.80	82.54	82.54	Yes
Hebei Beiren Paper Feeder Co., Ltd.	Shijiazhuang City, Hebei Province	Limited Liability company	500	Processing and selling paper provides and relevant fittings.	253.40	50.68	50.68	Yes
Beijing Beiren Jingyan Printing Machinery Factory	Yanqing Country, Beijing City	Joint stock company	2,105	Manufacturing printing machine and relevant components, providing relevant technical consulting services	2,100.00	99.76	99.76	Yes
Beijing Beiren Yuxin Offset Printing Co., Ltd.	Dongcheng District, Beijing City	Limited Liability company	2,243	Book printing, binding, typesetting and plate making	1,540.00	68.66	68.66	Yes

2. The change of the scope of consolidated financial statements

There is no change of the scope of consolidation of financial statement for the Company in the current period.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Following disclosed financial Statement data, except special indicates, "the beginning of the year" refers to 1st January, 2009, "the end of the period" refers to 30th Jun, 2009, "this period" refers to the year from 1st January 2009 to 30th Jun, 2009, "last period" refers to the year from 1st January 2008 to 30th Jun, 2008, the monetary unit is a RMB.

1. Monetary fund

Item	30 Jun 2009			1 Jan 2009		
	Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
Cash on hand			101,738.89			92,177.41
Including: RMB	101,362.44		101,362.44	91,493.88		91,493.88
USD	50.00	6.8319	341.60	100.00	6.8346	683.53
YEN	490.15	0.0711	34.85			
Bank deposit			82,680,162.52			66,411,332.59
Including: RMB	80,920,281.62		80,920,281.62	65,427,167.41		65,427,167.41
USD	241,033.23	6.8319	1,646,714.91	127,018.94	6.8346	868,126.07
HKD	76,388.53	0.8815	67,336.49	76,174.92	0.8819	67,178.66
YEN	644,578.06	0.0711	45,829.50	645,875.00	0.0757	48,860.45
Other monetary funds			8,609,093.88			8,280,000.00
RMB	8,609,093.88		8,609,093.88	8,280,000.00		8,280,000.00
Total			91,390,995.29			74,783,510.00

Up to 30 Jun 2009, other monetary funds are including Deposit of Bank Acceptance amounted RMB 6,177,093.88 and Deposit of Letter of Guarantee amounted RMB 2,432,000.00

2. Notes receivable

(1) Types

Type	30 Jun 2009	1 Jan 2009
Bank acceptance notes	23,059,679.47	7,830,646.60

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(2) Up to 30 Jun 2009, the existing notes receivable have not been pledged or mortgaged.

(3) Notes receivable endorsed but not due as at the end of year.

Type	Due period		Amount
Bank acceptance notes	3rd Jul 2009	3rd Jan 2010	127,503,801.98

(4) Up to 30 Jun 2009, there is not any notes receivable has discounted but not due.

(5) Ending balance increased 194.48%, comparing with the ending balance of the last period. It is mainly due to the customers mostly made the payment by notes.

3. Accounts receivable

(1) Aging analysis for account receivable

Item	30 Jun 2009			1 Jan 2009		
	Amount	Percent %	Provision for bad debts	Amount	Percent %	Provision for bad debts
Within 1 year	184,342,929.58	49.12	0.00	214,113,316.03	55.08	70,000.00
1 year-2 years	83,915,991.51	22.36	18,304,438.81	98,701,092.96	25.39	26,397,713.55
2 years-3 years	61,558,618.28	16.40	33,481,795.98	28,117,948.24	7.23	15,918,383.88
Over 3 years	45,501,603.60	12.12	45,407,599.78	47,792,677.25	12.30	47,530,295.93
Total	375,319,142.97	100.00	97,193,834.57	388,725,034.48	100.00	89,916,393.36

(2) Risk classification for accounts receivable

Item	30 Jun 2009				1 Jan 2009			
	Book value		Bad debt		Book value		Bad debt	
	Amount	Percent %	Provision for bad debts	Percent %	Amount	Percent %	Provision for bad debts	Percent %
Accounts receivable material in individual amounts	83,273,705.19	22.19	12,566,367.19	12.93	101,861,383.48	26.20	11,117,576.57	12.36
Accounts receivable non-material in individual amounts, but with credit risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other accounts receivable non-material in individual amounts	292,045,437.78	77.81	84,627,467.38	87.07	286,863,651.00	73.80	78,798,816.79	87.64
Total	375,319,142.97	100.00	97,193,834.57	100.00	388,725,034.48	100.00	89,916,393.36	100.00

(3) The Company entered into a number of transactions on factoring of account receivables to obtain monetary fund for sale of printing machinery with Shanghai Pudong Development Bank, Beijing Branch. The balance of factoring of account receivables were included in short term loans (see Note 16), according to the notice of circulation of the Provisional Requirement on Accounting Treatment for Credit Receivable Financing Activities entered into between Enterprises and Banks or Financial Institutions (Cai Kuai [2003] No. 14). As at 30 Jun 2009, the balance of factoring account receivables was RMB 55,380,702.67

(4) There is no accounts receivable written-off in the current year.

(5) The details of the balance of the account receivables due from shareholders who hold 5% or more of the Company's shares are as follows:

Company	30 Jun 2009		1 Jan 2009	
	Amount	Bad debts provision	Amount	Bad debts provision
Beiren Group Co.	0.00	0.00	590,000.00	0.00

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- (6) Top five of account receivables of RMB 74,585,777.72; occupies 19.87% of total account receivable.
- (7) Accounts receivable of related parties of RMB 715,553.83, takes percentage of 0.19% of total accounts receivable.
- (8) Account receivables contains following balances in foreign currencies:

Foreign currency	30 Jun 2009			1 Jan 2009		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange Rate	RMB
USD	711,019.98	6.8319	4,857,617.40	217,175.00	6.8346	1,484,304.26

- (9) The ending balance of account receivable decreases 6.92% than the ending balance of the last period, as a result of the enforcement in collection. The ending balance of provision on bad debts increases 8.09% than the ending balance of the last period, mainly because of macro economic influence, and the performance of downstream printing trade are getting worse and collectability dropped.

4. Advances to suppliers

Item	30 Jun 2009		1 Jan 2009	
	Amounts	Percentage%	Amounts	Proportion%
Within 1 year	27,252,757.08	93.83	25,202,507.09	93.61
1 year-2 years	863,610.39	2.97	1,227,762.31	4.56
2 years-3 years	657,691.73	2.26	326,565.43	1.21
Over 3 years	271,567.66	0.94	165,133.57	0.62
Total	29,045,626.86	100.00	26,921,968.40	100.00

- (1) Items whose age is over 1 year are as a result of uncompleted projects or being not accounted by the other side.
- (2) In the ending balance, credit amount for the top five debt unit is RMB 9,164,734.82, account for 31.55% of the total advances to customers.
- (3) For the end balance of advances to customers, there are no advances to customers from shareholders who hold over 5% (including 5%) of the Company's shares of voting right.
- (4) The ending balance in foreign currencies of advances to customers account are as follows:

Foreign currency	30 Jun 2009			1 Jan 2009		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange Rate	RMB
USD	6,397.36	6.8319	43,706.12	176,890.92	6.8346	1,208,978.66
EURO	0.00		0.00	23,400.00	9.6590	226,020.60
KRONA	18,834.38	0.8889	16,741.88	0.00		0.00
Total			60,448.00			1,434,999.26

5. Dividend receivable

Company	1 Jan 2009	Increase	Decrease	30 Jun 2009
Beijing Monigraf Automations Co. Ltd.	622,300.00	0.00	622,300.00	0.00
Include: Dividend has not received over a year	0.00			0.00

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6. Other receivables

(1) Aging analysis for other receivables

Item	30 Jun 2009			1 Jan 2009		
	Amount	Proportion %	Provision for bad debts	Amount	Proportion %	Provision for bad debts
Within 1 year	11,059,269.57	24.08	1,011,949.41	26,396,235.40	53.73	1,009,873.13
1-2 years	14,256,784.14	31.04	414,500.54	4,269,907.40	8.69	2,207,867.81
2-3 years	2,187,320.54	4.76	2,122,880.90	918,080.18	1.87	342,397.67
Over 3 years	18,425,551.79	40.12	10,530,386.88	17,541,712.05	35.71	10,529,387.12
Total	45,928,926.04	100.00%	14,079,717.73	49,125,935.03	100.00	14,089,525.73

(2) Risk classification for other receivables

Item	30 Jun 2009				1 Jan 2009			
	Book value		Bad debt		Book value		Bad debt	
	Amount	Percent %	Provision for bad debts	Percent %	Amount	Percent %	Amount	Percent %
Other receivables material in amounts	29,939,660.09	65.19	9,088,241.00	64.55	30,064,169.02	61.20	9,088,241.00	64.50
Other receivables non-material in amounts, but with credit risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables non-material in amounts	15,989,265.95	34.81	4,991,476.73	35.45	19,061,766.01	38.80	5,001,284.73	35.50
Total	45,928,926.04	100.00	14,079,717.73	100.00	49,125,935.03	100.00	14,089,525.73	100.00

(3) There is no other accounts receivable written-off in the current year

(4) For the ending balance of other accounts receivable, there are no debts from shareholders who hold over 5% (including 5%) of the Company's shares of voting right.

(5) Other receivables with significant amount of ending balance are as follows:

Company	Relation to the Company	Amount	Bad debt	Aging	Percent%
Xi'an Office of Huarong Assets Management Company (Note.1)	Minority shareholder for subsidiary company	6,328,000.00	0.00	Over 3 years	13.78
Southeast Asia (Note.2)	Customer for the Company	9,088,241.00	9,088,241.00	Over 3 years	19.79
Total		15,416,241.00	9,088,241.00		33.57

Note 1: Item of Xi'an Office of Huarong Assets Management Company is share redemption funds. According to the article of Shaanxi Beiren Printing Machinery Company Limited, Xi'an Office of Huarong Assets Management Company acquired shares in a debt-share transfer way and share disposal could be in forms of transfer, replacement or redemption. Share redemption should be completed before year 2006 with the same annual share redemption. Xi'an Office of Huarong Assets Management Company acquired shares of RMB15,820,000.00 in a debt-share transfer way with a five-year repurchase period. Xi'an Office of Huarong Assets Management Company totally repurchased RMB6,328,000.00 for year 2003 and 2004, and did not write-off against the investment in Huarong Assets Management Company under the equity withdrawal method.

Note 2: Item of Southeast Asia is investment in south-east Asia in previous periods, were accounted in full amount bad debts provision due to the solid difficulty of the collection on the outstanding balance amount.

