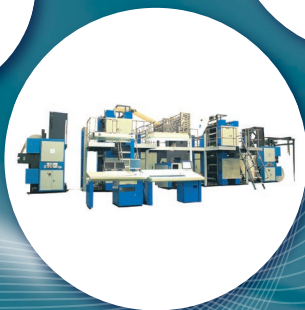




(H Share Stock Code: 0187 ; A Share Stock Code: 600860)

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.



Interim Report
2011

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IMPORTANT NOTICES

(1) The board of directors, supervisory committee and 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) All directors of the Company attended the board meeting.

(3) The Interim Financial Report has not been audited.

(4) Person in charge of the Company	Zhao Guorong
Name of Accounting Director	Zhang Peiwu
Name of Accounting Manager (Chief Accountant)	Duan Yuangang

Mr. Zhao Guorong, 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 this interim report.

(5) None of our controlling shareholders and their associates has appropriated the Company's capital for non-operating purposes.

(6) The Company has not provided third-party guarantees in violation of stipulated procedures.

BASIC CORPORATE INFORMATION

(I) CORPORATE INFORMATION

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
Legal representative of the Company	Zhao Guorong

(II) CONTACT PERSONS AND CONTACT INFORMATION

Name	Secretary to the Board	Representative in charge of securities affairs
Correspondence address	Jiao Ruifang No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC	Lu Ruiping No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Telephone number	010-67802565	010-67802565
Facsimile number	010-67802570	010-67802570
Email address	beirengf@beirengf.com	beirengf@beirengf.com

(III) BASIC INFORMATION

Registered address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Postal code of the registered address	100176
Office address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Postal code of the office address	100176
International internet website	http://www.beirengf.com
Email address	beirengf@beirengf.com

(IV) INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers designated for disclosure of the Company's information	Shanghai Securities News
Website designated by the China Securities Regulatory Commission for publishing the Interim Report	http://www.sse.com.cn ; http://www.hkexnews.hk
Place for Inspecting the Company's Interim Report	Office of the Board of Directors of Beiren Printing Holdings Limited

(V) INFORMATION OF THE COMPANY'S SHARES

Information of the Company's shares				
Type of shares	Place of listing of the shares	Stock abbreviation	Stock code	Stock abbreviation before changes
A Shares	Shanghai Stock Exchange (SSE)	ST北人	600860	*ST北人
H Shares	The Stock Exchange of Hong Kong Limited	北人印刷	0187	

(VI) OTHER BASIC INFORMATION OF THE COMPANY

Date of first business registration of the Company	13 July 1993
Place of first business registration of the Company	Chaoyang District, Beijing, the PRC
First change	
Date of change in business registration of the Company	24 December 2003
Place of change in business registration of the Company	Beijing, the PRC
Business license registration number	110000005015956
Tax registration number	Jing Zheng Shui Zi 110105101717457
Organization Code	10171745-7
Auditors of the Company	ShineWing Certified Public Accountants
Address of auditors of the Company	9/F, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing, China
Domestic legal adviser of the Company	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
Other basic information of the Company	Reception of shareholder enquiries: 9:00-11:00a.m. 2:00-4:00p.m. on 10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturday and Sunday)

BASIC CORPORATE INFORMATION

(VII) MAJOR FINANCIAL DATA AND INDICATORS

1. Major accounting data and financial indices

	By the end of the reporting period	By the end of the reporting period last year	Unit: RMB Increase(+)/ decrease(-) (%)
Total assets	1,453,807,688.26	1,457,360,678.14	-0.24
Owner's interests (or shareholders' interests)	759,070,454.04	744,999,407.83	1.89
Net assets per share attributable to shareholders of listed company (RMB/share)	1.80	1.77	1.69
	For the reporting period (January – June)	For the same period last year	Increase(+)/ decrease(-) %
Operating profit	15,013,244.61	-21,883,475.92	N/A
Total profit	16,075,878.03	-14,538,850.61	N/A
Net profit attributable to shareholders of listed company	14,071,046.21	-14,968,604.70	N/A
Net profit attributable to shareholders of listed company after extraordinary items	13,285,348.49	-22,514,394.10	N/A
Basic earnings per share (RMB)	0.03	-0.04	N/A
Basic earnings per share after extraordinary items (RMB)	0.03	-0.05	N/A
Diluted earnings per share (RMB)	0.03	-0.04	N/A
Return on net assets on weighted average basis (%)	1.87	-2.09	Increased by 3.96 percentage points
Net cash flow from operating activities	-26,569,951.97	-24,588,414.42	N/A
Net cash flow per share from operating activities (RMB)	-0.06	-0.06	N/A

2. Extraordinary items and amount:

Extraordinary	Unit: RMB Amount
Profit/loss from disposal of non-current assets	-226,323.15
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the operations of the Company which were accounted for in fixed amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the State)	65,024.50
Profit/loss from debt restructuring	290,372.80
Other net non-operating income/expenses save for the above	933,559.27
Effect on minority interests (after tax)	276,935.70
Total	785,697.72

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

1. CHANGES IN SHAREHOLDING

	Before the change		Issue of new shares	Bonus issues	Increase (+)/decrease (-)		After the change	
	Number	Percentage (%)			Others	Sub-total	Number	Percentage (%)
(1) Shares subject to trading moratorium (Nil)								
1. State-owned shares								
2. State-owned legal person shares								
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								
(2) Circulating shares not subject to trading moratorium								
1. Renminbi Ordinary shares	322,000,000	76.3					322,000,000	76.3
2. Foreign shares listed domestically								
3. Foreign shares listed overseas	100,000,000	23.7					100,000,000	23.7
4. Others								
(3) Total shares	422,000,000	100					422,000,000	100

About the approval of changes in shareholding

Under the Share Segregation Reform, the major shareholder of the Company, Beiren Group Corporation, has fulfilled all its undertakings. All the shares of the Company held by Beiren Group Corporation are circulating shares free from trading moratorium. As of the Reporting period, the Beiren Group Corporation holds 201.62 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company.

2. STATUS OF SHAREHOLDERS AND THEIR SHAREHOLDING

(1) Number of shareholders and their shareholding

Total number of shareholders at the end of the reporting period		17,328 (including: 17,243 A share holders, 85 H share holders)					
Name of shareholder	Nature of shareholder	Particulars of top ten shareholders			Increase/decrease during the reporting period	Number of share-holdings subject to trading moratorium	Number of Shares pledged or frozen
		Percentage in share capital (%)	Number of shares held				
Beiren Group Corporation	State-owned legal person	47.78	201,620,000		0	None	
HKSCC NOMINEES LIMITED	Unknown	23.35	98,539,199	230,000	0	Unknown	
CITIC Trust Co., Ltd-0808 Quanpei 03	Unknown	0.72	3,021,542	3,021,542	0	Unknown	
China Foreign Economic and Trade Trust Co. Ltd. - Guomiao Phase 1 Trust Scheme	Unknown	0.54	2,259,000	139,800	0	Unknown	
Rising Securities Co., Ltd.	Unknown	0.51	2,142,343	-261,562	0	Unknown	
Zhong Chunming	Unknown	0.47	2,053,266	2,053,266	0	Unknown	
Zhan Chunxin	Unknown	0.28	1,200,000	1,200,000	0	Unknown	
Ashmore Investment Management Limited - Ashmore Greater China Fund	Unknown	0.26	1,104,905	0	0	Unknown	
Kang Guoqiong	Unknown	0.21	900,000	-500,000	0	Unknown	
Rao Jianping	Unknown	0.21	900,000	-86,700	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 and amount of shares
Beiren Group Corporation	201,620,000	Renminbi ordinary shares
HKSCC NOMINEES LIMITED	98,539,199	Foreign shares listed overseas
CITIC Trust Co.,Ltd-0808 Quanpei 03	3,021,542	Renminbi ordinary shares
China Foreign Economic and Trade Trust Co. Ltd. – Guomiao Phase 1 Trust Scheme	2,259,000	Renminbi ordinary shares
Rising Securities Co., Ltd.	2,142,343	Renminbi ordinary shares
Zhong Chunming	2,053,266	Renminbi ordinary shares
Zhan Chunxin	1,200,000	Renminbi ordinary shares
Ashmore Investment Management Limited – Ashmore Greater China Fund	1,104,905	Renminbi ordinary shares
Kang Guoqiong	900,000	Renminbi ordinary shares
Rao Jianping	900,000	Renminbi ordinary shares

Explanation of the connected relationship or action in concert among the aforesaid shareholders

As of the reporting period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company is not aware of any connected relationship among the aforesaid shareholders, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

Notes:

1. Beiren Group Corporation is the major shareholder of the Company, no share of which are being pledged or frozen.
2. 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 individually held more than 5% of the total share capital of the Company.
3. Save as disclosed above, as at 30 June 2011, the 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.
4. There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
5. As at 30 June 2011, the Company did not issue any convertible securities, options, warrants or any other similar right.

(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

Unit: share

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
Zhao Guorong	Chairman	0	0	0	0	–
Zhang Peiwu	Executive Director and General Manager	0	0	0	0	–
Teng Mingzhi	Non-executive Director	0	0	0	0	–
Wang Bei	Non-executive Director	0	0	0	0	–
Li Shenggao	Non-executive Director	0	0	0	0	–
Wei Li	Non-executive Director	0	0	0	0	–
Duan Yuangang	Executive Director and 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	–
Wang Liansheng	Chairman of Supervisory Committee	0	0	0	0	–
Guo Xuan	Supervisor	0	0	0	0	–
Wang Huiling	Supervisor	0	0	0	0	–
Jiao Ruifang	Secretary to the Board	0	0	0	0	–
Kong Dagang	Deputy General Manager	0	0	0	0	–
Chen Change	Deputy General Manager	0	0	0	0	–

Notes:

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2011, 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.
- (2) None of the directors, supervisors and senior management of the Company or their 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 2011.
- (3) 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 had not engaged 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

The 2010 Annual General Meeting of the Company was held on 18 May 2011, at which re-election of the Board of Directors of the Company and re-election of the Supervisory Committee of the Company were considered and approved. Mr. Zhao Guorong, Mr. Zhang Peiwu and Mr. Duan Yuangang were elected as Executive Directors of the seventh Board of Directors of the Company; Mr. Teng Mingzhi, Ms. Wang Bei, Mr. Li Shenggao and Ms. Wei Li were elected as Non-executive Directors of the seventh Board of Directors of the Company; Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu were elected as Independent Non-executive Directors of the seventh Board of Directors of the Company; Mr. Wang Liansheng, Mr. Guo Xuan and Ms. Wang Hailing were elected as supervisors of the seventh Supervisory Committee.

After consideration and approval in the First Session of the seventh Board of Directors' Meeting, Mr. Zhao Guorong was elected as Chairman of the seventh Board of Directors of the Company.

After consideration and approval in the First Session of the seventh Board of Directors' Meeting, Mr. Zhao Guorong, Mr. Xu Wencai, Mr. Zhang Peiwu, Mr. Teng Mingzhi and Mr. Duan Yuangang were voted as the members of the Strategic Committee of the Board, with Mr. Zhao Guorong as the convener; Mr. Xu Wencai, Ms. Wang Hui and Ms. Wei Li were voted as the members of the Nomination Committee, with Mr. Xu Wencai as the convener; Mr. Wang Deyu, Mr. Xie Bingguang and Mr. Li Shenggao were voted as the members of the Audit Committee, with Mr. Wang Deyu as the convener; Ms. Wang Hui, Mr. Wang Deyu and Mr. Zhao Guorong were voted as the members of Remuneration and Monitoring Committee, with Ms. Wang Hui as the convener.

As nominated by the Chairman and after consideration and approval in the First Session of the seventh Board of Directors' Meeting, Mr. Zhang Peiwu was appointed as General Manager of the Company, and Ms. Jiao Ruifang was appointed as the secretary to the Board of the Company. As nominated by the General Manager, Mr. Kong Dagang and Mr. Chen Changege were appointed as Deputy General Managers of the Company, and Mr. Duan Yuangang was appointed as Chief Accountant of the Company.

After consideration and approval in the First Session of the seventh Supervisory Committee's Meeting, Mr. Wang Liansheng was elected as the Chairman of the seventh Supervisory Committee of the Company.

The terms of office of all the above personnel are three years from 18 May 2011 to the closing of the 2013 Annual General Meeting.