(6) There is no account receivable from related parties in the ending balance

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- (7) Other receivables contains following balances in foreign currencies:

Foreign currency	30 Jun 2009			1 Jan 2009		
	Foreign currency	Exchange rate	Amount (RMB)	Foreign currency	Exchange Rate	Amount (RMB)
USD	1,500.00	6.8319	10,247.85	0.00		0.00
HKD	0.00		0.00	10,305,296.52	0.8819	9,088,241.00
Total			10,247.85			9,088,241.00

7. Inventory and the impairment provision

(1) Categories of inventories

Item	30 Jun 2009	1 Jan 2009
Raw materials	85,217,696.42	91,888,198.80
Work in progress	389,136,957.52	393,023,499.61
storage goods	196,873,217.67	274,634,849.56
Low value consumables	2,142,801.31	2,318,319.29
Self made semi-finished goods	14,656,643.62	16,870,894.77
Work in process-outsourced	3,731,880.84	2,709,605.85
Total	691,759,197.38	781,445,367.88

(2) Impairment provision for inventory

Item	1 Jan 2009	Increase	Reduces in Period		30 Jun 2009
			Reversal	Transferred out	
Raw materials	3,022,074.01	0.00	0.00	0.00	3,022,074.01
Work in progress	52,698,719.17	0.00	0.00	4,885,870.89	47,812,848.28
storage goods	65,890,467.77	0.00	0.00	7,851,732.05	58,038,735.72
Self made semi-finished goods	329,265.24	0.00	0.00	0.00	329,265.24
Total	121,940,526.19	0.00	0.00	12,737,602.94	109,202,923.25

The amount of the other transferred out is the written-off on the impairment for the disposal on the unsold inventory.

- (3) For provision policy, see Notes 5(8).
- (4) Closing balance of the original value of inventory decreased 11.48% over opening balance, Closing balance of the net value of inventory decreased 11.67% than opening balance. It is due to that the Company acclimates the situation of the market, cuts down the production and enforces the usage on storage goods.
- (5) No inventory has been mortgaged or frozen at the year end.

8. Long-term equity investments

(1) Long-term equity investments

Item	30 Jun 2009	1 Jan 2009
Accounted in cost method	50,000.00	50,000.00
Accounted in equity method	14,726,880.07	14,478,492.90
Total	14,776,880.07	14,528,492.90
Less: provision for impairment on long-term equity investments	50,000.00	50,000.00
Net book value	14,726,880.07	14,478,492.90

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(2) Accounted in cost and equity method

Name of invested Companies	Share holding %	Voting right %	Original amounts	1 Jan 2009	Increase	Decrease	30 Jun 2009	Cash dividends for the year
In cost method								
Ying Shen Associated Co., Ltd.			50,000.00	50,000.00	0.00	0.00	50,000.00	0.00
Sub-total			50,000.00	50,000.00	0.00	0.00	50,000.00	0.00
In equity method								
Beijing Monigraf Automations Co. Ltd.	49	49	3,675,000.00	8,794,891.76	0.00	110,586.83	8,684,304.93	0.00
Beijing Beijing Moulding Co., Ltd.	20	20	1,136,000.00	5,683,601.14	358,974.00	0.00	6,042,575.14	0.00
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	49	49	22,540,000.00	0.00	0.00	0.00	0.00	0.00
Sub-total			27,351,000.00	14,478,492.90	358,974.00	110,586.83	14,726,880.07	0.00
Total				14,528,492.90	358,974.00	110,586.83	14,776,880.07	0.00

(3) Associations

Company	Registered Location	Nature of Business	Share holding %	Voting Right %	End balance of total Net Assets	Total Operating Income	Net Profit
Beijing Monigraf Automations Co. Ltd.	Beijing City	Develop, manufacture and sell automations of printing machines, provide relevant installation, repairs and consulting services	49	49	17,522,939.13	4,844,468.41	-225,687.41
Beijing Beijing Printing and Casting Co. Ltd.	Beijing City	Manufacture and sell parts, manufacture castings and models, develop and transfer technology, provide consulting services	20	20	30,212,875.68	41,560,395.85	1,794,870.02
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	Beijing City	Manufacture and sell printing machines, provide relevant consulting services	49	49	-11,378,075.60	135,928.72	8,196,647.66
Total					36,357,739.21	46,540,792.98	9,765,830.27

The total operating income of Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd does not match with the net profit for the current period. It is mainly arising from the exchange gain and loss for Yen currency.

(4) Provision for impairment on long-term equity investments

Company	1 Jan 2009	Provision	Reduces in Period		30 Jun 2009
			Reversal	Transferred out	
Ying Shen Associated Company Limit	50,000.00	0.00	0.00	0.00	50,000.00

The Company's subsidiary Shaanxi Beiren Printing Machinery Company Limited invested RMB 50,000.00 into Ying Shen Associated Company Limited. The investment is unlikely to be collected so the provision for bad debts was provided fully.

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9. Investment properties

Accounted in cost methods

Item	1 Jan 2009	Increase	Decrease	30 Jun 2009
Original cost				
Buildings	23,046,189.70	0.00	0.00	23,046,189.70
Accumulated depreciation				
Buildings	7,243,993.48	377,145.19	0.00	7,621,138.67
Impairment provision				
Buildings	0.00	0.00	0.00	0.00
Book value				
Buildings	15,802,196.22			15,425,051.03

10. Non-current assets

(1) Non-current assets list

Item	1 Jan 2009	Increase	Decrease	30 Jun 2009
Original Cost	1,206,501,512.79	1,269,338.76	9,189,473.21	1,198,581,378.34
Building	581,941,605.27	249,125.42	0.00	582,190,730.69
Machinery	544,520,260.91	576,938.82	4,584,214.39	540,512,985.34
Transportation facilities	19,663,685.50	215,000.00	662,633.00	19,216,052.50
Office equipment	54,022,751.99	80,524.52	3,632,786.85	50,470,489.66
Others	6,353,209.12	147,750.00	309,838.97	6,191,120.15
Accumulated depreciation	513,829,881.20	22,481,103.95	8,397,266.02	527,913,719.13
Building	103,451,670.09	8,809,595.02	0.00	112,261,265.11
Machinery	355,276,639.59	10,444,112.40	4,350,549.57	361,370,202.42
Transportation facilities	10,634,709.86	1,384,526.94	335,342.57	11,683,894.23
Office equipment	42,435,158.08	1,552,231.86	3,419,777.35	40,567,612.59
Others	2,031,703.58	290,637.73	291,596.53	2,030,744.78
Impairment provision	20,868,981.71	0.00	0.00	20,868,981.71
Building	0.00	0.00	0.00	0.00
Machinery	20,753,981.71	0.00	0.00	20,753,981.71
Transportation facilities	115,000.00	0.00	0.00	115,000.00
Office equipment	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Net book value	671,802,649.88			649,798,677.50
Building	478,489,935.18			469,929,465.58
Machinery	168,489,639.61			158,388,801.21
Transportation facilities	8,913,975.64			7,417,158.27
Office equipment	11,587,593.91			9,902,877.07
Others	4,321,505.54			4,160,375.37

RMB782,835.14 was transferred from construction in progress which made the increase of fixed assets

(2) There are no idle fixed assets for the current period.

(3) The Company disposed some fixed assets with original value of RMB9,189,473.21 and net book value of RMB792,207.19, which resulted in a disposal loss of RMB128,108.78.

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11. Construction in progress

(1) Construction in progress list

Name	Budget	1 Jan 2009	Increase	Transferred Into		Other Deductions	30 Jun 2009	Source of Funds	Construction Investment In Budget
				Non-Current Assets					
Construction	1,800,000.00	41,538.00	277,339.42	249,125.42	0.00	69,752.00	Equity fund		
Equipments in installation	8,855,000.00	2,256,330.40	5,000.00	385,959.72	471,020.00	1,404,350.68	Equity fund		
Others	0.00	1,425,387.73	0.00	147,750.00	0.00	1,277,637.73	Equity fund		
Total	10,655,000.00	3,723,256.13	282,339.42	782,835.14	471,020.00	2,751,740.41			
Including: capitalised borrowing expenses		0.00				0.00			

12. Intangible assets

(1) Intangible assets

Item	1 Jan 2009	Increase	Decrease	30 Jun 2009
Original Cost	149,428,150.16	0.00	0.00	149,428,150.16
Land use right	147,166,043.77	0.00	0.00	147,166,043.77
Non-patent technology	1,603,336.39	0.00	0.00	1,603,336.39
Software	658,770.00	0.00	0.00	658,770.00
Accumulated depreciation	19,872,895.49	1,496,240.16	0.00	21,369,135.65
Land use right	18,049,691.10	1,446,446.16	0.00	19,496,137.26
Non-patent technology	1,407,586.39	0.00	0.00	1,407,586.39
Software	415,618.00	49,794.00	0.00	465,412.00
Impairment provision	0.00	0.00	0.00	0.00
Land use right	0.00	0.00	0.00	0.00
Non-patent technology	0.00	0.00	0.00	0.00
Software	0.00	0.00	0.00	0.00
Book value	129,555,254.67			128,059,014.51
Land use right	129,116,352.67			127,669,906.51
Non-patent technology	195,750.00			195,750.00
Software	243,152.00			193,358.00

Some of land use right with original cost of RMB 23,462,148.00 and net book value of RMB 21,716,162.29 were pledged to bank for short-term loans.

- (2) As at 30 Jun 2009, the Company has not obtained land use rights certificates for 92.126 acreages of land acquired by it and located in Da Xing District in Beijing.

13. Long-term accrued expense

Items	30 Jun 2009	31Dec 2008
Land development expense	11,963,291.10	11,996,291.10

The land development expenditure is accrued and revaluated amount as investment from Beiren Group, when the Company reorganized into the joint stock company. The expense was invested as valued amount by Beiren Group.

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14. Deferred tax asset

(1) Recognized Deferred tax asset

Item	30 Jun 2009	1 Jan 2009
Deductible temporary difference in deferred tax assets	8,651,704.59	8,651,704.59

(2) Recognized temporary difference in deferred tax assets at the end balance

Deductible temporary difference	30 Jun 2009	1 Jan 2009
Provision for bad debts	14,776,828.27	14,776,828.27
Provision for diminution in value of inventories	27,493,584.57	27,493,584.57
Impairment provision of long-term equity investment	50,000.00	50,000.00
Depreciation & Impairment of non-current assets	629,717.71	629,717.71
Employee Compensation Payable	1,101,012.12	1,101,012.12
Total	44,051,142.67	44,051,142.67

15. Provision of impairment for assets:

Item	1 Jan 2009	Increase	Decrease		30 Jun 2009
			Returning	Other	
Transfer out					
Provision of impairment for Bad debts	104,005,919.09	7,277,441.21	0.00	0.00	111,283,360.30
Provision of impairment for Inventory	121,940,526.19	0.00	0.00	12,737,602.94	109,202,923.25
Provision of impairment for long-term equity investments	50,000.00	0.00	0.00	0.00	50,000.00
Provision of impairment for Investment properties	0.00	0.00	0.00	0.00	0.00
Provision of impairment for Fixed Assets	20,868,981.71	0.00	0.00	0.00	20,868,981.71
Provision of impairment for Project commodity	0.00	0.00	0.00	0.00	0.00
Provision of impairment for constructions in process	0.00	0.00	0.00	0.00	0.00
Provision of impairment for Intangible assets	0.00	0.00	0.00	0.00	0.00
Total	246,865,426.99	7,277,441.21	0.00	12,737,602.94	241,405,265.26

16 Short-term loans

(1) Listed as currency

Currency	30 Jun 2009	1 Jan 2009
RMB	351,658,500.00	360,692,750.00

(2) Listed as loan category

Type	30 Jun 2009	1 Jan 2009
Credit bank loans	160,000,000.00	180,000,000.00
Mortgaged bank loans	141,950,000.00	116,950,000.00
Guaranteed bank loans	17,900,000.00	21,000,000.00
Pledged bank loans	31,808,500.00	42,742,750.00
Total	351,658,500.00	360,692,750.00

Note 1: The mortgage of mortgaged bank loans are including: fixed assets with the net value of RMB 110,305,823.63, and land use right with the net value of RMB 21,716,162.29

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Note 2: Credit loan contains the loan with amount of RMB 85,000,000 and RMB 50,000,000 (135,000,000 in total), provides by Beijing National Capital Mechanical And Electrical Holding Company Limited through the bank entrust loan. The transaction is entrusted by Beijing Jingcheng Machinery and Electronic Holding Company Limited. The deadline of the loan is one year and one half year, the interest rate is 5.31% and 4.86% respectively.

Note 3: Pledged loans were the account receivable with recourse transferred/discounted by the Company to financing institutions. As at 30 Jun 2009, the outstanding short term pledged bank loans under the said contracts on factoring of account receivables amounted to RMB 31,808,500.00.

17. Notes payable

Type of Loan	30 Jun 2009	1 Jan 2009
Bank Acceptance	9,500,000.00	8,000,000.00

18. Accounts payable

(1) Accounts Payable

Item	30 Jun 2009	1 Jan 2009
Total	360,530,579.57	405,817,379.06
Including: over one year	23,658,456.01	88,517,003.08

(2) At the end of the reporting period, the accounts payable to Research Institution of People's Bank of China was RMB 1,052,142.40. This amount was arising from the cooperation between the Company and the Research Institution of People's Bank of China to manufacture currency machine in which Research Institution of People's Bank of China provided the patent technology. This item was stopped by unable to continue to cooperate. So the account payables were the fees of using the patent and were not close up yet.

(3) Accounts payable to shareholders who hold 5% (Including 5%) or more of the share capital of the Company:

Name of the Company	30 Jun 2009	30 Dec 2008
Beiren Group Corporation	1,310,780.00	2,318,780.11

(4) Account payable contains following balances in foreign currencies

Foreign Currency	30 Jun 2009			1 Jan 2009		
	YEN	Exchange rate	RMB	YEN	Exchange rate	RMB
YEN	2,846,880.59	0.0711	202,413.21	380,400.00	0.0756	28,777.26

19. Receipts in advance

(1) Receipts in advance

Item	30 Jun 2009	1 Jan 2009
Total	69,512,847.31	60,111,842.44
Include: more than one year	12,069,461.62	9,624,362.86

(2) Receipts in advance which is more than one year are the contract not yet finished and the corresponding product not yet delivered.

(3) In the current period, the ending balance of receipts in advance does not include any advances from shareholder with over 5% (Including 5%) voting right.

(4) The balance of the advanced payment in foreign currency:

Foreign Currency	30 Jun 2009			1 Jan 2009		
	USD	Exchange rate	RMB	USD	Exchange rate	RMB
USD	300,777.82	6.8319	2,054,884.02	288,890.63	6.8346	1,974,451.89

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20. Employee compensation

Item	30 Jun 2009	1 Jan 2009
Employee compensation payable	57,876,761.96	67,040,363.66

21. Tax payable

Tax category	Tax rate	30 Jun 2009	1 Jan 2009
Value added tax	17%	6,656,281.32	-588,430.72
Business tax	5%	74,430.62	139,000.81
City construction tax	5%–7%	626,310.22	298,222.74
Enterprise income tax		2,360,713.44	3,203,892.79
Individual tax		-103,636.31	581,652.40
Property tax		0.00	27,310.50
Land usage tax		458,511.90	667,002.77
Stamp tax		49,062.10	53,335.30
Educational fees	3%–4%	346,146.02	56,109.48
Water conservancy fund		536,726.22	440,104.21
Customs duties		14,177.68	0.00
Total		11,018,723.21	4,878,200.28

22. Other payables

(1) Other payables

Item	30 Jun 2009	1 Jan 2009
Total	60,821,585.22	63,945,480.53
Include: more than one year	26,459,859.28	32,873,483.81

(2) Other payables from shareholders who hold 5% (Including 5%) or more of the Company's share as of 30 Jun 2009 are as follow:

Items	30 Jun 2009	1 Jan 2009
Beiren Group Corporation	12,365,033.14	12,365,033.14

(3) Other payables in large amount at the ending balance

Items	Note	Amount	Aging	Quality or content
Beiren Group Corporation	1	12,365,033.14	More than 3 years	Purchase price
Beijing Beiyong Printing and Casting Company Limited	2	9,330,922.61	2 to 3 years	Remise price
Total		21,695,955.75		

Note 1: The payable to Beiren Group Corporation is the payment on the merge with No. 4 Print Machine Factory which belongs to Beiren Group Corporation;

Note 2: The payable to Beijing Beiyong Printing and Casting Co. Ltd. ("Beiyong Printing and Casting") is the public land remise fund of affiliated company. As of 30 Jun 2009, the Company has not got the certificate of land use right in Daxing, Beijing, which are 92.126 units of area.

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23. Non-current liabilities within one year

Item	30 Jun 2009	1 Jan 2009
Accounts payable within 1 year	29,550,000.00	29,550,000.00

When the subsidiary company Beijing Beiren Yuxin Offset Company Limited was set up, the minority shareholder Beijing offset point factory invested some of its asset into the Company as long term investment in Dec 2001, which including long term loan for RMB 18,450,000.00, short term loan for RMB 11,100,000.00. Beijing Beiren Yuxin Offset Company Limited and Beijing offset point factory came to an agreement in 2002, the Beijing offset point factory should pay the capital and interest to the bank, Beiren Yuxin Offset Company Limited should repay this money to Beijing offset point factory in the future years.

24. Long-term loan

(1) Show for different currency:

Currency	30 Jun 2009	1 Jan 2009
RMB	24,000,000.00	27,000,000.00

(2) Show for loan condition:

Loan category	30 Jun 2009	1 Jan 2009
Guaranteed loan	24,000,000.00	27,000,000.00

25. Account payable for special item

Item	1 Jan 2009	Increase	Carry forward	30 Jun 2009
Special research and development fund	4,078,638.33	0.00	0.00	4,078,638.33

The Company and Beijing National Capital Mechanical And Electrical Holding Company Limited has signed "national capital holding strategy product and the technical research and development project funds support contract" on December 17, 2008. A financial support of RMB 5,000,000 has been given to this company to carry on the medium newspaper printing machine core unit technology and half-way commercial product project. The Company in, will return the fund to the national capital holding on November 30, 2011 and November 30, 2012 with the amount of RMB 1,500,000 and RMB 3,500,000 respectively. Enjoys the patented claim by this company, both sides can implement the patent for free. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognized the book value of the Account payable for special item. Loan datum interest rate of 3 year time (5.4%) and 5 year time (5.76%) are used as discount rate.

26. Estimated liabilities

Item	1 Jan 2009	Increase	Carry forward	30 Jun 2009	Note
Employee Compensation for Dismissal	266,891.98	0.00	0.00	266,891.98	Compensation

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27. Stock

Unit: RMB'000

Shareholder's Name/Regimentation	1 Jan 2009		Current changes					30 Jun 2009	
	Amount	Ratio (%)	Issue new stock	Gifts share	accumulation funds to equity	Others	Subtotal	Amount	Ratio (%)
Conditioning Stock									
State-owned Holdings	180,440.00	42.76	0.00	0.00	0.00	-180,440.00	-180,440.00	0.00	0.00
Subtotal	180,440.00	42.76	0.00	0.00	0.00	-180,440.00	-180,440.00	0.00	0.00
Un-conditioning Stock									
Common Stock(RMB)	141,560.00	33.55	0.00	0.00	0.00	180,440.00	180,440.00	322,000.00	76.31
Stock listed over-sea	100,000.00	23.69	0.00	0.00	0.00	0.00	0.00	100,000.00	23.69
Subtotal	241,560.00	57.24	0.00	0.00	0.00	180,440.00	180,440.00	422,000.00	100.00
Total	422,000.00	100.00	0.00	0.00	0.00	0.00	0.00	422,000.00	100.00

As at 30 Jun 2009, the amounts of the IPO stocks are 180,440,000 shares.

28. Capital Reserve

Item	1 Jan 2009	Increase	Decrease	30 Jun 2009
Capital premium	517,305,478.93	0.00	0.00	517,305,478.93
Other capital reverse	5,714,792.13	0.00	0.00	5,714,792.13
Total	523,020,271.06	0.00	0.00	523,020,271.06

29. Surplus Reserve

Item	1 Jan 2009	Increase	Decrease	30 Jun 2009
Statutory surplus reserve	198,928,288.88	0.00	155,755,581.00	43,172,707.88

On 26 May 2009, based on the approval of AGM for the year 2008, RMB155,755,581.00 of the surplus reserve was used to recover the loss.