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

During the reporting period, in the face of the complex and varied economic environment inside and outside the country, the State's macro-control policies and measures were closely focused on the aim of "structural adjustment, growth securing & inflation control". The change in way of development has been accelerated and the effort in structural adjustment has been reinforced. On the international level, the financial market has been fluctuating, some deep-seated contradictions which led to the crisis have not been eradicated, recovery of the US economy was worse than expected and the sovereign debt crisis of peripheral countries in the Euro zone was still severe. In the printing machinery industry, due to factors such as price increase, labour cost increase and the intense competition of printing price in the first half of the year, the demand of printing companies for printing machineries was affected to a certain extent. Moreover, after the appreciation of RMB, the entry of foreign printing machineries into the market made the competition even more fierce.

Confronted with the fierce competition domestically and internationally, the Company closely monitored the market, grasped the market pulse and observantly grasped the opportunities of the great demand for multi-colour single paper printing machine and sheet-coiling newspaper printing machine. The Company reacted promptly to organize production so as to meet the market demand as much as possible, and initial success for the structural adjustment of products was achieved. As at the end of the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB425,071,300, up by 9.94% as compared with the previous reporting period. Net profit attributable to shareholders of the listed company was 14,071,000, up by 194% as compared with the previous reporting period.

2. REVIEW OF MAJOR EVENTS DURING THE FIRST HALF OF 2011

1. Adherence to technology innovation, accelerated adjustment of product structure and continued enhancement of product competitiveness

During the reporting period, the Company actively developed new products, enhanced market competitiveness and increased market shares with good progress. Mass production has started for the newly developed N525 two-colour offset machine and N530 two-sided offset machine. The sheet-coiling B624 book printing machine has been evaluated by the Company and can enter the market. During the period, through the organization of the "innovate in technology, lower cost" event and the technology week event, the sense for innovation of the technical staff was strengthened which accelerated the pace of product structure adjustment.

2. Strengthening of marketing channel management, improvement of the service system, strengthening of market information management and enhancement of planning completion

During the reporting period, the Company further improved the refining of marketing regions. Regional promotion, customer training and services for multi-colour machine and new products were organized according to the plan. At the same time, market research was actively organized, sales plans were kept being adjusted and resolute measures were taken according to market changes so as to ensure smooth implementation.

3. Strengthening of capital management, reduction of capital occupied and enhancement of efficiency in use of capital

During the reporting period, the Company balanced production and sales through different methods, significantly reduced the capital occupied by inventories and achieved healthy flow of capital. At the same time, we strengthened capital management and put more effort in the collection of account receivables. We implemented responsibility to people and to the accounts, so as to ensure the realization of strategic goals of the Company. The financial, material and human resources were reasonably distributed, such that the efficiency in the use of capital can be enhanced.

4. Strengthening of overall budget management, raising the economic efficiency of the enterprise

During the reporting period, the Company strengthened the analysis, examination and supervision over the execution of the budget. We strictly controlled and managed the expenses, reinforced the process control and post hoc analysis of the budget. The budget management level, sense of forming a budget and sense of cost was kept enhancing, in order to raise the economic efficiency of the enterprise in different aspects.

5. Reinforcing quality management, enhancing the competitiveness of the Company's products

During the reporting period, the Company established a sound ISO9000 quality management system, enhanced quality analysis and improvement works. We initiated the 2011 quality management project, raised product quality and reduced quality loss so as to keep increasing the product quality level and quality management level of the Company.

6. Deepening the reform, starting process management works, reinforcing internal control and management and standardizing operation practices

During the reporting period, the Company conducted a general review of the work flows, and a process management team was established. Through the review of the Company's core business and the subsidiaries' business, certain risk factors were identified in the five major business processes of production, quality, research & development, sales and finance. The internal control and management mechanism of the Company was improved such that there were rules to follow.

3. SCOPE AND STATUS OF PRINCIPAL OPERATIONS

(1) Scope of principal operations:

Authorised scope of operation: production of printing machines, press equipments, packing machines and parts and components for the aforesaid machines; general logistics.

General scope of operation: development, design and sales, maintenance and installation of printing machines, press equipments, packing machines and parts and components for the aforesaid machines; technical consultancy, technical support, technical training for printing equipments and printing skills; management of the export of own enterprises' and member enterprises' self-produced products and technology; the import of own enterprises and member enterprises production of the required auxiliary materials, instruments and meters, parts and components of machine tools and technology (apart from those products restricted by the State from import and export); 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"; the rental of office space, machineries and equipments; sales of printing machines.

(2) Principal operation by sector and product

Unit: 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 (%)
Sales of hectograph machine	186,607,649.22	145,726,276.16	2.53	-12.10	-17.50	Increased by 6.65 percentage points
Sales of intaglio printing machine	175,938,007.88	133,455,169.12	5.08	26.36	25.65	Increased by 3.48 percentage points
Sales of form machinery	30,987,179.48	25,838,591.90	2.49	42.44	38.60	Increased by 0.78 percentage points
Total	393,532,836.58	305,020,037.18	3.67	5.43	1.17	Increased by 5.32 percentage points

(3) Principal operation by geographical segment

Unit: RMB

Region	Operating income	Increase/Decrease in operating income over last year (%)
PRC	404,371,332.13	5.85
Outside PRC	11,264,223.34	-7.11

4. INVESTMENT

(1) Use of proceeds

The initial raised proceeds of the Company has been used up as at 31 December 1998. The second raised proceeds has 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. SEGMENT INFORMATION

More than 90% of the revenues and profits of the company from domestic manufacture and sale of the presses, so the company's management consider there is no need for the Segment Information.

(6) TAXATION

	2011	2010
	Jan-Jun	Jan-Jun
	RMB'000	RMB'000
The taxation comprises:		
PRC income tax ("EIT")		
Current period	0	103
Deferred	118	0

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% (2009: 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% (2010: 25%).

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% (2010: 15%).

According to document (Jingshuiwaipifu [2002] 1-11) issued by the foreign tax bureau of Beijing State Administration of Taxation, the applicable income tax rate of Beiren Fuji is 24% from 2001. In addition, according to document (Guoshuizhishuijianmianzi [2006] 0002) issued by the tax bureau directly under Beijing State Administration of Taxation, Beiren Fuji is levied at half of the income tax from 2006 to 2008. Consequently the income tax of Beiren Fuji is charged at the rate of 12% on the estimated assessable profits for the year ended 31 December 2008. Starting from 1 January 2009, the applicable tax rate of Beiren Fuji is 25%.

(7) NET PROFIT

	2011	2010
	Jan-Jun	Jan-Jun
	RMB	RMB
Net profit attributable to shareholders of listed company	14,071,046.21	-14,968,604.70

(8) DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil), nor has any dividend been proposed since the end of the reporting period.

DIRECTORS' REPORT

(9) EARNINGS PER SHARE

Unit: RMB

Items	Number	Jan-Jun 2011	Jan-Jun 2010
Net profit for equity holders of the Company	1	14,071,046.21	-14,968,604.70
Net profit of extraordinary items for equity holders of the Company	2	785,697.72	7,545,789.40
Net profit for equity holders of the Company after extraordinary items	3=1-2	13,285,348.49	-22,514,394.10
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	8		
Share decrease Number of months from next month to the end of the reporting period	9		
Number of shares decreased by shrinking	10		
Number of Months in the reporting period	11	6	6
Ordinary shares on weighted average basis	$12=4+5+6\times7+11-8\times9\div11-10$	422,000,000.00	422,000,000.00
Basic earnings per share (I)	$13=1\div12$	0.03	-0.04
Basic earnings per share (II)	$14=3\div12$	0.03	-0.05
Dividends of diluted convertible ordinary shares as expense	15		
Conversion expense	16		
Income tax	17		
Number of shares increased by options or warrants	18		
Diluted earnings per share (I)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	0.03	-0.04
Diluted earnings per share (II)	$19=[3+(15-16)\times(1-17)]\div(12+18)$	0.03	-0.05

(10) SHARE CAPITAL

Unit: RMB

Registered, issued and fully paid:	
At 1 January 2010, 31 December 2010 and 30 June 2011	
332,000,000 A shares of RMB each	322,000,000
100,000,000 H shares of RMB each	100,000,000
	422,000,000

(11) CONTINGENT LIABILITIES

As at 30 June 2011, the Company did not have any material contingent liabilities.

(12) BUSINESS OUTLOOK FOR THE SECOND HALF OF 2011

In the second half of the year, due to the increase of labour cost and resources product prices, uncertainties on the State's economic development still exist. As the State's stimulus policies are gradually withdrawn, the effort on macro-control is increased, and the supply of money and land are tightened, the growth of the economy started to slow down. Under these impacts, the printing and publication industries showed a different development trend. In the "12-5" development plan of the printing industry, the General Administration of Press and Publication of the State made green, low-carbon, digital printing and printing digitization process as the development directions of the printing industry. The press, Xinhua and the publication groups in the economically developed regions all join force to prepare for the formation of a large-scale trans-regional and cross-industry news publication group. From the various data analyses in the first half of 2011, the Company expects that there would be changes in demand in the printing machinery market. In the face of the above impacts, the Company will implement the following measures to actively respond to market challenges.

1. Adherence to the "12-5" strategy with active implementation

The Company will set various strategic goals (such as product portfolios) according to the "12-5" strategy, keep track of each goal and actively implement strategic measures. In order to strengthen the printing machinery industry, we will look for integration opportunities in new technology, products, skills and services to guarantee the implementation and progress in achieving our overall strategic objectives.

2. Accelerating technological advancement, facilitating product structure adjustment, enhancing the Company's competitive advantage

The Company will integrate the multi-colour machine series, satisfy the growing demand in the packaging market, and fully promote the mass marketization of folio double flat paper multi-colour offset machine; we will adhere to technological innovation, earnestly establish the subjective consciousness for technological innovation, rely firmly on the domestic and foreign sources of technology, increase the effort in innovation, optimize the technology line and guarantee the consistency of its quality.

3. Strengthening marketing management, ensuring that sales targets are met

The Company will conduct market classification and customer classification. We will raise the quality of data collection and analysis, so as to ensure that the production resources can be in line with market pace; we will put more effort in the collection of account receivables, so as to accelerate the back flow of capital; we will allocate resources to hot markets to ensure that the targets of the year are met.

4. Building up and optimizing supply chain to lay a foundation for the Company's long-term development

The Company will formulate and implement a evaluation programme for the supply chain of the Company; besides the existing suppliers, we will introduce good quality suppliers to expand our choice of suppliers; we will fully utilize the strategic platform for resources, mobilize the inventories, reduce the occupation of capital, keep enhancing and optimizing the supply chain, so as to lay a solid foundation for the long-term development of the Company.

5. Keep reinforcing informationization, raising the informationized management level of the Company

The Company will realize the connection to the ERP system, develop scientific, human-based and smooth working interface in order to raise work efficiency; we will fully utilize information technology to improve management methods, further improve the web signature system, and facilitate the building of a information management system; we will keep building and updating the website of the Company and enhance the information management level of the Company.

6. Vigorously promoting standardized safety assessment, building up a long-term production safety mechanism

The Company will carry out the works related to production safety according to the standardized safety requirement of first class enterprise stipulated by the State. We will reinforce the sense of production safety, highlight the importance of production safety, and reinforce the effort on production safety.



SIGNIFICANT EVENTS (UNAUDITED)

(1) CORPORATE GOVERNANCE

Under the requirements of regulatory authorities, the Company, after taking into consideration the Company's specific situation, had drafted the "Management System for standardizing funds transactions with connected parties" and amended several documents including the Articles of Association, the Procedural Rules of the Meetings of the Board of Directors and the Procedural Rules of the Meetings of the Supervisory Committee to ensure the Company's Companies with laws and regulations

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 the management of transaction and financial audit.

(2) IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

There was no such condition during the reporting period.

(3) IMPLEMENTATION OF CASH DIVIDEND POLICY 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 2011.

(4) MATERIAL LITIGATION AND ARBITRATION

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

(5) MATTER RELATED TO BANKRUPTCY REORGANIZATION

During the reporting period, the Company did not have matter relating to bankruptcy reorganization.

(6) STATUS OF THE COMPANY'S HOLDING OF EQUITY INTERESTS IN OTHER LISTED COMPANIES AND EQUITY PARTICIPATION FINANCIAL CORPORATIONS

During the reporting period, the Company did not hold any equity interests in other listed companies and equity participation financial corporations.

(7) ACQUISITION AND DISPOSAL OF ASSETS AND MERGERS OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, the Company had no event concerning acquisition and disposal of assets and mergers.