30. Undistributed Profits

Item	Amount	Ratio (%)
Undistributed Profits at The Last period End	-247,081,457.60	
Add: adjustment of undistributed profits at the year beginning	0.00	
Including: changes of accounting policies	0.00	
corrections to significant accounting errors for prior periods	0.00	
changes to consolidation scope under the same control	0.00	
other adjustments	0.00	
Undistributed Profits at The Year Beginning	-247,081,457.60	
Add: net profit this period	-35,677,696.35	
loss recovery from surplus reserve	155,755,581.00	
Less: provision on statutory surplus fund	0.00	10
provision on arbitrary surplus fund	0.00	
Distribution of ordinary share's dividend	0.00	
Transferred to share capital of ordinary shares dividend	0.00	
Undistributed Profits at The Year End	-127,003,572.95	
Including: Planned Cash Dividend	0.00	

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31. Minority Interest

Name Of Subsidiary	Proportion of Minority Interest (%)	30 Jun 2009	1 Jan 2009
Haimen Beiren print machinery Co., Ltd.	17.46	1,781,956.04	1,937,306.09
Beiren Fuji print machinery Co., Ltd.	30.00	12,586,560.51	12,437,376.64
Hebei Beiren Paper Feeder Co., Ltd.	49.32	0.00	0.00
Beijing Beiren Jingyan Print Machinery Factory	0.24	35,655.86	38,131.70
Beijing Beiren Yuxin Offset Machinery Co., Ltd.	31.34	783,059.37	1,849,104.36
Shaanxi Beiren printing machinery Co., Ltd.	13.76	8,648,063.05	9,697,559.42
Total		23,835,294.83	25,959,478.21

During the period, the subsidiary, the assets of Hebei Beiren Company was less than its liabilities, and the extra loss was RMB 769,190.15. When the consolidated financial statements were prepared, the loss was accounted into undistributed profits.

32. Operating Income and Operating Costs

1) Operating income

Item	Jan-Jun 2009	Jan-Jun 2008
Main operating income	378,796,998.22	393,933,335.27
Other operating income	4,612,841.72	5,687,110.90
Total	383,409,839.94	399,620,446.17
Main operating costs	330,520,039.60	316,001,660.44
Other operating costs	1,811,612.74	3,215,437.79
Total	332,331,652.34	319,217,098.23

2) Main operating income and costs (classified as different products and operation)

Item	Jan-Jun 2009		Jan-Jun 2008	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of hectograph machine	231,482,074.73	204,066,017.42	245,732,372.31	200,866,645.05
Sales of intaglio printing machine	120,777,529.76	102,620,647.10	106,527,978.79	82,705,016.38
Sales of form machinery	16,524,942.37	13,356,711.23	23,429,003.41	18,818,768.39
others	10,012,451.36	10,476,663.85	18,243,980.76	13,611,230.62
Total	378,796,998.22	330,520,039.60	393,933,335.27	316,001,660.44

3) The total sales income of the Company's top five clients is RMB 61,455,555.56, accounted 16.22% of the total sales income of the period.

33. Business Tax

Items	Tax rate (%)	Jan-Jun 2009	Jan-Jun 2008
Business tax	5	220,032.15	197,277.51
City construction tax	5-7	1,619,733.20	440,873.44
Educational fees	3-4	1,075,346.32	315,327.49
Total		2,915,111.67	953,478.44

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34. Financial Expenses

Item	Jan-Jun 2009	Jan-Jun 2008
Interest payment	9,384,094.78	12,070,378.26
less: Interest income	136,773.39	342,207.86
Add: exchange loss	-1,477.5	1,002,919.48
Add: other payment	267,993.8	729,566.11
Total	9,513,837.69	13,460,655.99

The Financial Expenses decreased 29.32% than the same period of last period. The main reason is Interest rates on bank loans decreased.

35. Impairment loss of assets

Item	Jan-Jun 2009	Jan-Jun 2008
Bad debt loss	7,277,441.21	8,625,743.89
Impairment loss on inventory	0.00	2,239,430.22
Total	7,277,441.21	10,865,174.11

36. Investment income

Item	Jan-Jun 2009	Jan-Jun 2008
Equity method of accounting for long-term equity investment income	248,387.17	1,758,406.67

The investment income decreased by 85.87% than last period and it was caused by the decrease of the profit for the joint venture companies.

37. Non-Operating Income

(1) Non-Operating Income

Item	Jan-Jun 2009	Jan-Jun 2008
Gains from non-currency capital disposal	488,846.15	3,245,768.21
Thereinto: gains from fixed assets	488,846.15	3,245,768.21
Government subsidy	4,500,902.73	627,550.00
Other	45,934.47	1,243,008.86
Total	5,035,683.35	5,116,327.07

(2) The government subsidies in this period are show below:

Item	Jan-Jun 2009	Jan-Jun 2008	Resource and basis
Automatization high speed multicolour soft packing print machine development fund	0.00	400,000.00	Shaanxi Provincial Department of Finance Office of the Shaanxi enterprises [2007] No. 23 document
Market development item subsidy	0.00	95,000.00	Weinan Municipal Commerce Bureau
Integrative control device of photo-electricity collimation concavity printing and gearing machinery unit	0.00	132,550.00	Shaanxi Provincial [2007] No. 61 document
Development of TAZJ series gravure printing set	600,000.00	0.00	Business Department Shang Chan Han [2007] No.80 document
Employment subsidy	3,891,175.81	0.00	Jing Zheng Fa [2009] No. 6 document
Tax allowances	9,726.92	0.00	Cai Shui [2008] No. 170 document
Total	4,500,902.73	627,550.00	

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38. Non-Operating Expenses

Item	Jan-Jun 2009	Jan-Jun 2008
Loss from non-currency asset disposal	616,954.93	413,210.28
Thereinto: loss from fixed assets	616,954.93	413,210.28
Paid-out donation on public welfare	0.00	150,000.00
other	174,524.15	65,788.98
Total	791,479.08	628,999.26

39. Income Tax Expense

Item	Jan-Jun 2009	Jan-Jun 2008
Income tax for current year	165,759.86	103,648.65
Deferred tax expenses	0.00	-183,133.48
Total	165,759.86	-79,484.83

40. The calculating procedure of basic EPS and diluted EPS

Item	Number	Jan-Jun 2009	Jan-Jun 2008
Net profit for equity holders of the Company	1	-35,677,696.35	-22,797,649.93
Net profit of extraordinary items for equity holders of the Company	2	4,110,956.86	3,482,118.76
Net profit for equity holders of the Company after extraordinary items	3=1-2	-39,788,653.21	-26,279,768.69
Total number of shares at the beginning of the period	4	422,000,000.00	422,000,000.00
Number of shares increased by converting surplus reserve into share capital (I)	5		
Number of shares increased by issuing new shares or shares converted from debentures (II)	6		
Share increase (II) number of months from next month to the end of the reporting period	7		
Number of shares decreased by buyback or shrinking	8		
Share decrease Number of months from next month to the end of the reporting period	9		
Number of Months in the reporting period	10	6.00	6.00
Ordinary shares on weighted average basis	11=4+5+6×7÷10	422,000,000.00	422,000,000.00
	-8×9÷10		
Basic earning per share (I)	12=1÷11	-0.08	-0.05
Basic earning per share (II)	13=3÷11	-0.09	-0.06
Dividends of diluted convertible ordinary shares as expense	14		
Conversion expense	15		
Income tax	16		
Number of shares increased by options or warrants	17		
Diluted earning per share (I)	18=[1+(14-15)×(1-16)]÷(11+17)	-0.08	-0.05
Diluted earning per share (II)	19=[3+(14-15)×(1-16)]÷(11+17)	-0.09	-0.06

41. Cash Flow

(1) Cash and cash equivalents includes:

Item	30 Jun 2009	30 Jun 2008
Cash	82,781,901.41	43,703,138.31
Including: cash on hand	101,738.89	46,801.18
Cash in bank	82,680,162.52	43,656,337.13
Cash equivalents	0.00	0.00
Cash and cash equivalents at the year end	82,781,901.41	43,703,138.31
Including: Restricted cash and cash equivalent for parent Company or subsidiary inside the group company	0.00	0.00

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(2) Received/paid cash relevant with the activities of other management/investment/financing

1) Other cash received related to operation activity

<u>Item</u>	<u>Jan-Jun 2009</u>	<u>Jan-Jun 2008</u>
Return of travelling expense and related expense	871,446.23	919,719.47
Receive Financial project funding	4,131,175.81	760,000.00
Disposal of old and obsolete materials	491,958.80	296,146.72
Receive hydro and electricity expense from employees	324,536.87	318,259.80
Receive penalty payment	0.00	7,282.86
Receive the injury payment and reserve from social insurance bureau	555,318.07	410,538.82
Interest income	121,360.44	133,193.94
Guarantee payment	329,900.00	80,200.00
Return of payment made by others for the Company	70,384.26	0.00
Others	728,652.24	779,802.06
Total	7,624,732.72	3,705,143.67

2) Other cash payment related to operation activity

<u>Item</u>	<u>Jan-Jun 2009</u>	<u>Jan-Jun 2008</u>
Sales commission	1,131,274.04	2,595,740.45
Trademark user fees	597,734.35	1,978,834.78
Employ agency fees	1,393,448.04	1,455,500.00
Research and development expense	1,753,779.23	5,657,098.22
Instalment testing fees	2,215,441.94	2,847,389.05
Maintenance fees	249,798.45	1,941,475.61
Transport fee and travelling	2,035,829.15	10,391,757.48
Entertainment fee	1,632,562.2	756,731.35
Water and electricity fee	993,462.03	3,357,304.50
Rent	478,354.88	617,418.50
Office and conference fee	3,456,303.78	3,963,259.19
Three responsibility fee for products	1,469,998.68	1,489,876.67
Land use right fee	248,310.81	250,312.87
Advertising and exhibition fee	1,705,014.33	79,005.44
Others	303,747.25	624,682.16
Total	19,665,059.16	38,006,386.27

3) Cash received related to other capital raising activity

<u>Item</u>	<u>Jan-Jun 2009</u>	<u>Jan-Jun 2008</u>
Collected caution money	8,280,000.00	9,751,032.12
Others	0.00	102,269.71
Total	8,280,000.00	9,853,301.83

4) Cash paid related to other funding raising activity

<u>Item</u>	<u>Jan-Jun 2009</u>	<u>Jan-Jun 2008</u>
Expense for fund raising by bank	158,064.67	503,384.88
Payment of caution money	8,609,093.88	13,282,684.22
Others	0.00	1,107.00
Total	8,767,158.55	13,787,176.10

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(3) Supplement information of consolidated cash flow

Item	Jan-Jun 2009	Jan-Jun 2008
1. Cash flow from operating activities		
Net profit	-37,801,879.73	-23,597,718.17
Add: Provision on the impairment of assets	7,277,441.21	7,278,132.03
Depreciation of fixed asset	22,481,103.95	23,469,318.39
Amortization of investment real estate	377,145.19	544,698.38
Amortization of intangible asset	1,496,240.16	1,687,064.25
Amortization of long-term prepaid expenses	33,000.00	33,000.00
Loss from disposal on fixed asset, intangible assets, and other long term asset ("-"if revenue)	128,108.78	-2,897,017.71
Loss of fixed asset disposal ("-"if revenue)	0.00	64,459.78
Gain or loss from changes in fair value ("-"if revenue)	0.00	0.00
Financial expenses ("-"if revenue)	9,384,094.78	12,070,378.26
Loss from investment ("-"if revenue)	-248,387.17	-1,758,406.67
Decrease in deferred tax assets ("-"if increase)	0.00	-183,133.48
Increase in deferred tax liability ("-"if decrease)	0.00	0.00
Decrease in inventory ("-"if increase)	86,265,760.82	-94,774,317.19
Decrease of account receivable ("-"if increase)	7,149,950.38	17,779,941.40
Increase of account payable ("-"if decrease)	-54,982,888.21	28,955,209.01
Others	0.00	0.00
Net cash flow from operating activity	41,559,690.16	-31,328,391.72
2. Cash flow from financing activity:		
Debts transferred into capital	0.00	0.00
Corporation debenture with maturity less than one year	0.00	0.00
Financing leased fixed asset	0.00	0.00
3. Changes in cash and cash equivalent:		
Ending balance of cash	82,781,901.41	43,703,138.31
Less: beginning balance of cash	66,503,510.00	98,652,543.32
Add: ending balance of cash equivalents	0.00	0.00
Less: beginning balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	16,278,391.41	-54,949,405.01

(4) Relevant information of current disposed subsidiaries and other business units

Item	30 Jun 2009
Relevant information of disposed subsidiaries and other business units	
1. Price of disposed subsidiary and other business units	0.00
2. Disposal of subsidiaries and other business units received in cash and cash equivalents	0.00
Less: subsidiaries and other business units held cash and cash equivalents	0.00
3. Subsidiaries and other business units received net of cash	0.00
4. Subsidiaries' net assets	0.00
Current assets	0.00
Non-current assets	0.00
Current liabilities	0.00
Non-current liabilities	0.00

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IX. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT

1. Account receivable

(1) Aging analysis for account receivable

Item	30 Jun 2009			1 Jan 2009		
	Amount	Proportion %	Provision for bad debts	Amount	Proportion %	Provision for bad debts
Within 1 year	121,042,600.94	40.15	0.00	167,009,527.42	51.66	0.00
1-2 years	94,622,387.17	31.39	17,915,798.31	102,488,310.22	31.70	25,991,997.75
2-3 years	58,342,626.12	19.35	32,194,833.97	23,741,917.50	7.34	14,245,150.50
More than 3 years	27,467,795.08	9.11	27,467,795.08	30,063,837.90	9.30	30,063,837.90
Total	301,475,409.31	100.00	77,578,427.36	323,303,593.04	100.00	70,300,986.15

(2) Risk classification for accounts receivables

Item	30 Jun 2009				1 Jan 2009			
	Amount	Proportion %	Provide of Bad debt	Proportion %	Amount	Proportion %	Provide of Bad debt	Proportion %
Accounts receivable material								
in individual amounts	77,933,705.19	25.85	12,566,367.19	16.20	117,005,151.19	36.19	11,117,576.57	15.81
Accounts receivable non-material in individual amounts, but with credit risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other accounts receivable non-material in individual amounts	223,541,704.12	74.15	65,012,060.17	83.80	206,298,441.85	63.81	59,183,409.58	84.19
Total	301,475,409.31	100.00	77,578,427.36	100.00	323,303,593.04	100.00	70,300,986.15	100.00

(3) The Company and Shanghai Pudong development bank Beijing branch subscribed some operation about printing machine selling for getting currency capital. According to "temporarily regulation of financing accounting between corporation and bank or other finance institution", (accounting No.14, [2003]), the Company puts the account receivables into short term loan. As of 30 Jun 2009, the balance of factoring of account receivables was RMB 55,380,702.67.

(4) There is no accounts receivable written-off in the current year

(5) The details of the balance of the account receivables due from shareholders who hold 5% (Including 5%) or more of the Company's shares are as follows:

Name of company	30 Jun 2009		1 Jan 2009	
	Amount	Bad debts	Amount	Bad debts
Beiren Group Company	0.00	0.00	590,000.00	0.00

(6) The sum of top 5 of the end balance is amounted to RMB 61,182,565.19, which is 20.29% of the total amount.

(7) Balance of receivables from related party is amounted to RMB 715,553.83, which is 0.24% of the total receivables.

(8) The balance of receivables in foreign currency:

Foreign currency	30 Jun 2009			1 Jan 2009		
	USD	Rate	RMB	USD	Rate	RMB
USD	311,656.83	6.8319	2,129,208.30	217,175.00	6.8346	1,484,304.26

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2. Other Account Receivable

(1) Aging analysis for other receivables

Items	30 Jun 2009			1 Jan 2009		
	Amount	Proportion %	Provision for bad debt	Amount	Proportion %	Provision for bad debt
Less than 1 year	5,555,298.46	30.70	0.00	6,181,591.07	30.57	0.00
1-2years	0.00	0.00	0.00	3,273,395.26	16.19	1,769,000.00
2-3years	1,769,000.00	9.78	1,769,000.00	352,584.87	1.74	0.00
More than 3 years	10,769,522.70	59.52	9,746,937.83	10,415,941.47	51.50	9,746,937.83
Total	18,093,821.16	100.00	11,515,937.83	20,223,512.67	100.00	11,515,937.83

(2) Risk classification for other receivables

Item	30 Jun 2009				1 Jan 2009			
	Amount	Proportion %	Provision for bad debt	Provision for bad debt	Amount	Proportion %	Provision for bad debt	Provision for bad debt
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Single item account receivable with large amount	9,088,241.00	50.23	9,088,241.00	78.92	9,088,241.00	44.94	9,088,241.00	78.92
Single item account receivable with un-large amount but has big risk after risk character combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other single item account receivable with un-large amount	9,005,580.16	49.77	2,427,696.83	21.08	11,135,271.67	55.06	2,427,696.83	21.08
Total	18,093,821.16	100.00	11,515,937.83	100.00	20,223,512.67	100.00	11,515,937.83	100.00

(3) There is no other receivables written-off in the current year.

(4) The end balance of other receivables is not including any shareholder with more than 5% (incl. 5%) shares of the Company.

(5) The top 3 of the end balance of other receivable are as follows:

Company name	Relation with the Company	Amount	Arrears period	Proportion of total amount (%)
Southeast Asia	The Company's client	9,088,241.00	More than 3 years	50.23
Heating company	Heat supplier	670,000.00	More than 3 years	3.70
Ningxin Huaxia printing factory	The Company's client	657,700.47	More than 3 years	3.63
Total		10,415,941.47		57.56

(6) The end balance of other receivable due from related parties

Company name	Relation with the Company	Amount	Proportion of total amount (%)
Beiren Jingyan printing Machinery Factory	Subsidiary	657,131.44	3.63

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3. Long-term equity investment

(1) Long-term equity investments

Item	30 Jun 2009	1 Jan 2009
Calculated long-term equity investment according to cost method	202,594,699.26	202,594,699.26
Calculated long-term equity investment according to rights and interests method	14,726,880.07	14,478,492.90
Sum of long term stock rights investment	217,321,579.33	217,073,192.16
Less: provide of devaluation for long-term equity investment	0.00	0.00
Net value of long-term equity investment	217,321,579.33	217,073,192.16

(2) Long-term equity investments under Cost Method and Equity Method

Name of invested companies	Percentage of share holding	Percentage of voting rights	Registered Share capital	Beginning balance	Increase	Decrease	Ending balance	Dividends Of the year
Cost Method								
Haimen Beiren Fuji Printing Machinery Co., Ltd.	82.54	82.54	34,848,000.00	34,848,000.00	0.00	0.00	34,848,000.00	0.00
Beijing Beiren Fuji Printing Machinery Co., Ltd.	70.00	70.00	29,632,699.26	29,632,699.26	0.00	0.00	29,632,699.26	0.00
Hebei Beiren Paper Feeder Co., Ltd.	50.68	50.68	2,534,000.00	2,534,000.00	0.00	0.00	2,534,000.00	0.00
Beijing Beiren Jingyan Printing Machinery Factory	99.76	99.76	21,000,000.00	21,000,000.00	0.00	0.00	21,000,000.00	0.00
Beijing Beiren Yuxin Offset Printing Co. Ltd.	68.66	68.66	15,400,000.00	15,400,000.00	0.00	0.00	15,400,000.00	0.00
Shaanxi Beiren Printing Machinery Co., Ltd.	86.24	86.24	99,180,000.00	99,180,000.00	0.00	0.00	99,180,000.00	0.00
Sub-total			202,594,699.26	202,594,699.26	0.00	0.00	202,594,699.26	0.00
Equity Method								
Beijing Monigraf Automations Co.Ltd.	49	49	3,675,000.00	8,794,891.76	0.00	110,586.83	8,684,304.93	0.00
Beijing Beijing Printing and Casting Co. Ltd.	20	20	1,136,000.00	5,683,601.14	358,974.00	0.00	6,042,575.14	0.00
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	49	49	22,540,000.00	0.00	0.00	0.00	0.00	0.00
Sub-total			27,351,000.00	14,478,492.90	358,974.00	110,586.83	14,726,880.07	0.00
Total			229,945,699.26	217,073,192.16	358,974.00	110,586.83	217,321,579.33	0.00

(3) Investment in association and joint ventures

Name of invested companies of period	Place of register	Nature of business	Shareholding (%)	Percentage of voting rights (%)	Total net assets at the end	Total operating income for the current period	Net income for the current period
Association Companies Beijing Monigraf Automations Co. Ltd.	Beijing	The Research and development, design, manufacture, sale of the control system of printing ink within the printer, the sale of the printing facilities and printing material, and in connection with its own products' illustration, adjustment, maintenance, technology advisory and training.	49	49	17,522,939.13	4,844,468.41	-225,687.41
Beijing Beijing Printing and Casting Co. Ltd.	Beijing	Processing and sale of standard and non-standard components, manufacture of casting, processing of model, technology development, transferring, advisory, service.	20	20	30,212,875.68	41,560,395.85	1,794,870.02
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	Beijing	Manufacture and sale of printing machinery, related technology advisory and service.	49	49	-11,378,075.60	135,928.72	8,196,647.66
Total					36,357,739.21	46,540,792.98	9,765,830.27

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4. Operating income and cost

(1) Operating Income

Item	Jan-Jun 2009	Jan-Jun 2008
Main operating income	217,041,056.18	233,250,775.69
Other operating income	4,633,235.76	7,902,387.47
Total	221,674,291.94	241,153,163.16
Main operating costs	192,943,987.52	192,850,269.97
Other operating costs	2,156,732.61	5,673,137.85
Total	195,100,720.13	198,523,407.82

(2) Operating income/cost – in classification of products/business

Item	Jan-Jun 2009		Jan-Jun 2008	
	Operating income	Operating cost	Operating income	Operating cost
Hectograph Printing machine	217,041,056.18	192,943,987.52	231,272,105.63	191,814,937.24
others	0.00	0.00	1,978,670.06	1,035,332.73
Total	217,041,056.18	192,943,987.52	233,250,775.69	192,850,269.97

(3) Total income from top five customers was RMB 51,341,880.34 with a percentage of 23.66% of total income.