SIGNIFICANT EVENTS (UNAUDITED)

(8) MATERIAL CONNECTED TRANSACTIONS

1. Connected transactions related to daily operation

Unit: RMB

Connected transaction parties	Connection	Type of connected transaction	Substances of connected transaction	Pricing basis of connected transaction	Price of connected transaction	Amount of connected transaction	Percentage of transaction price of transaction of the same type	Settlement of connected transaction	Market price	Reasons for the relatively great difference between transaction price and reference market price
Bahrain Group Corporation	Parent company	Acceptance of patent and trademark licence rights	Trademark licence fee	Agreed price		1,676,530.99	100.00	Currency-settled		
Beijing Monigraf Automations Co., Ltd.	An associate	Purchase of goods	Purchase of goods	Agreed price		10,751,931.34	17.49	Currency-settled		
Beijing Monigraf Automations Co., Ltd.	An associate	Other inflow	Building leases	Agreed price		11,982.68	0.15	Currency-settled		
Beijing Beijing Casting Company Limited	An associate	Purchase of goods	Purchase of goods	Agreed price		9,384,235.23	15.27	Currency-settled		
Beijing Beijing Casting Company Limited	An associate	Other inflow	Land and building leases	Agreed price		2,203,532.34	27.33	Currency-settled		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	An associate	Other inflow	Building leases	Agreed price		5,845,888.65	72.52	Currency-settled		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	An associate	Sales of goods	Sales of work piece	Agreed price		6,492,177.40	86.51	Currency-settled		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	An associate	Sales of goods	Sales of distributed products	Agreed price		6,600,000.00	76.49	Currency-settled		
Global Industrial Supply Co., Ltd.	Subsiding of the beneficial controller	Sales of goods	Sales of spare parts	Agreed price		6,443,199.14	78.80	Currency-settled		

2. Connected debts and liabilities

Unit: RMB

Name of connected party	Connection	Incurred amount	Capital provided to connected parties		Capital provided to the listed company by connected parties	
			Balance	Incurred amount	Balance	Incurred amount
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	An associate	-1,793,559.08	0	-20,651,316.66	0	
Global Industrial Supply Co., Ltd.	Subsidiary of the beneficial controller	6,938,530.12	6,938,530.12			
Beiren Group Corporation	Parent company	-1,629,191.08	0	-106,773.52	1,140,546.04	
Beijing Beijing Casting Company Limited	An associate			680,133.58	2,680,133.58	
Haimen Beirenfuji Printing Machinery Company Limited	Controlling subsidiary of the parent company	-378,729.71	0	21,270.29	21,270.29	
Beijing Monigraf Automations Co., Ltd	An associate	-125,931.60	25,061.40	7,700,947.56	11,171,930.71	
Total		3,011,118.65	6,963,591.52	-12,355,738.75	15,013,880.62	

Explanation: As of 26 July 2011, trade receivables in the amount of RMB6,938,530.12 owed by Global Industrial Supply Co., Ltd. has been collected in full.

SIGNIFICANT EVENTS (UNAUDITED)

(9) MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

1. Custody, contracting and lease contributed profit over 10% (including 10%) of the total profit of the Company for the reporting period

(1) CUSTODY

During the reporting period, the Company had no custody.

(2) CONTRACTING

During the reporting period, the Company had no contracting.

(3) LEASES

Unit: RMB

Name of lessee	Name of lessee	Particulars of acquired assets	Amount related to leased assets	Commencing date of lease	Expiry date of lease	Rental income	Basis of determination of rental income	Effect of rental income on the Company	Is it a connected transaction	Connection
The Company	Beijing Beijing Casting Company Limited	Land and buildings	77,471,019.79	2011-1-1	2011-12-31	2,203,532.34	Agreed Price	Income of the current period	Yes	An associate
The Company	Beijing Mitsubishi Heavy Industries Buildings Beiren Printing Machinery Co., Ltd	Buildings	6,838,835.06	2007-5-1	2011-12-31	5,845,888.65	Agreed Price	Income of the current period	Yes	An associate

2. Guarantee

Unit: RMB0,000

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	0
Total amount of outstanding guarantee provided as at the end of the reporting period	0
Guarantee provided to the subsidiaries of the Company	
Total amount of guarantee provided to the controlling subsidiaries during the reporting period	0
Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period	1,000
Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries of the Company)	
Total amount of guarantee	1,000
Percentage of the total amount of guarantee to the net assets of the Company	1.32%
Of which:	
Amount of guarantee provided to the shareholders, beneficial controller and their connected parties	0
Amount of guarantee provided directly or indirectly to borrowers with gear ratio of over 70%	0
Total amount of guarantee exceeding 50% of net assets	0
Total amount of the above three guarantees	0

3. ASSET MANAGEMENT ON TRUST AND ENTRUSTED LOAN

(1) Asset management on trust

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

(2) Entrusted Loan

During the reporting period, the Company had no entrusted loan.

4. Other material contract

During the reporting period, the Company had no other material contract.

(10) PERFORMANCE OF UNDERTAKINGS

There was no undertakings by the Company or shareholders holding over 5% equity interests during the reporting period or subsisted up to the reporting period.

- (1) Up to the date of disclosure of the interim report, whether there was uncompleted undertaking related to results: No
- (2) Up to the date of disclosure of the interim report, whether there was uncompleted undertaking related to asset injection and asset integration: No

(11) APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Whether to appoint another accounting firm:

No

Name of accounting firm:

Current appointment
ShineWing Certified Public Accountants

(12) THE PUNISHMENT AND RECTIFICATION OF THE LISTED 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 of the Company and beneficial controller were not subject to any investigation, administration punishments and criticisms by the CSRC or public reprimand by any stock exchange.

(13) EXPLANATIONS FOR OTHER SIGNIFICANT EVENTS

1. The applicable enterprise income tax rate for the Company for the reporting period is 25%.
2. The unaudited 2011 Interim Report of the Company has been reviewed by the audit committee under the Board of Directors of the Company.
3. During the reporting period, the Company was in compliance with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").
4. During the reporting period, the Company has adopted a set of standard code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors, the Company confirmed that each of the directors and supervisors has complied with the required standards regarding securities transactions by directors as set out in the Model Code during the six months ended 30 June 2011.
5. During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. During the reporting period, the joint venture contract between the Company and its associate Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd and its articles of association terminated. Liquidation has commenced, and that company is carrying out deregistration procedures according to the relevant legal requirements of the State.
7. According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" and the related amendments to the Rules Governing the Listing of Securities ("the Amended Listing Rules") published by the Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements as required by the Amended Listing Rules in accordance with China Accounting Standards for Business Enterprises ("China Accounting Standards"), and Mainland audit firms approved by the Ministry of Finance of China ("Ministry of Finance") and the China Securities Regulatory Commission ("CSRC") are allowed to audit these financial statements in accordance with the China Accounting Standards on Auditing ("China Auditing Standards"). The Company noted that ShineWing Certified Public Accountants ("ShineWing") is a domestic accounting firm recognized by the Ministry of Finance and CSRC, therefore it was considered and approved in the 2010 Annual General Meeting of the Company to appoint ShineWing as the domestic and oversea auditor of the Company for 2011.

It is the first time to disclose the financial statements in the 2011 Interim Report in compliance with the China Auditing Standards only, while the financial data in the previous financial statements was disclosed in compliance with both the China Auditing Standards and the Hong Kong Financial Reporting Standards. Due to the application of the different reporting standards, certain financial data for 2010 which was disclosed in 2011 Interim Report is not exactly the same as those disclosed in the 2010 Annual Report, the discrepancy, however, is not material.

SIGNIFICANT EVENTS (UNAUDITED)

(1) Access to Discloseable Information

Events	Name and page of the publication	Date of Publishing	Websites and path of publication
Announcement of estimated profit for 2010	Shanghai Securities New page B36	28 January 2011	Website of Shanghai Stock Exchange http://www.sse.com.cn HKExnews website of Hong Kong Stock Exchange http://www.hkexnews.hk
Announcement of resolutions passed at the 8th extraordinary meeting of the Sixth Board of Directors	Shanghai Securities News page B25	17 February 2011	As above
Announcement of resolutions passed at the 26th meeting of the Sixth Board of Directors	Shanghai Securities News page B18	18 March 2011	As above
Announcement on connected transaction	Shanghai Securities News page B18	18 March 2011	As above
Announcement of resolutions passed by the Sixth Supervisory Committee	Shanghai Securities News page B18	18 March 2011	As above
Announcement on results summary	Shanghai Securities News page B18	18 March 2011	As above
Notice of 2010 Annual General Meeting	Shanghai Securities News page B160	31 March 2011	As above
Announcement of resolutions passed at the 27th meeting of the Sixth Board of Directors	Shanghai Securities News page B66	29 April 2011	As above
Supplemental notice of 2010 Annual General Meeting	Shanghai Securities News page B66	29 April 2011	As above
Announcement of resolutions passed at the 16th meeting of the Sixth Supervisory Committee	Shanghai Securities News page B66	29 April 2011	As above
Announcement on connected transaction	Shanghai Securities News page B66	29 April 2011	As above
Summary of the First Quarterly Report	Shanghai Securities News page B66	29 April 2011	As above
Announcement on resolutions passed at the 2010 Annual General Meeting	Shanghai Securities News page B18	19 May 2011	As above
Announcement of resolutions passed at the 1st meeting of the Seventh Board of Directors	Shanghai Securities News page B18	19 May 2011	As above
Announcement of resolutions passed at the 1st meeting of the Seventh Supervisory Committee	Shanghai Securities News page B18	19 May 2011	As above
Announcement on the withdrawal of A shares delisting risk warning	Shanghai Securities News page B28	26 May 2011	As above
Annual supplemental announcement	Shanghai Securities News page 15	28 May 2011	As above
Announcement on half-year estimated profit	Shanghai Securities News page B36	1 July 2011	As above

FINANCIAL STATEMENTS (UNAUDITED)

THE CONSOLIDATED BALANCE SHEET

June 30, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Assets	Appendix	June 30, 2011	December 31, 2010
Current Assets:			
Cash	VIII.1	86,550,048.91	119,043,008.51
Tradable Financial Assets			
Notes Receivable	VIII.2	14,119,532.88	35,414,560.16
Accounts Receivable	VIII.3	229,899,501.14	203,110,996.56
Advances to Suppliers	VIII.4	30,266,677.24	19,783,787.32
Interests Receivable			
Dividends Receivable			
Other Accounts Receivable	VIII.5	24,084,972.50	18,269,692.57
Inventory	VIII.6	374,545,331.98	349,628,293.09
Non-current Assets Maturing within one year			
Other Current Assets			
Total Current Assets		759,466,064.65	745,250,338.21
Non-current Assets			
Financial Assets Available for Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	VIII.7	15,580,187.62	15,567,084.36
Investment Property	VIII.8	6,833,214.35	6,927,332.93
Fixed Assets	VIII.9	551,865,633.14	568,054,568.92
Construction in Progress	VIII.10	2,912,254.21	2,945,090.11
Project Materials			
Disposal of Fixed Assets			
Intangible Assets	VIII.11	105,159,845.37	106,507,925.87
Goodwill			
Long-term Prepayments	VIII.12	9,367,320.00	9,367,320.00
Deferred Income Tax Assets	VIII.13	2,623,168.92	2,741,017.74
Other Non-current Assets			
Total Non-current Assets		694,341,623.61	712,110,339.93
Total Assets		1,453,807,688.26	1,457,360,678.14

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Liabilities and Shareholder's Equity	<i>Appendix</i>	June 30, 2011	December 31, 2010
Current Liabilities:			
Short-term Loan	VIII.15	162,000,000.00	139,750,000.00
Tradable Financial Liabilities			
Notes Payable	VIII.16	12,000,000.00	14,000,000.00
Accounts Payable	VIII.17	277,793,582.22	298,873,675.48
Advances from Customers	VIII.18	101,680,417.42	97,701,982.19
Employee Benefit Payable	VIII.19	40,890,352.34	50,202,158.38
Taxes Payable	VIII.20	6,069,164.23	8,844,991.23
Interests Payable		320,104.17	133,487.50
Dividends Payable			
Other Payables	VIII.21	56,491,627.27	48,964,316.34
Non-current Liabilities Maturing within one year			
Other Current Liabilities	VIII.22	857,016.57	1,906,616.57
Total Current Liabilities		658,102,264.22	660,377,227.69
Non-Current Liabilities:			
Long-term Loan	VIII.23	0.00	18,000,000.00
Bonds Payable			
Long-term Accounts Payable			
Special Payable	VIII.24	16,468,472.97	15,704,528.59
Estimated liabilities	VIII.25	592,807.38	592,807.38
Deferred Income Tax Liabilities			
Other Non-current Liabilities	VIII.26	1,573,292.21	1,573,292.21
Total Non-current Liabilities		18,634,572.56	35,870,628.18
Total Liabilities		676,736,836.78	696,247,855.87
Shareholder's Equity:			
Share Capital	VIII.27	422,000,000.00	422,000,000.00
Capital Reserves	VIII.28	522,877,777.87	522,877,777.87
Less: Treasury Stock			
Special Reserves			
Surplus Reserves	VIII.29	43,172,707.88	43,172,707.88
General Risk Reserves			
Undistributed Profit	VIII.30	-228,980,031.71	-243,051,077.92
Converted Difference in Foreign Currency Statements			
Total Shareholder's Equity Attributed to the Parent		759,070,454.04	744,999,407.83
Minority Shareholder's Equity	VIII.31	18,000,397.44	16,113,414.44
Total Shareholder's Equity		777,070,851.48	761,112,822.27
Total Liabilities and Shareholder's Equity		1,453,807,688.26	1,457,360,678.14

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE BALANCE SHEET OF THE PARENT

June 30, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Assets	<i>Appendix</i>	June 30, 2011	December 31, 2010
Current Assets:			
Cash		50,500,667.89	74,222,278.37
Tradable Financial Assets			
Notes Receivable		14,069,532.88	26,668,560.16
Accounts Receivable	XVI.1	166,976,065.69	154,601,863.77
Advances to Suppliers		5,581,760.14	806,136.63
Interests Receivable		179,275.00	-
Dividends Receivable			
Other Accounts Receivable	XVI.2	13,330,444.37	9,406,209.57
Inventory		246,881,031.65	231,094,440.03
Non-current Assets Maturing within one year			
Other Current Assets		80,000,000.00	-
Total Current Assets		577,518,777.62	496,799,488.53
Non-current Assets:			
Financial Assets Available for Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	XVI.3	165,392,886.88	165,379,783.62
Investment Property		6,833,214.35	6,927,332.93
Fixed Assets		430,567,965.13	443,749,651.03
Construction in Progress		1,682,761.53	1,580,197.43
Project Materials			
Disposal of Fixed Assets			
Intangible Assets		85,549,384.13	86,668,493.77
Goodwill			
Long-term Prepayments		9,367,320.00	9,367,320.00
Deferred Income Tax Assets			
Other Non-current Assets			
Total Non-current Assets		699,393,532.02	713,672,778.78
Total Assets		1,276,912,309.64	1,210,472,267.31

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE BALANCE SHEET OF THE PARENT (CONTINUED)

June 30, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Liabilities and Shareholder's Equity	<i>Appendix</i>	June 30, 2011	December 31, 2010
Current Liabilities:			
Short-term Loan		150,000,000.00	70,000,000.00
Tradable Financial Liabilities			
Notes Payable			
Accounts Payable		191,276,491.12	212,325,442.83
Advances from Customers		10,758,151.72	8,698,989.63
Employee Benefit Payable		21,251,989.49	29,469,396.62
Taxes Payable		3,222,070.07	5,563,471.31
Interests Payable		320,104.17	133,487.50
Dividends Payable			
Other Payables		70,222,550.84	60,515,233.00
Non-current Liabilities Maturing within one year			
Other Current Liabilities		656,816.01	1,356,816.01
Total Current Liabilities		447,708,173.42	388,062,836.90
Non-Current Liabilities:			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payable		9,885,005.30	9,618,808.71
Estimated liabilities		592,807.38	592,807.38
Deferred Income Tax Liabilities			
Other Non-current Liabilities		656,815.99	656,815.99
Total Non-current Liabilities		11,134,628.67	10,868,432.08
Total Liabilities		458,842,802.09	398,931,268.98
Shareholder's Equity:			
Share Capital		422,000,000.00	422,000,000.00
Capital Reserves		518,165,762.89	518,165,762.89
Less: Treasury Stock			
Special Reserve			
Surplus Reserves		38,071,282.24	38,071,282.24
General Risk Reserves			
Undistributed Profit		-160,167,537.58	-166,696,046.80
Total Shareholder's Equity		818,069,507.55	811,540,998.33
Total Liabilities and Shareholder's Equity		1,276,912,309.64	1,210,472,267.31

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE CONSOLIDATED INCOME STATEMENT

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	Jan-Jun, 2011	Jan-Jun, 2010
1. Total Operating Income		425,071,264.38	386,643,784.74
Including: Operating Income	VIII.32	425,071,264.38	386,643,784.74
2. Total Operating Cost		410,071,123.03	409,049,258.40
Including: Operating Cost	VIII.32	330,251,225.44	311,843,927.95
Tax and Additional Expense	VIII.33	2,824,227.16	2,875,173.70
Sales Expense		26,144,621.20	28,253,311.50
Administration Expense		44,546,076.89	47,836,460.29
Financial Expense	VIII.34	4,965,214.87	9,320,554.51
Assets Impairment Losses	VIII.35	1,339,757.47	8,919,830.45
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	VIII.36	13,103.26	521,997.74
Thereinto: Investment Income to Subsidiaries and Joint Venture		13,103.26	211,196.23
Exchange Gain and Loss (loss marked "-")			
3. Operating Profit (loss marked "-")		15,013,244.61	-21,883,475.92
Add: Non-operating Income	VIII.37	1,360,269.67	7,692,537.65
Less: Non-operating Expense	VIII.38	297,636.25	347,912.34
Thereinto: Disposal Loss of Non-current Assets		226,673.15	105,576.78
4. Total Profit (loss marked "-")		16,075,878.03	-14,538,850.61
Less: Income Tax Expense	VIII.39	117,848.82	102,651.31
5. Net Profit (loss marked "-")		15,958,029.21	-14,641,501.92
Thereinto: Net Profit Attributed to the Parent's Shareholders		14,071,046.21	-14,968,604.70
Minority Shareholder's Equity		1,886,983.00	327,102.78
6. Earnings Per Share:		-	-
(1) Basic Earnings Per Share		0.03	-0.04
(2) Earnings Per Diluted Share		0.03	-0.04
7. Other Comprehensive Income			
8. Total Comprehensive Income		15,958,029.21	-14,641,501.92
Total Comprehensive Income of the Parent's Shareholders		14,071,046.21	-14,968,604.70
Total Comprehensive Income of the Minority Shareholders		1,886,983.00	327,102.78

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE INCOME STATEMENT OF THE PARENT

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	Jan-Jun, 2011	Jan-Jun, 2010
1. Total Operating Income	XVI.4	213,483,873.40	210,459,270.59
Less: Operating Cost	XVI.4	165,642,395.37	174,859,726.95
Tax and Additional Expense		1,824,671.96	2,068,758.06
Sales Expense		9,817,189.41	11,844,903.83
Administration Expense		25,569,361.91	28,093,384.73
Financial Expense		2,104,301.02	6,082,461.44
Assets Impairment Losses		2,229,757.47	8,419,440.45
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	XVI.5	13,103.26	-14,838,803.77
Thereinto: Investment Income to Subsidiaries and Joint Venture		13,103.26	211,196.23
2. Operating Profit (loss marked "-")		6,309,299.52	-35,748,208.64
Add: Non-operating Income		290,172.80	9,729,632.82
Less: Non-operating Expense		70,963.10	96,429.71
Thereinto: Disposal Loss of Non-current Assets			96,429.71
3. Total Profit (loss marked "-")		6,528,509.22	-26,115,005.53
Less: Income Tax Expense			
4. Net Profit (loss marked "-")		6,528,509.22	-26,115,005.53

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE CONSOLIDATED CASH FLOW STATEMENT

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	Jan-Jun, 2011	Jan-Jun, 2010
1. Cash flow from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		358,052,927.29	327,419,071.50
Receipts of taxes and levy refunds		728,318.88	165,759.86
Other Cash receipts in operating activities	VIII.41	19,725,436.57	21,431,293.06
Subtotal Cash Flow-in from Operating Activities		378,506,682.74	349,016,124.42
Cash payments for goods and services acquired		249,320,394.56	218,692,243.43
Cash payments to and on behalf of employees		100,811,750.27	93,744,735.49
Payments of taxes and levy		29,106,642.82	38,301,733.59
Other cash payments from Operating Activities	VIII.41	25,837,847.06	22,865,826.33
Subtotal Cash Flow-out from Operating Activities		405,076,634.71	373,604,538.84
Net Cash Flow from Operating Activities		-26,569,951.97	-24,588,414.42
2. Cash Flow from Investing Activities:			
Cash receipts from return of investments			350,000.00
Cash receipts from investment income			
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets		350.00	70,199.99
Net cash receipts from disposal of subsidiaries and other business units	VIII.41		
Other cash receipts in investing activities			
Total Cash Flow-in from Investing Activities		350.00	420,199.99
Cash payments to acquired fixed assets, intangible assets and other long-term assets		3,261,818.17	1,290,207.43
Cash payments to acquired investments			
Other cash payments in investing activities		-	305,333.49
Total Cash Flow-out from Investing Activities		3,261,818.17	1,595,540.92
Net Cash Flow from Investing Activities		-3,261,468.17	-1,175,340.93
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		140,000,000.00	198,500,000.00
Other cash receipts in financing activities	VIII.41	8,537,623.16	-
Total Cash Flow-in from Financing Activities		148,537,623.16	198,500,000.00
Cash repayments of amount borrowed		137,750,000.00	199,300,000.00
Cash payments for distribution of dividends, profits or interest expenses		4,816,568.23	9,913,785.38
Thereinto: subsidiary's payment for minority shareholders' interest and profit			
Other cash payments in financing activities	VIII.41	4,838,738.72	282,557.46
Subtotal Cash Flow-out from financing Activities		147,405,306.95	209,496,342.84
Net Cash Flow from Financing Activities		1,132,316.21	-10,996,342.84
4. Effect of exchange rate change on cash and cash equivalent		-1,171.23	-3,464.10
5. Net Increased Cash and Cash Equivalent		-28,700,275.16	-36,763,562.29
Add: the Beginning Balance of Cash and Cash Equivalent	VIII.41	110,505,385.35	111,849,650.31
6. The Ending Balance of Cash and Cash Equivalent	VIII.41	81,805,110.19	75,086,088.02

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

THE CASH FLOW STATEMENT OF THE PARENT

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Appendix	Jan-Jun, 2011	Jan-Jun, 2010
1. Cash Flow from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		183,685,815.71	159,798,959.76
Receipts of taxes and levy refunds		133,002.96	
Other Cash receipts in operating activities		16,580,951.37	11,029,981.12
Subtotal Cash Flow-in from Operating Activities		200,399,770.04	170,828,940.88
Cash payments for goods and services acquired		125,893,993.80	112,866,332.33
Cash payments to and on behalf of employees		58,067,390.01	56,799,401.61
Payments of taxes and levy		16,255,150.05	22,215,253.64
Other cash payments from Operating Activities		21,658,753.76	18,045,651.21
Subtotal Cash Flow-out from Operating Activities		221,875,287.62	209,926,638.79
Net Cash Flow from Operating Activities		-21,475,517.58	-39,097,697.91
2. Cash Flow from Investing Activities:			
Cash receipts from return of investments			350,000.00
Cash receipts from investment income			
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets		350.00	45,200.00
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities		1,221,005.84	
Total Cash Flow-in from Investing Activities		1,221,355.84	395,200.00
Cash payments to acquired fixed assets, intangible assets and other long-term assets		256,280.00	33,927.00
Cash payments to acquired investments		80,000,000.00	5,710,237.50
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities			
Total Cash Flow-out from Investing Activities		80,256,280.00	5,744,164.50
Net Cash Flow from Investing Activities		-79,034,924.16	-5,348,964.50
3. Cash Flow from Financing Activities:			
Cash proceeds from absorbing investment			
Cash receipts from borrowings		135,000,000.00	180,000,000.00
Other cash receipts in financing activities			
Total Cash Flow-in from Financing Activities		135,000,000.00	180,000,000.00
Cash repayments of amount borrowed		55,000,000.00	165,000,000.00
Cash payments for distribution of dividends, profits or interest expenses		3,209,997.51	6,734,477.40
Other cash payments in financing activities			
Subtotal Cash Flow-out from financing Activities		58,209,997.51	171,734,477.40
Net Cash Flow from Financing Activities		76,790,002.49	8,265,522.60
4. Effect of exchange rate change on cash and cash equivalent		-1,171.23	-4,056.78
5. Net Increased Cash and Cash Equivalent	XV.6	-23,721,610.48	-36,185,196.59
Add: the Beginning Balance of Cash and Cash Equivalent	XV.6	74,222,278.37	86,568,028.75
6. The Ending Balance of Cash and Cash Equivalent	XV.6	50,500,667.89	50,382,832.16