5. Investment income

Item	Jan-Jun 2009	Jan-Jun 2008
Equity method of accounting for long-term equity investment income	248,387.17	1,758,406.67

X. SEGMENT REPORT

Over 90% of the Company's profits and revenue are from domestic manufacture and sales of the printing machinery. Therefore, the management claims that it is not necessary to prepare the segment report.

XI. DEBT RESTRUCTURE

The Company did not have debt reconstruction as at the date of 30 Jun 2009.

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XII. NON-MONETARY TRANSACTION

The Company did not have exchange of non-monetary assets as at the date of 30 Jun 2009.

XIII. SHARE BASED PAYMENT

The Company did not have share based payment as at the date of 30 Jun 2009.

XIV. LEASE

Net book value of operating leased out assets

Classification of leased out assets	30 Jun 2009	1 Jan 2009
Land	17,227,562.26	17,411,814.22
Houses and Buildings	80,074,073.20	81,347,989.90
Machines	2,518,621.89	2,657,485.71
Vehicles	8,244.84	8,244.84
Total	99,828,502.19	101,425,534.67

XV. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS OF RELATED PARTIES

1. Related parties

(1) Parent companies

(a) Background

Name	Ownership	Place of register	Legal representative	Business Scope	The ultimate controlling party	Code of the Organization
Beiren Group Corporation	Whole people owned	44# Guanggu Venue Chaoyang District Beijing	Deng gang	Sales and manufacture of printing machinery, packaging machinery, series products of machine tool and components, technology development, technology advisory etc.	Beijing Jingcheng Machinery and Electronic Holding Co.Ltd.	10110132
Beijing Jingcheng Machinery and Electronic Holding Co.Ltd.	Unique State-owned	59# Zhong Venue Dongsanhuan Chaoyang District Beijing	Li jisheng	Operation and management of authorized State capital, property right (stock right) operation, collecting and investing money from foreign countries.	Beijing National Resources Committee	633686217

(b) Registered capital (RMB 0,000) of the parent company

Name	1 Jan 2009	Increase	Decrease	30 Jun 2009
Beiren Group Corporation	20,026.60	0.00	0.00	20,026.60
Beijing Jingcheng Machinery and Electronic Holding Co.Ltd.	135,901.50	0.00	0.00	135,901.50

(c) Shareholding (RMB 0,000)

Name	Amount of Share holding		Percentage of Share holding (%)		Percentage of voting right (%)	
	30 Jun 2009	1 Jan 2009	30 Jun 2009	1 Jan 2009	30 Jun 2009	1 Jan 2009
Beiren Group Corporation	22,264.00	22,264.00	52.76	52.76	52.76	52.76

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(2) Subsidiaries

(a) Background

Name	Nature of subsidiary	Nature	Registration Location	Legal person	Operating Scope	Organisation number
Shaanxi Beiren Printing Machinery Co., Ltd.	Under control	Limited Liability company	Weinan City, Shaanxi Province	Zhang Peiwu	Manufacture, sale and maintain printing machines, packing machines, engineering machines and electrical equipments and relevant fittings, manufacture and sale typesetting machines and printing machines	709915814
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Under control	Sino-Foreign Equity Joint Venture Enterprise	Chaoyang District, Beijing City	Zhang Peiwu	Manufacture printing machines, sale self-manufactured products	600040954
Haimen Beiren Printing Machinery Co., Ltd.	Under control	Limited Liability company	Haimen City, Jiangsu Province	Kong Dagang	Manufacture printing machines and relevant fittings	138335313
Hebei Beiren Paper Feeder Co., Ltd.	Under control	Limited Liability company	Shijiazhuang City, Hebei Province	Yang Zhenrong	Process and sale paper providers and relevant fittings	236049927
Beijing Beiren Jinyan Printing Machinery Factory	Under control	Joint stock company	Yanqing County, Beijing City	Yang Zhenrong	Manufacture printing machines and relevant components provide relevant technical consulting services	103047696
Beijing Beiren Yuxin Offset Printing Co., Ltd.	Under control	Limited Liability company	Dongcheng District, Beijing City	Liu Jing	Book printing, binding, typesetting and plate making	801236427

(b) Registered capital

Name	1 Jan 2009	Increase	Decrease	30 Jun 2009
Shaanxi Beiren Printing Machinery Co., Ltd.	115,000,000.00	0.00	0.00	115,000,000.00
Beijing Beiren Fuji Printing Machinery Co., Ltd.	42,328,060.26	0.00	0.00	42,328,060.26
Haimen Beiren Printing Machinery Co., Ltd.	51,000,000.00	0.00	0.00	51,000,000.00
Hebei Beiren Paper Feeder Co., Ltd.	5,000,000.00	0.00	0.00	5,000,000.00
Beijing Beiren Jinyan Printing Machinery Factory	21,050,000.00	0.00	0.00	21,050,000.00
Beijing Beiren Yuxin Offset Printing Co., Ltd.	22,430,000.00	0.00	0.00	22,430,000.00

(c) Shareholding

Name	Amount of Share holding		Percentage of Share holding (%)		Percentage of voting right (%)	
	30 Jun 2009	1 Jan 2009	30 Jun 2009	1 Jan 2009	30 Jun 2009	1 Jan 2009
Shaanxi Beiren Printing Machinery Co., Ltd.	99,180,000.00	99,180,000.00	86.24	86.24	86.24	86.24
Beijing Beiren Fuji Printing Machinery Co., Ltd.	29,632,699.26	29,632,699.26	70.00	70.00	70.00	70.00
Haimen Beiren Printing Machinery Co., Ltd.	34,848,000.00	34,848,000.00	82.54	82.54	82.54	82.54
Hebei Beiren Paper Feeder Co., Ltd.	2,534,000.00	2,534,000.00	50.68	50.68	50.68	50.68
Beijing Beiren Jinyan Printing Machinery Factory	21,000,000.00	21,000,000.00	99.76	99.76	99.76	99.76
Beijing Beiren Yuxin Offset Printing Co., Ltd.	15,400,000.00	15,400,000.00	68.66	68.66	68.66	68.66

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(3) Associations

a) Background

Name	Nature	Registration Address	Legal person	Operating Scope	Registered capital (RMB 0,000)	Percent of ownership (%)	Percent of voting right (%)	Organisation number
Beijing Monigraf Automations Co. Ltd.	Sino-Foreign Equity Joint Venture Enterprise	Beijing city	Zhang Peiwu	The Research and development, design, manufacture, sale of the control system of printing ink within the printer, the sale of the printing facilities and printing material, and in connection with its own products' illustration, adjustment, maintenance, technology advisory and training.	1,500.00	49	49	600094442
Beijing Beiyang Printing and Casting Co. Ltd.	Limited Liability company	Beijing city	Yu Baogui	Processing and sale of standard and non-standard components; manufacture of casting, processing of model, technology development, transferring, advisory, service.	568.00	20	20	802866623
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	Sino-Foreign Equity Joint Venture Enterprise	Beijing city	Pang Liandong	Manufacture and sale of printing machinery, related technology advisory and service.	4,600.00	49	49	788602348

b) Financial information (RMB 0,000)

Name	Asset	30 Jun 2009 Liability	Jan-Jun 2009		
			Equity	Operating income	Net profit
Beijing Monigraf Automations Co. Ltd.	3,187.97	1,435.68	1,752.29	484.45	-22.57
Beijing Beiyang Printing and Casting Co. Ltd.	8,419.65	5,398.36	3,021.29	4,156.04	179.49
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	19,047.06	20,184.87	-1,137.81	13.59	819.66

(4) Other related parties

Relationship	Name	Organisation number	Transaction
Under the same parent company	Beijing Yanlong Importing & Exporting Company	101144898	Goods sales

2. Related-party transactions

(a) Purchase of goods or accepting service

Name	Nature	Pricing policy	Jan-Jun 2009		Jan-Jun 2008	
			Amount	Percent (%)	Amount	Percent (%)
Beiren Group Corporation	Purchase goods	On agreement	0.00	0.00	456,320.42	0.20
Beijing Monigraf Automations Co. Ltd.	Purchase goods	On agreement	11,449,498.29	5.58	5,758,700.09	2.48
Beijing Beiyang Printing and Casting Co. Ltd.	Purchase goods	On agreement	5,845,577.37	2.85	11,524,570.15	4.96
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	Purchase goods	On agreement	0.00	0.00	47,403,967.38	20.41
Beiren Group Corporation	Trademark use fee	On agreement	1,955,737.30	100.00	1,978,837.78	100.00

(b) Sales of goods or rendering service

Name	Nature	Pricing policy	Jan-Jun 2009		Jan-Jun 2008	
			Amount	Percent (%)	Amount	Percent (%)
Beijing Mitsubishi Heavy Industries	Sale goods	On agreement	0.00	0.00	6,384,000.00	1.62

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(c) Related parties rental

Name	Start date	Expire date	Basis of income	Percent	Rental income
Beijing Beiyong Printing and Casting Co. Ltd.	1 Jan 2009	31 Dec 2009	On agreement	59.51	2,203,532.34
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	1 Jan 2007	30 Jun 2015	On agreement	21.90	810,918.00

3. Balance of related-party transactions

(a) Accounts receivable of related parties

Item	30 Jun 2009	1 Jan 2009
Parent company		
Beiren Group Corporation	0.00	590,000.00
Association		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	715,553.83	6,849,988.26
Company under common control		
Beijing Yanlong Importing & Exporting Company	0.00	26,000.00
Less: bad debts provision	0.00	0.00
Total	715,553.83	7,465,988.26