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Current Period								Minority Shareholder's Equity	Total Shareholder's Equity
	Total Shareholder's Equity Attributed to the Parent									
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others		
1. The ending balance for last year	422,000,000.00	522,877,777.87			43,172,707.88		-243,051,077.92		16,113,414.44	761,112,822.27
Add: Changes in Accounting Policies										
Corrections for previous errors										
Others										
2. The beginning balance of this year	422,000,000.00	522,877,777.87			43,172,707.88		-243,051,077.92		16,113,414.44	761,112,822.27
3. Increase and decrease for this year (decrease represents as "-")							14,071,046.21		1,886,983.00	15,958,029.21
(1) Net profit							14,071,046.21		1,886,983.00	15,958,029.21
(2) Other Comprehensive Income										
Subtotal of (1) and (2)							14,071,046.21		1,886,983.00	15,958,029.21
(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										
(6) Special Reserve										
I. Amount Provided for the Current Period										
II. Amount Expended for the Current Period										
4. The ending balance for this year	422,000,000.00	522,877,777.87			43,172,707.88		-228,980,031.71		18,000,397.44	777,070,851.48

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY (CONTINUED)

Jan-Jun, 2010

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Period of the Last Period								Minority Shareholder's Equity	Total Shareholder's Equity
	Total Shareholder's Equity Attributed to the Parent									
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others		
1. The ending balance for last year	422,000,000.00	523,020,271.06			43,172,707.88		-265,330,459.45		20,446,433.33	743,308,952.82
Add: Changes in Accounting Policies										
Corrections for previous errors										
Others										
2. The beginning balance of this year	422,000,000.00	523,020,271.06			43,172,707.88		-265,330,459.45		20,446,433.33	743,308,952.82
3. Increase and decrease for this year (decrease represents as "-")		1,362,332.03					-14,968,604.70		-1,197,159.39	-14,803,432.06
(1) Net profit							-14,968,604.70		327,102.78	-14,641,501.92
(2) Other Comprehensive Income										
Subtotal of (1) and (2)							-14,968,604.70		327,102.78	-14,641,501.92
(3) Shareholders Investing and Reducing Capital									-1,524,262.17	-1,524,262.17
I. Shareholders investing capital										
II. Shares payment in shareholder's equity										
III. Others									-1,524,262.17	-1,524,262.17
(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		1,362,332.03								1,362,332.03
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		1,362,332.03								1,362,332.03
(6) Special Reserve										
I. Amount Provided for the Current Period										
II. Amount Expended for the Current Period										
4. The ending balance for this year	422,000,000.00	524,382,603.09			43,172,707.88		-280,299,064.15		19,249,273.94	728,505,520.76

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Current Period							Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserve	Undistributed Profit	
1. The ending balance for last year	422,000,000.00	518,165,762.89			38,071,282.24		-166,696,046.80	811,540,998.33
Add: Changes in Accounting Policies								
Corrections for previous errors								
Others								
2. The beginning balance of this year	422,000,000.00	518,165,762.89			38,071,282.24		-166,696,046.80	811,540,998.33
3. Increase and decrease for this year (decrease represents as "-")								
(1) Net profit							6,528,509.22	6,528,509.22
(2) Other Comprehensive Income							6,528,509.22	6,528,509.22
Subtotal of (1) and (2)							6,528,509.22	6,528,509.22
(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								
(6) Special Reserve								
I. Amount Provided for the Current Period								
II. Amount Expended for the Current Period								
4. The ending balance for this year	422,000,000.00	518,165,762.89			38,071,282.24		-160,167,537.58	818,069,507.55

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT (CONTINUED)

Jan-Jun, 2011

Beiren Printing Machinery Holdings Limited

Unit: RMB

Items	Amount for the Previous Period							Total Shareholder's Equity
	Capital Share	Capital Reserves	less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserve	Undistributed Profit	
1. The ending balance for last year	422,000,000.00	517,456,262.71			38,071,282.24		-152,695,508.46	824,832,036.49
Add: Changes in Accounting Policies								
Corrections for previous errors								
Others								
2. The beginning balance of this year	422,000,000.00	517,456,262.71			38,071,282.24		-152,695,508.46	824,832,036.49
3. Increase and decrease for this year (decrease represents as "-")								
(1) Net profit							-26,115,005.53	-26,115,005.53
(2) Other Comprehensive Income							-26,115,005.53	-26,115,005.53
Subtotal of (1) and (2)							-26,115,005.53	-26,115,005.53
(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								
(6) Special Reserve								
I. Amount Provided for the Current Period								
II. Amount Expended for the Current Period								
4. The ending balance for this year	422,000,000.00	517,456,262.71			38,071,282.24		-178,810,513.99	798,717,030.96

Legal Person: Zhao Guorong

Accounting Director: Zhang Peiwu

Accounting Manager: Duan Yuangang

FINANCIAL STATEMENTS (UNAUDITED)

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 June 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 per share.

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.

Beiren Group Corporation has sold 21,000,000 unconditioned tradable shares through Shanghai Stock Exchange Bulk Exchange Platform on 6 January 2010 and 7 January 2010 respectively. On 2 Dec. 2010, Beiren Group Corporation has sold 20,000 unconditioned tradable shares to public which accounts for 4.98% of total share rights held by the Company. Up to June 30, 2011, Beiren Group Corporation has hold the state-owned institutional shares 201,620,000, as 47.78% of total share rights, which are all unconditioned floating shares; 120,380,000 shares which are 28.52% 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 is principally engaged in developing, designing, manufacturing and selling a variety of printing press and related spare parts, as well as the technical consultation and services related to the operating business.

Beiren Group Corporation is the controller of the Company and the ultimate parent company is Beijing National Capital Mechanical And Electrical Holding Company Limited. The Shareholders' Meeting, being the authority of the Company, executes in accordance with laws the resolution rights on significant events concerning with operation, financing, investment, profit distribution and etc. The Board of Directors is accountable to the Shareholders' Meeting. It has to execute the decision-making rights on operation in accordance with laws; and the Management is responsible for the implementation of events resolved by the Shareholders' Meeting and the Board of Directors, and presides over the operational management of the Company as well.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements are prepared based on going concern basis, and with the reference to the actual transactions and events complied with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and notes in "IV Significant Accounting Policies and Accounting Estimates".

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 fairly and completely.

IV. 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.

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.

FINANCIAL STATEMENTS (UNAUDITED)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Foreign exchange translation

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 stock exchange rate of the balance sheet date. Except for 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 unchanged.

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 for which movement on fair value is accounted into current profit and loss, financial investments held-to-maturity, loans and receivables, and financial assets available for sale.

- 1) Financial assets measured at fair value and for which 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 refer 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) Loans and receivables are non-derivative financial assets with fixed or known return but no quotation in the active 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 for which 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 of which 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.

For financial assets, which are measured at fair value and of which 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 of which 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.

(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 of which 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 of which movement on fair value is accounted into current profit and loss include 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.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Financial assets and financial liabilities (Continued)

(3) The reorganization on the fair value of financial assets on the financial liabilities

- 1) If the active market exists for the financial instruments, the fair value will be measured at the active market price. In the active market, the fair value of the financial asset already-held or the financial liability planning-to-bear by the Company is measured at the current bid price; the fair value of the financial asset planning-to-purchase or the financial asset already-bear by the Company is measured at the current quote price. If the current bid or quote prices do not exist, and there is no significant change in the economic environment after the latest transaction, the fair value of the financial asset or liability is measured at the latest market price.
- 2) There is no active market for the financial instruments, the fair value will be measured at the estimated value. The estimated value will refer to the price in the latest transaction between willing and acknowledged parties, or the current fair value of other homogenous financial assets, or the method of present value of cash flow and option pricing model.

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 beyond the due date for more than 3 years. (3) There are other substantial evidences showing that receivables is difficult to be collected.

The provision is adopted for the possible bad debts. The impairment test is made separately or grouped at the ending period and recorded into the current profit and loss. For the receivables which can not be collected with solid evidence, the loss of bad debts will be recognized after the approval through the Company's process, and written-off against the provision of the bad debts.

(1) Individual Receivables above Significant Level

The basis or standard of judging the significant level individual receivable	Consider individual receivables above RMB20,000,000.00 as of significant receivables
Provision-making Method on individual receivables above significant level	The provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables.

(2) Receivables for which provision of bad debts made by groups

The basis of defining combinations Combination based on age accounts	Consider aging of receivables as credit risk characteristics
Method on making provision of bad debts based on combinations Combination based on age accounts	Provision of bad debts is made by aging analysis
The rate of bad debts provision according to aging analysis is as follows	

Aging	Rate (%)
Within 1 year	0
1-2 years	30
2-3 years	60
Above 3 years	100

(3) The provision of bad debts made for individual receivables below significant level

Reason for making provision separately	Individual receivables below significant level and the aging analysis can not reflect its risk characteristics
Method for making provision	Provision of bad debts is made by difference between the present value of future cash flows and the book value of receivables

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 of which 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.

FINANCIAL STATEMENTS (UNAUDITED)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventory (Continued)

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 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 acquisition. 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.

The cost method will be adopted, if the Company no longer held the significant influence over the invested company due to the reduce in investment, and there is no price of the long-term equity investment in the active market leading to the fair value can not be measured reliably; the cost method will be adopted for the long-term equity investment which is arising from the significant influence over the invested company due to the increase in investment. For the long-term equity investment arising from the situation that the Company can exercise the significant influence or common control over the invested company but not the power of control increase in the investment, it is measured under the equity method.

The difference between the book value and the disposal gain on the long-term equity investment is accounted into the current profit and loss. For the long-term equity investment measured under equity method, those were recorded into the equity on the changes in the equity which is excluding the net profit by the invested company, the amount was recorded into the equity will be transferred into the investment profit for the period.

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.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investment in real estate (Continued)

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)	The rate of 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.

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)	The rate of salvage value (%)	Depreciation rate (%)
1 Building	40	3	2.425
2 Machinery	8-14	3	12.125-6.929
3 Transportation Equipment	8	3	12.125
4 Office equipments and others	8	3	12.125

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.

FINANCIAL STATEMENTS (UNAUDITED)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 expended 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.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Impairment of non-financial assets (Continued)

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 prepayments

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.

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 employee with 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.

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:

- (1) 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.
- (2) The revenue of the service will be recognized when the total income and cost can be measured reliable, economic benefits likely flow into the Company, and the percentage of completion of the service can be measured reliably.
- (3) The revenue from the property alienation will be recognized, when the economic benefits related to transactions may flow into the Company, and the amount of this relevant revenue can be measured reliably.

21. 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).

FINANCIAL STATEMENTS (UNAUDITED)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Government subsidies (Continued)

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.

22. 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, differed 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 differed 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.

23. 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.

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 relative business 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 to the original book value.

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

Nil.

FINANCIAL STATEMENTS (UNAUDITED)

VI. TAXATION

1. The Main Taxation Category And Tax Rate

Category	Tax Base	Tax Rate (%)
VAT	Goods sale revenue	17
Business Tax	Taxable revenue	5
City Maintenance and Construction	VAT or Business tax payable	5-7
Education Surcharges	VAT or Business tax payable	3-4
Estate Tax	Lease income and 70-80% of the estate's original value	1.2 & 12
Enterprise Income Tax	Taxable income	25
Hong Kong Profits Tax	Assessable Profit for Current Period	The tax rate applied or in essence at the end of the reporting period

Tax rates for subsidiaries are as following:

Company	Tax Rate (%)
Shaanxi Beiren Printing Machinery Co., Ltd.	15
Beijing Beiren Fuji Printing Machinery Co., Ltd.	25
Beijing Beiren Jingyan Printing Machinery Factory	25

2. Taxation Benefits and Approval

Shaanxi Beiren Printing Machinery Co., Ltd. (hereinafter called "Shaanxi Beiren") as the subsidiary of the Company was certified as High and New Technology Enterprise on 11 Dec 2008, and the certificate with No. GR200861000339 was issued by Technology Office of Shaanxi Province, Financial Office of Shaanxi Province, National Taxation Bureau of Shaanxi Province, Local Taxation Bureau of Shaanxi Province. The expiration period for the certificate is three years and the applicable tax rate of enterprise income tax is 15%.