(b) Others receivable of related parties

Item	30 Jun 2009	1 Jan 2009
Association		
Beijing Monigraf Automations Co. Ltd.	0.00	285,000.00
Less: bad debts provision	0.00	0.00
Total	0.00	285,000.00

(c) Advances to customers of related parties

Item	30 Jun 2009	1 Jan 2009
Association		
Beijing Monigraf Automations Co. Ltd.	0.00	409,400.00
Beijing Beiyong Printing and Casting Co. Ltd.	0.00	301,707.12
Less: bad debts provision	0.00	0.00
Total	0.00	711,107.12

(d) Accounts payables of related parties

Item	30 Jun 2009	1 Jan 2009
Parent company		
Beiren Group Corporation	1,310,780.00	2,318,780.11
Association		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	51,332,488.69	62,409,049.78
Beijing Monigraf Automations Co. Ltd.	2,337,314.43	6,439,163.21
Beijing Beiyong Printing and Casting Co. Ltd.	4,013,179.44	1,485,228.25
Total	58,993,762.56	72,652,221.24

FINANCIAL STATEMENTS

(e) Others payables of related parties

Item	30 Jun 2009	1 Jan 2009
Parent company		
Beiren Group Corporation	12,365,033.14	12,365,033.14
Total	12,365,033.14	12,365,033.14

(f) Entrust loan of related parties

Item	30 Jun 2009	1 Jan 2009
Parent company		
Beijing Jingcheng Machinery and Electronic Holding Company Limited	135,000,000.00	135,000,000.00
Total	135,000,000.00	135,000,000.00

(g) Funds for R&D of related parties

Item	30 Jun 2009	1 Jan 2009
Parent company		
Beijing Jingcheng Machinery and Electronic Holding Company Limited	4,078,638.33	4,078,638.33
Total	4,078,638.33	4,078,638.33

XVI CONTINGENCIES

There was no significant contingent event for the Company in the current accounting period.

XVII. COMMITMENTS

1. Signed and conducting or preparing to be engaged lease contracts and financial impacts

As of 30 Jun 2009 (T), the Company made commitments on the amount of the non-revocable operating lease as to renting the land of Beiren Group Corporation:

Unit: RMB'000

Period	Operating Lease
T+1 years	850.12
T+2 years	850.12
T+3 years	850.12
After T+3 years	2,550.36
Total	5,100.72

2. As of 30 Jun 2009, except for the above events, there was no other significant commitments occurred for the Company.

XVIII. AFTER BALANCE SHEET DATE MATTERS

The subsidiary of the Company, Hebei Beiren Paper Feeder Company Limited, held the AGM on 18 Mar 2009, the AGM approved to transfer 50.68% of the equity. The approved transferable equity was listed in the China Beijing Equity Exchange on 26 Jun 2009, and was delisted by the purchase on the equity by Hebei Upholster and Printing Machinery Company Limited, through equity transaction agreement. The registration alternation procedure in Administration for Industry and Commerce is still in process.

FINANCIAL STATEMENTS

XIX. DISCONTINUED OPERATION

There was not any discontinued operation subsidiaries or divisive segments occurred for the Company in the current period.

XX. OTHER SIGNIFICANT EVENTS

As of 30 Jun 2009, there was no other significant event that needed to be disclosed by the Company.

XXI. SUPPLEMENTARY INFORMATION

1. Reconciliation Statement of the net assets and net profit

(RMB'000)

Item	Net assets		Net profit	
	30 Jun 2009	1 Jan 2009	Jan-Jun 2009	Jan-Jun 2008
As reported under Hong Kong Financial Reporting Standards	875,320	913,039	-37,719	-21,776
1. Difference in valuation of net assets contributed to the Company by Beiren Group Corporation	60,198	60,198	0.00	0.00
2. Subsequent amortization on net assets contributed by Beiren Group Corporation	-48,442	-48,409	-33	-33
3. Difference in valuation of assets contribution to subsidiaries	181	197	-16	-16
4. Difference in recognition of goodwill upon acquisition of subsidiaries	-4,479	-4,479	0.00	0.00
5. Difference in amortisation of goodwill upon acquisition of subsidiaries	4,479	4,479	0.00	0.00
6. Difference in recognition of reserve impairment of property in HK	0.00	0.00	0.00	-1,730
7. Others	-2,232	-2,198	-34	-43
Prepared under Accounting Standards for Business Enterprises	885,025	922,827	-37,802	-23,598

Notes:

During the period, the impact of differences between the Accounting Standard for Business Enterprises and Hong Kong Financial Reporting Standards on the net profits of the Company was RMB 83,000; the difference was mainly due to the following:

- (1) Adjustments on the estimation of assets contributed by Beiren Group Corporation: In accordance with Hong Kong Financial Reporting Standards, the land development expenditures contributed by Beiren Group Corporation into the Company was accounted for as increase in capital reserve. But in accordance with Accounting Standard for Business Enterprises, the amount was recorded as the increase in long-term deferred and prepaid expenses. Accordingly, the related amortization charge of RMB 33,000 for the year was reversed in the accounts by the Company.
- (2) Difference in estimation on the value of assets invested into subsidiaries: In accordance with Hong Kong Financial Reporting Standards, the intangible assets invested by the Company into the subsidiaries with original cost of RMB 4,624,000 were written off in relevant years. In accordance with Accounting Standard for Business Enterprises the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortization of RMB 16,000 for the current period was reversed in the accounts by the Company.

2. Statement of non-operating income and loss

In accordance with "Rule NO.1 for disclosing the information of companies which can issue securities publicly –non-operating income and loss (2008)" issued by CSRC, the non-operating income and loss of the Company are as follow:

Item	Jan-Jun 2009	Jan-Jun 2008
Profit and loss from disposal of long-term assets	-128,108.78	2,832,819.27
Government subsidies which are included into profit and loss account for the current period	4,500,902.73	627,550.00
Net profit or loss of subsidiaries under common control from the beginning of the financial year to the acquisition date	-128,589.68	1,026,958.54
Other non-operating profit (loss)	0.00	0.00
Sub-total	4,244,204.27	4,487,327.81
Impacts from income tax	57,894.45	696,330.01
Total net profit on non-operating activities	4,186,309.82	3,790,997.80
Equity attributable to share holders of the parent company	4,110,956.86	3,482,118.76

Government grants taken into profit and loss of current period or other non-operating revenue and expenditures refer to VIII-37 and VIII-38.

FINANCIAL STATEMENTS

3 Returns on net assets and earnings per share

In accordance with "Rule No.9 for disclosing the information of companies which can issue securities publicly – calculation and disclosure of returns on net assets and earnings per share" issued by CSRC, the Returns on net assets and earnings per share on fully diluted basis and weighted average basis of the Company are as follow:

(1.) Jan-Jun 2009

Profit for the reporting period	Returns on net assets (%)		Earnings per share (RMB/share)	
	Fully diluted	Weighted average	Basic	Fully diluted
Net profit for equity holders of the parent company	-4.14%	-4.06%	-0.08	-0.08
Net profit for equity holders of the parent company after extraordinary items	-4.62%	-4.53%	-0.09	-0.09

(2.) Jan-Jun 2008

Profit for the reporting period	Returns on net assets (%)		Earnings per share (RMB/share)	
	Fully diluted	Weighted average	Basic	Fully diluted
diluted				
Net profit for equity holders of the parent company	-2.01	-1.98	-0.05	-0.05
Net profit for equity holders of the parent company after extraordinary items	-2.32	-2.29	-0.06	-0.06

XXII. APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were issued with the approval of the Board of the directors of the Company on 27 Jul 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Notes	Six months ended 30 June	
		2009	2008
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Turnover	3	375,882	392,980
Cost of sales		(330,579)	(318,241)
Gross profit		45,303	74,739
Other operating income		9,025	9,475
Selling and distribution expenses		(24,129)	(32,975)
Administrative expenses		(58,616)	(62,783)
Finance costs		(9,384)	(12,070)
Share of results of associates		248	1,759
Loss before taxation		(37,553)	(21,855)
Taxation	4	(166)	79
Loss for the period	5	(37,719)	(21,776)
Attributable to:			
Owners of the parent		(35,595)	(20,976)
Minority interests		(2,124)	(800)
		(37,719)	(21,776)
Loss per share			
Basic	7	RMB(8.43) cents	RMB(4.97) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(37,719)	(21,776)
Exchange differences arising on translation of foreign operations, representing other comprehensive loss for the period	-	(3,244)
Total comprehensive loss for the period	(37,719)	(25,020)
Attributable to:		
Owners of the parent	(35,595)	(24,220)
Minority interests	(2,124)	(800)
	(37,719)	(25,020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

		30/6/2009	31/12/2008
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	8	574,920	597,896
Investment properties		75,129	75,506
Prepaid lease payments		142,287	143,732
Interests in associates		15,014	14,766
Deferred tax assets		8,652	8,652
		816,002	840,552
Current assets			
Inventories		582,556	659,505
Trade and other receivables	9	344,007	350,432
Prepaid lease payments		2,893	2,894
Amounts due from minority shareholders of subsidiaries		20,851	20,976
Deposits placed in financial institutions		375	459
Bank balances and cash		91,016	74,325
		1,041,698	1,108,591
Current liabilities			
Trade and bills payables	10	368,720	411,498
Other payables		78,092	76,110
Sales deposits received		69,512	60,112
Amount due to immediate holding company		13,676	14,094
Tax liabilities		2,361	3,204
Bank and other borrowings – due within one year	11	252,209	258,243
Loans from ultimate holding company		135,000	135,000
Provision for retirement obligations		9,839	14,256
		929,409	972,517
Net current assets		112,289	136,074
Total assets less current liabilities		928,291	976,626

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

		30/6/2009	31/12/2008
	Notes	RMB'000	RMB'000
		(Unaudited)	(Audited)
<hr/>			
Capital and reserves			
Share capital	12	422,000	422,000
Reserves		424,756	460,351
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Equity attributable to owners of the parent		846,756	882,351
Minority interests		28,564	30,688
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Total equity		875,320	913,039
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Non-current liabilities			
Bank and other borrowings – due after one year	11	18,000	24,000
Loans from ultimate holding company		5,000	5,000
Provision for retirement obligations		26,405	31,021
Deferred income		3,566	3,566
<hr/>			
		52,971	63,587
<hr/>			
		928,291	976,626
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

Attributable to owners of the parent

	Share capital		Exchange translation reserve	Capital reserve	Statutory surplus reserve	General reserve	Enterprise expansion fund	Discretionary surplus reserve	Retained profits (accumulated losses)	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Note)							
For the six months ended 30 June 2008												
At 1 January 2008 (audited)	422,000	435,834	971	51,306	151,280	1,717	3,845	42,979	38,816	1,148,748	50,375	1,199,123
Total comprehensive loss for the period	-	-	(3,244)	-	-	-	-	-	(20,976)	(24,220)	(800)	(25,020)
At 30 June 2008 (unaudited)	422,000	435,834	(2,273)	51,306	151,280	1,717	3,845	42,979	17,840	1,124,528	49,575	1,174,103
For the six months ended 30 June 2009												
At 1 January 2009 (audited)	422,000	435,834	-	51,306	151,280	1,717	3,845	42,979	(226,610)	882,351	30,688	913,039
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	-	-	-	-	(35,595)	(35,595)	(2,124)	(37,719)
Appropriations	-	-	-	-	(151,280)	-	-	-	151,280	-	-	-
At 30 June 2009 (unaudited)	422,000	435,834	-	51,306	-	1,717	3,845	42,979	(110,925)	846,756	28,564	875,320

Note:

During the period, pursuant to relevant regulations of the Rules in respect of the General Meeting of Listed Companies issued by the China Securities Regulatory Commission and the Articles of Association of the Company, the Board of Directors passed resolution to transfer the statutory surplus reserve to offset the accumulated losses.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Six months ended 30 June	
	2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	37,868	(46,820)
Proceeds from disposal of property, plant and equipment	664	8,938
Interest received	137	342
Purchase of property, plant and equipment	(769)	(6,244)
Increase in pledged bank deposits	–	(5,200)
Prepaid lease payments in respect of land use rights	–	(80)
NET CASH FROM (USED) IN INVESTING ACTIVITIES	32	(2,244)
Repayments of bank and other borrowings	(213,884)	(191,843)
Interest paid	(9,384)	(12,070)
New borrowings raised	201,850	194,915
Repayment from minority shareholders of subsidiaries	125	1,406
Repayment to ultimate holding company	–	(1)
NET CASH USED IN FINANCING ACTIVITIES	(21,293)	(7,593)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,607	(56,657)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	74,784	100,381
Effect of foreign exchange rate changes	–	(21)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by:		
Deposits placed in financial institutions	375	572
Bank balances and cash	91,016	43,131
	91,391	43,703

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

1. GENERAL

Beiren Printing Machinery Holdings Limited (the "Company") was established in Beijing, the People's Republic of China (the "PRC") on 13 July 1993 as a joint stock limited company in accordance with the provisions set out in the Standard Opinion on Joint Stock Limited Companies issued as of 15 May 1992 by the State Commission for Restructuring the Economic System of the PRC. The Company is registered as an overseas company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. The H Shares and A Shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Shanghai Stock Exchange of the PRC respectively.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sale of a variety of printing press and related spare parts and provision of printing services. The addresses of the registered office and principal place of business of the Company are disclosed in the Basic Corporate Information section to the Interim Report.

The immediate holding company of the Company is Beiren Group Corporation ("BGC"), an enterprise owned by the whole people established in the PRC. The directors of the Company consider that the ultimate holding company of the Company is Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Beijing Jingcheng"), a State-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the immediate holding company and the ultimate holding company are disclosed in the Shareholders Information section to the Interim Report.

The condensed consolidated interim financial information is presented in Renminbi (RMB), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008.

Principal accounting policies

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except as described below.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Principal accounting policies (Continued)

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008
HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC)-Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreement for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new HKFRSs, except for HKAS 1 (Revised) as described below, had no material effect on the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The Group has not early applied the following revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ³
HKFRS 3 (Revised)	Business Combinations ³
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ⁵
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁵

¹ Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 July 2009.

⁴ Effective for annual periods ending on or after 30 June 2009.

⁵ Effective for transfers of assets from customers received on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition dates is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

3. TURNOVER AND SEGMENT INFORMATION

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of printing presses	356,714	363,727
Sales of spare parts	12,071	11,962
Others	10,012	18,244
Total sales	378,797	393,933
Sales tax and other surcharges	(2,915)	(953)
	375,882	392,980

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group's revenue and results are substantially derived from the manufacture and sale of printing presses in the PRC. Moreover, as substantially all of the Group's assets and liabilities are located in the PRC, no segmental analysis of financial information is presented.

4. TAXATION

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The taxation comprises:		
PRC Corporate Income Tax ("CIT")		
Current period	166	104
Deferred tax		
Current period	-	(183)
	166	(79)

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the Company and certain of its PRC subsidiaries to 25% from 1 January 2008 onwards.

Starting from 1 January 2008, CIT of the Company is calculated at the rate of 25% (2008: 25%) of the estimated assessable profits for the period. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren"), all other PRC subsidiaries are subject to CIT at a rate of 25% (2008: 25%).

According to document (Guoshuifa [2002] 47) and document (Caishuizi [2008] 21) "Notice of Application of Transitional Preferential Policy on Corporate Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2008 respectively, the applicable income tax rate of Shaanxi Beiren is 15% (2008: 15%).

No provision for Hong Kong profits tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the periods ended 30 June 2009 and 2008.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

5. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
– Property, plant and equipment and investment properties	22,858	24,014
– Prepaid lease payments	1,446	1,355
– Other intangible assets	–	283
Total depreciation and amortisation	24,304	25,652
Share of taxation of associates (included in share of results of associates)	(5)	250
Cost of inventories recognised as an expense	330,579	318,241
Interest on bank and other borrowings	9,384	12,070
Loss (gain) on disposal of property, plant and equipment	600	(4,572)
Interest income on bank deposits	(137)	(342)

6. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2009 (six months ended 30 June 2008), nor has any dividend been proposed since the balance sheet date.

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the parent is based on the loss for the period attributable to the owners of the parent of approximately RMB35,595,000 (2008: RMB20,976,000) and the weighted average number of 422,000,000 (2008: 422,000,000) ordinary shares in issue during the period.

No diluted loss per share is presented as the Company did not have any potential shares outstanding for the two periods ended 30 June 2009.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB487,000 (2008: RMB2,379,000) on acquisition of property, plant and equipment and approximately RMB282,000 (2008: RMB3,865,000) on construction in progress.

During the period, the Group disposed of certain of its property, plant and equipment with a carrying amount of approximately RMB1,264,000 (2008: RMB4,366,000) for total proceeds of approximately RMB664,000 (2008: RMB8,938,000), resulting in a loss on disposal of approximately RMB600,000 (2008: gain of approximately RMB4,572,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

9. TRADE AND OTHER RECEIVABLES

	30/6/2009 RMB'000 (Unaudited)	31/12/2008 RMB'000 (Audited)
Trade receivables	278,125	298,219
Bills receivables	23,060	7,830
Other receivables	28,299	17,461
Prepayments and deposits	29,046	26,922
	358,530	350,432

The Group allows average credit period of 360 days to its trade customers with retention payment to be paid one year after sales. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	30/6/2009 RMB'000 (Unaudited)	31/12/2008 RMB'000 (Audited)
Within 1 year	184,343	215,543
1 – 2 years	65,611	70,814
2 – 3 years	28,077	11,600
Over 3 years	94	262
	278,125	298,219

10. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet date:

	30/6/2009 RMB'000 (Unaudited)	31/12/2008 RMB'000 (Audited)
Within 1 year	319,736	353,089
1 – 2 years	45,981	55,315
2 – 3 years	1,529	468
Over 3 years	1,474	2,626
	368,720	411,498

11. BANK AND OTHER BORROWINGS

During the period, the Group obtained new borrowings of RMB201,850,000 (2008: RMB194,915,000) and repaid bank and other borrowings of RMB213,884,000 (2008: RMB191,843,000). The newly raised borrowings bear interest at variable market rates.

12. SHARE CAPITAL

	RMB'000
Registered, issued and fully paid, at 1 January 2008, 30 June 2008, 31 December 2008 and 30 June 2009	
322,000,000 A shares of RMB1 each	322,000
100,000,000 H shares of RMB1 each	100,000
	422,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(Prepared in accordance with Hong Kong Financial Reporting Standards)

13. RELATED PARTIES DISCLOSURE

	30/6/2009	31/12/2008
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amount due from a subsidiary of BGC	–	26
Amounts due from associates	716	7,846
Amounts due to associates	57,683	70,334

The above balances with related parties are all of trading nature and are included in trade and other receivables and trade and bills payables at the balance sheet date.

During the period, the Group entered into the following transactions with its related parties:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of printing presses to		
– Beijing Yan Long Import and Export Co., Ltd. (a subsidiary of BGC)	–	5,064
Sales of materials to		
– Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Co., Ltd. ("Mitsubishi Beiren") (an associate)	–	6,384
Purchase of printing presses from		
– Mitsubishi Beiren (an associate)	–	47,404
Purchase of materials from		
– BGC (immediate holding company)	–	456
– Beijing Beiying Casting Company Limited ("Beijing Beiying") (an associate)	5,846	11,525
– Beijing Monigraf Automations Co., Ltd. ("Beijing Monigraf") (an associate)	11,449	13,311
Trademark fee paid to		
– BGC (immediate holding company)	1,956	1,979
Rental income received from		
– Beiren Monigraf (an associate)	–	45
– Beijing Beiying (an associate)	2,204	2,204
– Mitsubishi Beiren (an associate)	811	811

Transactions/balances with other State-controlled Enterprises in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-controlled Enterprises"). In addition, the Group itself is part of BGC, which is controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed above, the Group also conducts businesses with other State-controlled Enterprises. The directors of the Company consider that transactions with other State-controlled Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or owned by the PRC government. The directors consider those State-controlled Enterprises are independent third parties so far as the Group's business transactions with them are concerned. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-controlled Enterprises. Having due regard to the substance of the relationships and in view of the nature of these transactions, the directors of the Company are of the opinion that disclosure would not be meaningful.

Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the period is approximately RMB1,440,000 (2008: RMB1,050,000).



DOCUMENTS AVAILABLE FOR INSPECTION

1. Original copy of the interim report signed by the Chairman;
2. The financial statements signed and under seal by the Legal Representative, the General Manager and the Chief Accountant;
3. Original copies of all documents and announcements publicly disclosed during the reporting period in “Shanghai Securities”, the websites of Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited;
4. The Articles of Association of the Company;
5. The above documents are available for inspection at Secretary’s Office of the Board of Directors of the Company, whose address is No. 6 Rong Chang Kong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC.

Pang Liandong

Chairman

Beiren Printing Machinery Holdings Limited

27 July 2009