VII. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Company	Nature	Registration Location	Business Type	Registered Capital (RMB'0000)	Operating Scope	Investment Amount	Accounts Balance of the Net Investment to the Subsidiary	Shareholding (%)	Voting Right (%)	Consolidated (Yes/Not)	Minority Interest	Amount for Written-off Income/Loss in Minority Interest	Percentage Borne of the Beginning Equity	Balance after the Parent's Equity written-off the Current Loss Borne by Minority Shareholders which is over the Percentage Borne of the Beginning Equity
Subsidiaries acquired under non-common control														
Shaanxi Beiren Printing Machinery Co., Ltd.	Limited company	Weinan City, Shaanxi Province	manufacture	11,500	Printing, packaging, engineering machinery, electric equipments and accessories manufacture, sales, maintenance, typing and printing machinery	9,918.00	0.00	86.24	86.24	Yes	9,993,096.33	0.00	0.00	
Other Acquired Subsidiaries														
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Sino-Foreign Equity Joint Venture	Chaoyang District, Beijing City	manufacture	USD 510	Manufacturing printing machine, selling self-manufactured products	2,963.27	0.00	70.00	70.00	Yes	7,991,103.77	0.00	0.00	
Beijing Beiren Jingyan Printing Machinery Factory	Joint stock company	Yangqing Country, Beijing City	manufacture	2,105	Manufacturing printing machine and relevant components, providing relevant technical consulting services	2,100.00	0.00	99.76	99.76	Yes	16,196.74	0.00	0.00	

2. There is no change of the scope of consolidated financial statements.

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Following disclosed financial Statement data, except special indicates, "the beginning of the year" refers to Jan 1, 2011, "the end of the period" refers to Jun 30, 2011, "this period" refers to the year from Jan 1, 2011 to Jun 30, 2011, "last period" refers to the year from Jan 1, 2010 to Jun 30, 2010, the monetary unit is RMB.

1. Monetary fund

Item	Jun 30, 2011			Jan 1, 2011		
	Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
Cash on hand			37,110.93			9,019.13
Including: RMB	36,703.34		36,703.34	8,946.73		8,946.73
USD	50.00	6.4716	335.19	0.00		0.00
YEN	891.00	0.0080	72.40	890.97	0.0081	72.40
Bank deposit			81,767,999.26			110,496,366.22
Including: RMB	81,558,324.64		81,558,324.64	107,491,207.80		107,491,207.80
USD	11,519.00	6.4716	75,688.14	431,376.52	6.6227	2,884,591.52
HKD	76,409.94	0.8316	63,542.51	76,402.21	0.8509	65,010.64
YEN	621,400.00	0.0080	50,482.63	663,946.00	0.0081	54,044.72
EURO	1,971.14	9.3612	19,961.34	0.26	8.8065	1,511.54
Other monetary funds			4,744,938.72			8,537,623.16
RMB	4,744,938.72		4,744,938.72	8,537,623.16		8,537,623.16
Total	-	-	86,550,048.91	-	-	119,043,008.51

As of Jun 30, 2011, other monetary fund including the bank acceptance notes guarantee deposit amounts to RMB3,614,938.72 and the credit letter guarantee deposit amounts to RMB1,130,000.00.

2. Notes receivable

(1) Category

Category	Jun 30, 2011	Jan 1, 2011
Bank acceptance notes	14,119,532.88	35,414,560.16

(2) There is no notes receivable for pledge at the end of the period.

(3) The end of the period, there is no notes receivables transferred to accounts receivables, because of the drawer's inability to perform.

(4) At the end large Notes has been endorsed to the other party but not yet due

Category	Issuing Company	Issuing date	Maturity date	Amount
Bank acceptance notes	Nongfu Spring Holdings Limited	2011.06.17	2011.9.17	1,260,000.00
Bank acceptance notes	Jiang xi Lanhai International Business Co., Ltd.	2011.05.10	2011.11.10	1,190,000.00
Bank acceptance notes	Jiang xi Lanhai International Business Co., Ltd.	2011.05.10	2011.11.10	1,000,000.00
Bank acceptance notes	Wuhan Iron and Steel Group International Business and Economics Corporation	2011.02.18	2011.08.18	1,000,000.00
Bank acceptance notes	Wuhan Iron and Steel Group International Business and Economics Corporation	2011.03.14	2011.09.14	1,000,000.00
Total				5,450,000.00

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable

(1) Classification for accounts receivable

Item	Jun 30, 2011				Jan 1, 2011			
	Book value Amount	Percent %	Bad debts Amount	Percent %	Book value Amount	Percent %	Bad debts Amount	Percent %
Individual receivables above significant level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables for which provision of bad debts made on basis of combinations	-	-	-	-	-	-	-	-
Combination based on age accounts	295,111,774.51	89.82	76,033,249.38	25.78	260,684,283.53	86.69	74,086,765.53	28.42
Individual receivables below significant level	33,437,901.48	10.18	22,616,925.47	67.29	40,020,404.03	13.31	23,506,925.47	58.74
Total	328,549,675.99	-	98,650,174.85	-	300,704,687.56	-	97,593,691.00	-

Receivables for which provision of bad debts made on basis of combinations:

Item	Jun 30, 2011			Jan 1, 2011		
	Amount	Percent (%)	Provision of bad debts	Amount	Percent (%)	Provision of bad debts
Within 1 year	192,885,903.37	0.00	0.00	144,764,618.09	0.00	0.00
1-2 years	17,530,700.34	30.00	5,259,210.12	47,549,397.53	30.00	14,264,819.26
2-3 years	34,802,828.84	60.00	20,881,697.30	21,370,804.09	60.00	12,822,482.45
Above 3 years	49,892,341.96	100.00	49,892,341.96	46,999,463.82	100.00	46,999,463.82
Total	295,111,774.51	-	76,033,249.38	260,684,283.53	-	74,086,765.53

(2) Individual receivables below significant level at the end of period

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	25,737,584.79	22,616,925.47	87.88	Part of the balance payment is expected to be difficult to collect
Note 2	7,700,316.69	0.00		
Total	33,437,901.48	22,616,925.47	-	-

Note 1: There is RMB 25,737,584.79 long-aged accounts receivables of which balance payment difficult to collect and there are RMB 22,616,925.47 making provision separately.

Note 2: Some old customers had transactions with the Company frequently and transactions were accepted in the order trade, hence those accounting receivable are in shorter age. There are 76 items of accounting receivables which amount to RMB 7,700,316.69 and the provision of bad debts has not been made on them.

(3) Collection of bad debts during this period

Company Name	Amount	Accumulated bad debts before collection	Collected amount during this period	Basis on bad debts provisions	Reason for reversal
Dalian Fulida Plastics product Co., Ltd.	810,000.00	810,000.00	810,000.00	Expected difficult to collect due to long age	All collected
Harbin Longrui Plastics packs Co., Ltd.	80,000.00	80,000.00	80,000.00	Expected difficult to collect due to long age	All collected
Total	890,000.00	890,000.00	890,000.00	-	-

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

- (4) Accounts receivable written off in this period amounts to RMB283,273.62.
- (5) The details of the balance of the account receivables excludes from shareholders who hold 5% or more of the Company's shares.
- (6) **The top five companies in accounts receivables:**

Company Name	Relationship	Amount	Age	Proportion in Accounts Receivable (%)
Zhongti (Beijing) Colour Printing Co., Ltd.	Customer	17,360,000.00	2-3 years	5.28
Linyi Daily	Customer	12,370,000.00	Within 1 year	3.77
Shanxi Printing Materials Corporation	Customer	8,273,065.60	Within 1 year	2.52
Suzhou Daily	Customer	7,618,800.00	Within 1 year	2.32
Chengdu Beiren Printing Materials Corporation	Customer	6,829,999.94	2-3 years	2.08
Total	-	52,451,865.54	-	15.97

(7) Related parties of accounts receivable

Company Name	Relationship	Amount	Proportion in accounts receivable (%)
Global Industrial Supply Co., Ltd.	Other enterprise controlled by the ultimate parent company	6,938,530.12	2.11
Beijing Monigraf Automations Co. Ltd.	Associated company	25,061.40	0.01
Total	-	6,963,591.52	2.12

(8) Other receivables contains following balances in foreign currencies

Foreign currency	Jun 30, 2011			Jan 1, 2011		
	Foreign currency	Exchange Rate	Amount (RMB)	Foreign currency	Exchange Rate	Amount (RMB)
USD	495,923.45	6.4716	3,400,368.49	468,610.00	6.6227	3,103,463.45

- (9) The general credit period to the clients is 360 days. The aging analysis of Accounts receivables are shown as below, which are based on the date of invoices.

Items	Jun 30, 2011	Jan 1, 2011
Within 1 year	192,908,284.69	146,917,000.00
1-2 years	17,536,663.60	38,334,000.00
2-3 years	18,818,568.85	17,753,000.00
Above 3 years	635,984.00	107,000.00
Total	229,899,501.14	203,111,000.00

- (10) At the end of the Balance Sheet date, Accounts Receivables which pasted due date amounts to RMB7,700,316.69 (the balance on Jan 1, 2011 amounts to RMB56,194,000). The Company had not pledge provided by customers for these accounts receivables. The aging analysis of Accounts Receivables are shown as below, which are past due date but not being made provision.

Items	Jun 30, 2011	Jan 1, 2011
1-2 years	5,235,173.38	38,334,000.00
2-3 years	2,251,059.31	17,753,000.00
Above 3 years	214,084.00	107,000.00
Total	7,700,316.69	56,194,000.00

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Advances to suppliers

(1) Aging of advances to suppliers

Items	Jun 30, 2011		Jan 1, 2011	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	27,888,060.91	92.14	19,026,250.35	96.17
1-2 years	1,793,681.77	5.93	254,948.99	1.29
2-3 years	148,596.58	0.49	311,020.32	1.57
Above 3 years	436,337.98	1.44	191,567.66	0.97
Total	30,266,677.24	100.00	19,783,787.32	100.00

(2) The main unit of advances to suppliers

Company Name	Relationship with the Company	Amount	Aging	Reasons for pending
Rossini Trading (Shenzhen) Limited	company's suppliers	1,199,679.00	within a year	not completed
Shanghai Lihong Printing Material Co., Ltd.	company's suppliers	1,045,850.00	within a year	not completed
Foshan Kar Ming Industrial Equipment Co., Ltd.	company's suppliers	800,000.00	within a year	not completed
Shanghai Aokeli Pointing Machinery Co., Ltd	company's suppliers	670,740.00	within a year	not completed
Shanghai Maozhi Auto Equipment Trading Co., Ltd	company's suppliers	663,470.00	within a year	not completed
Total	-	4,379,739.00	-	-

(3) The details of the balance of the advances to suppliers excludes from shareholders who hold 5% or more of the Company's shares.

(4) Advances to suppliers contains following balances in foreign currencies:

Foreign currency	Jun 30, 2011			Jan 1, 2011		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange Rate	RMB
USD	271.96	6.4716	1,801.11	0.00		0.00
EURO	0.00	0.00	0.00	24,931.00	8.8065	215,586.76
JPY	8,000.00	0.0080	648.80	18,488,865.00	0.0081	1,468,909.98
Total			2,449.91			1,684,496.74

5. Other receivables

(1) Classification for other receivables

Item	Jun 30, 2011				Jan 1, 2011			
	Book value Amount	Percent %	Bad debts Amount	Percent %	Book value Amount	Percent %	Bad debts Amount	Percent %
Individual other receivables above significant level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables for which provision of bad debts made on basis of combinations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Individual other receivables below significant level	39,101,773.00	100.00	15,016,800.50	38.41	33,286,493.07	100.00	15,016,800.50	45.11
Total	39,101,773.00	-	15,016,800.50	-	33,286,493.07	-	15,016,800.50	-

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(2) Individual other receivables below significant level at the end of period

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	15,016,800.50	15,016,800.50	100.00	Expected difficult to collect
Note 2	24,084,972.50	0.00		
Total	39,101,773.00	15,016,800.50	-	-

Note 1: 27 items of other receivables amounting to RMB 15,016,800.50 were made provision due to in longer age and difficult to be collected.

Note 2: For reservation fund of employees and equity repurchase receivables from China Huarong Asset Management Corporation Xi'an Branch amounting to RMB 24,084,972.50; there are no bad debts provisions made on them.

(3) There is no reversal of bad debts provision during this period.

(4) There is no actual write-off other receivables during this period.

(5) For the ending balance of other accounts receivable, debts from shareholders who hold over 5% (including 5%) of the Company's shares of voting right

Company Name	Jun 30, 2011		Jan 1, 2011	
	Amount	Bad debt provision	Amount	Bad debt provision
Beiren Group Corporation	0.00	0.00	1,629,191.08	0.00

(6) The top companies in other receivables:

Company Name	Relationship	Amount	Age	Proportion in accounts receivable (%)	Nature
Southeast Asia	Customer	9,088,241.00	Above 3 years	23.24	Note 1
China Huarong Asset Management Corporation Xi'an Branch	Minority shareholders of subsidiary	6,388,000.00	Above 3 years	16.18	Note 2
Total	-	15,416,241.00	-	39.42	-

Note 1: Other receivables from Southeast Asia are real estate project prepaid investment in Hong Kong Southeast Asia Group Investment & Development Co., Ltd in previous years. The Company has adapted active measures collecting those receivables. However, collection is difficult due to poor management of the above mentioned company. Therefore, the Company has made full bad debts provisions.

Note 2: Other receivables charged China Huarong Asset Management Corporation Xi'an Branch includes RMB 6,328,000 of which used for equity repurchase. China Huarong Asset Management Corporation acquired shares by debt-to-equity swap and is able to quit by transfer, replacement or repurchase in accordance with rules of Shaanxi Beiren Group Corporation. The equity repurchase should be complemented before the end of 2006 and in equal amount each year; and China Huarong Asset Management Corporation Xi'an Branch made debt-to-equity swap of RMB 15,820,000 and repurchase in five years. RMB 6,328,000 in total should be returned in 2003 and 2004 and didn't write-off its investment by way of equity exit.

(7) Other receivables contains following balances in foreign currencies

Foreign currency	Jun 30, 2011			Jan 1, 2011		
	Foreign currency	Exchange Rate	Amount (RMB)	Foreign currency	Exchange Rate	Amount (RMB)
HKD	10,305,296.52	0.8316	9,088,241.00	10,305,296.52	0.8509	9,088,241.00

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventory

(1) Categories of inventories

Item	Jun 30, 2011			Jan 1, 2011		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	77,843,935.01	5,627,635.08	72,216,299.93	78,666,382.30	5,627,635.08	73,038,747.22
Work in progress	214,405,956.82	44,776,062.40	169,629,894.42	249,407,524.82	58,955,487.41	190,452,037.41
Storage goods	136,935,938.85	26,197,328.64	110,738,610.21	99,419,493.83	31,490,500.83	67,928,993.00
Low value consumables	328,740.89	0.00	328,740.89	324,238.49	0.00	324,238.49
Self made semi-finished goods	10,300,919.53	0.00	10,300,919.53	11,047,041.76	0.00	11,047,041.76
Work in process – outsourced	11,330,867.00	0.00	11,330,867.00	6,837,235.21	0.00	6,837,235.21
Total	451,146,358.10	76,601,026.12	374,545,331.98	445,701,916.41	96,073,623.32	349,628,293.09

(2) Impairment provision for inventory

Item	Jan 1, 2011	Increase	Decrease in this year		Jun 30, 2011
			Reversal	Transferred out	
Raw materials	5,627,635.08	0.00	0.00	0.00	5,627,635.08
Work in progress	58,955,487.41	0.00	0.00	14,179,425.01	44,776,062.40
storage goods	31,490,500.83	0.00	0.00	5,293,172.19	26,197,328.64
Total	96,073,623.32	0.00	0.00	19,472,597.20	76,601,026.12

(3) The inventories transferred out arised from selling overstocked products and finishing work in process.

(4) The impairment provision method for inventory is referred to Note IV.8.

(5) No inventory has been mortgaged or frozen at the end of period.

7. Long-term equity investments

(1) Categories of long-term equity investments

Item	Jun 30, 2011	Jan 1, 2011
Accounted in cost method	50,000.00	50,000.00
Accounted in equity method	15,580,187.62	15,567,084.36
Total	15,630,187.62	15,617,084.36
Less: provision for impairment on long-term equity investments	50,000.00	50,000.00
Net book value	15,580,187.62	15,567,084.36

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Long-term equity investments (Continued)

(2) Accounted in cost and equity method

Name of invested companies	Share holding %	Voting right %	Original amounts	Jan 1, 2011	Increase	Decrease	Jun 30, 2011	Cash dividends for the period
In cost method								
Ying Shen Associated Co., Ltd.			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	8,957,839.15	0.00	3,318.21	8,954,520.94	0.00
Beijing Beiyang Moulding Co., Ltd.	20	20	1,136,000.00	6,609,245.21	16,421.47	0.00	6,625,666.68	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	15,567,084.36	16,421.47	3,318.21	15,580,187.62	0.00
Total			27,401,000.00	15,617,084.36	16,421.47	3,318.21	15,630,187.62	0.00

(3) Investment in associated companies

Name of invested company	Share holding proportion (%)	Voting rights proportion (%)	Total assets at the period end	Total liabilities at the period end	Net assets at the period end	Total operating income in this period	Net profit in this period
Associated Company							
Beijing Monigraf Automations Co. Ltd.	49	49	21,622,262.12	3,669,682.54	17,952,579.58	5,939,900.02	-6,771.86
Beijing Beiyang Casting Co. Ltd.	20	20	69,465,203.00	36,336,869.67	33,128,333.33	44,848,164.04	82,107.33
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	49	49	61,622,911.97	144,744,622.78	-83,121,710.81	24,303,036.86	-23,348,484.86
Total			152,710,377.09	184,751,174.99	-32,040,797.90	75,091,100.92	-23,273,149.39

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

Company	Jan 1, 2011	Provision/Reduces in Period	Jun 30, 2011	Reason
Ying Shen Associated Company Limited	50,000.00	0.00	0.00	50,000.00 expected to be difficult to recover

8. Investment properties

(1) Accounted in cost methods

Item	Jan 1, 2011	Increase	Decrease	Jun 30, 2011
Original cost				
Buildings	7,986,177.80	0.00	0.00	7,986,177.80
Accumulated depreciation				
Buildings	1,058,844.87	94,118.58	0.00	1,152,963.45
Net book value				
Buildings	6,927,332.93	0.00	0.00	6,833,214.35
Impairment provision				
Buildings	0.00	0.00	0.00	0.00
Book value				
Buildings	6,927,332.93	-	-	6,833,214.35

- (1) The Investment property of the Company located in China rents out with medium-term contract.
- (2) The accumulated depreciation were made this period amounting to RMB 94,118.58 (amounts RMB 353,502.31 for last compared period).

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Fixed assets

(1) Fixed assets category

Item	Jan 1, 2011	Increased	Decreased	Jun 30, 2011
Original Cost	1,091,717,861.11	4,285,613.40	3,475,812.57	1,092,527,661.94
Building	569,820,629.81	3,017,338.50	2,804,232.42	570,033,735.89
Machinery	461,005,516.12	848,871.93	264,510.15	461,589,877.90
Transportation facilities	13,857,023.18	286,491.00	407,070.00	13,736,444.18
Office equipment	45,559,802.53	132,911.97	0.00	45,692,714.50
Others	1,474,889.47	0.00	0.00	1,474,889.47
Accumulated Depreciation	503,164,679.52	Increased of this period	Accrument this period	520,163,416.13
Building	134,436,260.35	0.00	7,441,103.86	141,877,364.21
Machinery	320,457,654.83	0.00	8,004,623.94	328,385,810.56
Transportation facilities	8,065,286.15	0.00	426,929.20	8,372,935.45
Office equipment	39,651,139.69	0.00	1,279,191.28	40,930,330.97
Others	554,338.50	0.00	42,636.44	596,974.94
Net book value	588,553,181.59	-	-	572,364,245.81
Building	435,384,369.46	-	-	428,156,371.68
Machinery	140,547,861.29	-	-	133,204,067.34
Transportation facilities	5,791,737.03	-	-	5,363,508.73
Office equipment	5,908,662.84	-	-	4,762,383.53
Others	920,550.97	-	-	877,914.53
Impairment provision	20,498,612.67	0.00	0.00	20,498,612.67
Building	0.00	0.00	0.00	0.00
Machinery	20,383,612.67	0.00	0.00	20,383,612.67
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	568,054,568.92	-	-	551,865,633.14
Building	435,384,369.46	-	-	428,156,371.68
Machinery	120,164,248.62	-	-	112,820,454.67
Transportation facilities	5,676,737.03	-	-	5,248,508.73
Office equipment	5,908,662.84	-	-	4,762,383.53
Others	920,550.97	-	-	877,914.53

1) The Building of the Company located in China rents out with medium-term contract.

2) Among the increased fixed assets of the period, the amount of RMB 82,153.85 was transferred from construction in progress. Among the increased in accumulated depreciation, the depreciation of RMB 17,194,484.72 accrued in the period. (RMB 19,389,755.37 for the last compared period).

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

(3) There is no finance lease of fixed assets.

(4) **Fixed assets leased out through an operating lease:**

Item	Book Value
Houses and buildings	92,274,878.87

(5) There are no fixed assets held for sale at the end of the period.

(6) There are no fixed assets for which property licenses are not finished yet.

10. Construction in progress

Name	Jun 30, 2011			Jan 1, 2011		
	Book balance	provision	Book value	Book balance	provision	Book value
Construction	316,778.50	0.00	316,778.50	41,538.00	0.00	41,538.00
Equipments in installation	1,547,837.98	0.00	1,547,837.98	1,753,452.38	0.00	1,753,452.38
Others	1,047,637.73	0.00	1,047,637.73	1,150,099.73	0.00	1,150,099.73
Total	2,912,254.21	0.00	2,912,254.21	2,945,090.11	0.00	2,945,090.11

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Intangible assets

Item	Jan 1, 2011	Increase	Decrease	31 Jun 2010
Original Cost				
Land use right	127,643,801.77	0.00	0.00	127,643,801.77
Accumulated depreciation				
Land use right	21,135,875.90	1,348,080.50	0.00	22,483,956.40
Net book value				
Land use right	106,507,925.87			105,159,845.37
Impairment provision				
Land use right	0.00	0.00	0.00	0.00
Book value				
Land use right	106,507,925.87			105,159,845.37

(1) The land use right of the Company located in China rents out with medium-term contract.

(2) The increasing of accumulated amortization in this period amounts to RMB 1,348,080.50.

12. Long-term accrued expense

Item	Jan 1, 2011	Increase	Decrease	Other reductions this period	Jun 30, 2011	Reason for other reductions
Land development expense	9,367,320.00	0.00	0.00	0.00	9,367,320.00	

13. Deferred tax asset and deferred tax liabilities

(1) Recognized Deferred tax asset

Item	Jun 30, 2011	Jan 1, 2011
Deferred tax asset		
Asset impairment	2,623,168.92	2,741,017.74

(2) The details are not recognized deferred income tax assets

Items	Jun 30, 2011	Jan 1, 2011
Asset impairment	197,151,447.65	210,949,275.81
Tax losses	331,939,462.02	331,939,462.02
Total	529,090,909.67	542,888,737.83

Except for subsidiary of the Company, Shaanxi Beiren Printing Machinery Company Limited which earned profits this year, the Company as well as other subsidiaries was in continuous deficit and unable to acquire enough taxable income for offset in future period. Therefore, all of them didn't confirm deferred income tax assets and the subsidiary, Beijing Beiren Fuji Print Machinery Co., Ltd. reverse the deferred income tax assets originally confirmed.

(3) Tax losses of unrecognized deferred income tax assets will expire the following years

Item	Jun 30, 2011
2011	9,232,332.73
2012	6,501,875.37
2013	134,815,673.71
2014	168,868,795.78
2015	12,520,784.43
Total	331,939,462.02

(4) Taxable differences

Items	Amount
Taxable differences	
Provision for bad debts	13,665,166.49
Provision for impairment in value of inventories	3,772,626.40
Impairment provision of long-term equity investment	50,000.00
Total	17,487,792.89

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Provision of impairment for assets

Item	Jan 1, 2011	Increase	Decrease		Jun 30, 2011
			Returning	Other transfers out	
Provision of impairment for bad debts	112,610,491.50	2,229,757.47	890,000.00	283,273.62	113,666,975.35
Provision of impairment for Inventory	96,073,623.32	0.00	0.00	19,472,597.20	76,601,026.12
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	20,498,612.67	0.00	0.00	0.00	20,498,612.67
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	229,232,727.49	2,229,757.47	890,000.00	19,755,870.82	210,816,614.14

15. Short-term loans

Type	Jun 30, 2011	Jan 1, 2011
Mortgaged bank loans	0.00	56,000,000.00
Guaranteed bank loans	12,000,000.00	13,750,000.00
Pledged bank loans	150,000,000.00	70,000,000.00
Total	162,000,000.00	139,750,000.00

The end of the credit loan with Beijing Beijing Electrical Holding Co., Ltd. commissioned the Beijing branch of Bank of Kim Yun loans to the company's RMB 1,500 millions Yuan, RMB 3,550 millions Yuan, RMB 5,500 millions Yuan and RMB 4,450 millions Yuan, totalling RMB 15,000 million loan for a year, the interest rate is not high bank lending rates over the same period.

16. Notes payable

Type of note	Jun 30, 2011	Jan 1, 2011
Bank Acceptance Note	12,000,000.00	14,000,000.00

17. Accounts payable

(1) Accounts payable

Item	Jun 30, 2011	Jan 1, 2011
Total	277,793,582.22	298,873,675.48
Including: over one year	52,313,131.71	86,029,729.32

(2) Account payable contains following balances in foreign currencies

Foreign Currency	Jun 30, 2011		Jan 1, 2011		RMB	
	YEN	Exchange rate	YEN	Exchange rate		
YEN	1,412,930.00	0.0080	113,034.40	1,583,910.04	0.0081	128,708.53

18. Advances from customers

(1) Advances from customers

Item	Jun 30, 2011	Jan 1, 2011
Total	101,680,417.42	97,701,982.19
Include: more than one year	6,835,671.71	12,336,059.34

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

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

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Advances from customers (Continued)

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

Foreign Currency	Jun 30, 2011			Jan 1, 2011		
	Foreign Currency	Exchange rate	RMB	Foreign Currency	Exchange rate	RMB
USD	616,944.28	6.4716	4,263,304.14	797,049.88	6.6227	5,278,934.59
EUR	2,000.00	9.3612	18,565.80	12,198.00	8.8065	107,421.69
Total			4,281,869.94			5,386,356.28

19. Employee compensation

Item	Jan 1, 2011	Increase	Carry forward	Jun 30, 2011
Salary, bonus and allowance	3,117,680.84	55,391,306.97	58,031,383.97	477,603.84
Welfare	0.00	4,708,187.55	2,987,967.25	1,720,220.30
Social insurance	14,842,112.15	15,443,364.98	17,520,952.42	12,764,524.71
Including: medical insurance	4,759,935.15	4,944,134.25	7,711,903.12	1,992,166.28
Basic endowment insurance	10,042,235.99	9,294,127.74	8,724,669.81	10,611,693.92
Unemployment insurance	15,097.72	512,491.80	405,416.83	122,172.69
Industrial injury insurance	14,214.69	376,437.59	391,355.44	-703.16
Fertility insurance	10,628.60	316,173.60	287,607.22	39,194.98
Housing fund	725,498.20	4,035,848.00	4,269,714.00	491,632.20
Labour union expenditure and employee education expenditure	2,594,836.97	1,069,482.25	979,490.37	2,684,828.85
Non-Monetary welfare	0.00	11,929,684.12	11,929,684.12	0.00
Compensation for unemployment	0.00	19,279.00	19,279.00	0.00
Estimated expense for employee retirement in advance	28,753,816.98	1,252,924.78	7,423,412.56	22,583,329.20
Others	168,213.24	0.00	0.00	168,213.24
Total	50,202,158.38	93,850,077.65	103,161,883.69	40,890,352.34

20. Tax payable

Tax category	Jun 30, 2011	Jan 1, 2011
Value added tax	5,051,727.23	6,444,557.76
Business tax	138,877.05	169,300.86
Enterprise income tax	-102,651.31	-102,651.31
Individual tax	172,604.18	553,074.43
City construction tax	357,639.95	610,196.03
Property tax	-285,800.06	-0.04
Land usage tax	-271,251.40	47,136.18
Educational fees	416,570.41	525,139.45
Stamp tax	-0.02	5,730.12
Water conservancy fund	592,103.20	592,507.75
Custom duty	-655.00	0.00
Total	6,069,164.23	8,844,991.23

21. Other payables

(1) Other payables

Item	Jun 30, 2011	Jan 1, 2011
Total	56,491,627.27	48,964,316.34
Include: more than one year	19,219,459.74	17,773,263.11

(2) Other payables to shareholders who hold 5% or more of the Company's share at the end of the period are as follow:

Items	Jun 30, 2011	Jan 1, 2011
Beiren Group Corporation	1,125,427.35	1,247,319.56

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other payables (Continued)

(3) Other payables in large amount at the end of the period

Items	Amount	Aging	Quality or content
Land remise fund (Note 1)	9,330,922.61	More than 3 years	Remise price
Beiren Group Corporation	1,125,427.35	Within 1 year	Trademark usage fee
Total	10,456,349.96		

Note 1: The payable to Beijing Beiyong Casting Co. Ltd. is the public land remise fund owed to the government of the place where Beijing Casting located. As of Jun 30, 2011, the Company has not gotten the certificate of land use right in Daxing, Beijing, which are 92.126 acreage of area.

22. Other current liabilities

Items	Jun 30, 2011	Jan 1, 2011
Interest discount of advanced flexo printing machine technology transformation project	115,673.98	115,673.98
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	84,526.58	84,526.58
Relocation compensation	656,816.01	656,816.01
Other accrued expenses	0.00	1,049,600.00
Total	857,016.57	1,906,616.57

Other current liabilities accounts for government subsidy acquired in previous years relating to assets.

23. Long-term Loan

(1) Classification:

Loan category	Jun 30, 2011	Jan 1, 2011
Guaranteed loan	0.00	18,000,000.00

24. Special payables

Item	Jan 1, 2011	Increase	Carry forward	Jun 30, 2011	Notes
Medium newspaper printing machine core unit technology and half-way commercial product	4,575,809.19	127,609.99	0.00	4,703,419.18	Note 1
Folio single paper print machine series with multiple colours – new style 1050	5,042,999.52	138,586.60	0.00	5,181,586.12	Note 2
Relocation compensation-Beifu	6,085,719.88	0.00	2,705,440.01	3,380,279.87	Note 3
Wide satellite-based high-speed flexo printing machine industrial projects – Shaanxi Print	0.00	3,300,000.00	96,812.20	3,203,187.80	Note 4
Total	15,704,528.59	3,566,196.59	2,802,252.21	16,468,472.97	

Note 1: 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. 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. Interest expense calculated on actual interest rate basis is recognized as financial expense this year.

Note 2: 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 June 24, 2009. A financial support of RMB 5,500,000 has been given to this company to carry on the development of folio single paper print machine series with multiple colours – new style 1050. 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 1,650,000 and RMB 3,850,000 respectively. 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%) is used as discount rate. Interest expense calculated on actual interest rate basis is recognized as financial expense this year.

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Special payables (Continued)

Note 3: The Company transferred real estate which located at Fatou Factory area to its parent company, Beiren Group Corporation during 2010; hence Beiren Fuji relocated its production area into factory area of the Company. Beiren Group Corporation paid Beiren Fuji RMB 10,746,900 as relocation compensation. Up to Jun 30, 2011, there is relocation expenses RMB 3,380,300 left unpaid.

Note 4: Shaanxi Beiren Printing Machinery Company Limited, which is a subsidiary of the Company, invested to the industrial project of wide satellite-based high-speed flexo printing press. The increase of the period is the receipt of RMB 3,300,000 subsidy which is paid by Chinese government according to No. [2010]1842 "government budget for investment plans refers to industrial structure adjustment in 2010", issued by Shaanxi Province Development and Reform Commission.

25. Estimated liabilities

Item	Jan 1, 2011	Increase	Carry forward	Jun 30, 2011
Employee Compensation for Dismissal	592,807.38	0.00	0.00	592,807.38

26. Other non-current liabilities

Item	Jun 30, 2011	Jan 1, 2011
Relocation compensation	656,815.99	656,815.99
Interest discount of advanced flexo printing machine technology transformation project	578,369.91	578,369.91
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	338,106.31	338,106.31
Total	1,573,292.21	1,573,292.21

(1) Government subsidy

Category	Closing Balance		Those listed into current gain and loss	Return this year	Reason for return
	Those listed into other non-current liabilities	Those listed into other current liabilities			
Interest discount of advanced flexo printing machine technology transformation project	578,369.91	115,673.98			
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	338,106.31	84,526.58			
Total	916,476.22	200,200.56	-	-	-

27. Share capital

Shareholder's Name/Regimentation	Jan 1, 2011		Current changes					Jun 30, 2011	
	Amount	Ratio (%)	Issue new stock	Gifts share	Accumulation funds to equity	Others	Subtotal	Amount	Ratio (%)
Conditioning Stock									
State-owned Holdings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Un-conditioning Stock									
Common Stock (RMB)	322,000.00	76.30	0.00	0.00	0.00	0.00	0.00	322,000.00	76.30
Stock listed over-sea	100,000.00	23.70	0.00	0.00	0.00	0.00	0.00	100,000.00	23.70
Subtotal	422,000.00	100.00	0.00	0.00	0.00	0.00	0.00	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

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Capital reserve

Item	Jan 1, 2011	Increase	Decrease	Jun 30, 2011
Capital premium	517,305,478.93	0.00	0.00	517,305,478.93
Other capital reserve	5,572,298.94	0.00	0.00	5,572,298.94
Total	522,877,777.87	0.00	0.00	522,877,777.87

29. Surplus reserve

Item	Jan 1, 2011	Increase	Decrease	Jun 30, 2011
Statutory surplus reserve	43,172,707.88	0.00	0.00	43,172,707.88

30. Undistributed profits

Item	Amount	Ratio (%)
Undistributed Profits at The Year End	-243,051,077.92	
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	-243,051,077.92	
Add: net profit attributable to parent company this period	14,071,046.21	
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 Period End	-228,980,031.71	

31. Minority interest

Name Of Subsidiary	Proportion of Minority Interest (%)	Jun 30, 2011	Jan 1, 2011
Beiren Fuji print machinery Co., Ltd.	30.00	7,991,103.77	7,251,866.64
Beijing Beiren Jingyan Print Machinery Factory	0.24	16,196.74	19,384.75
Shaanxi Beiren printing machinery Co., Ltd.	13.76	9,993,096.93	8,842,163.05
Total		18,000,397.44	16,113,414.44

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Operating income and operating costs

Items	Jan-Jun 2011	Jan-Jun 2010
Main operating income	415,635,555.47	379,971,524.69
Other operating income	9,435,708.91	6,672,260.05
Total	425,071,264.38	386,643,784.74
Main operating costs	327,498,426.00	307,180,913.75
Other operating costs	2,752,799.44	4,663,014.20
Total	330,251,225.44	311,843,927.95

(1) Main operating income and costs (classified by products)

Item	Jan-Jun 2011		Jan-Jun 2010	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of hectograph machine	186,607,649.22	145,726,276.16	212,289,914.26	176,646,446.78
Sales of intaglio printing machine	175,938,007.88	133,455,169.12	139,237,198.64	106,208,776.04
Sales of form machinery	30,987,179.48	25,838,591.90	21,753,816.20	18,642,969.74
others	22,102,718.89	22,478,388.82	6,690,595.59	5,682,721.19
Total	415,635,555.47	327,498,426.00	379,971,524.69	307,180,913.75

(2) Main operating income and costs (classified by area)

Item	Jan-Jun 2011		Jan-Jun 2010	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Amount of domestic sales	404,371,332.13	319,933,860.14	367,845,121.84	299,175,227.16
Amount of foreign sales	11,264,223.34	7,564,565.86	12,126,402.85	8,005,686.59
Total	415,635,555.47	327,498,426.00	379,971,524.69	307,180,913.75

(3) The total sales income of the Company's top five clients is RMB 55,388,888.88, accounted 13.33% of the total sales income of the period.

33. Business tax

Items	Jan-Jun 2011	Jan-Jun 2010	Tax rate (%)
Business tax	993,877.09	236,377.91	Taxable income*5%/3%
Urban maintenance and construction tax	1,252,958.38	1,751,894.56	Turnover tax*5%/7%
Educational fees	543,849.74	763,824.14	Turnover tax*3%
Real estate tax	33,541.95	98,327.09	Original value of real estate*70%*1.2%
Land use fee	0.00	24,750.00	RMB 3.00/m ² or RMB 1.50/m ²
Total	2,824,227.16	2,875,173.70	

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Financial expenses

Item	Jan-Jun 2011	Jan-Jun 2010
Interest payment	5,083,518.99	9,332,066.97
Less: Interest income	380,306.22	388,941.93
Add: exchange loss	9,568.11	14,682.80
Add: other payment	252,433.99	362,746.67
Total	4,965,214.87	9,320,554.51

(1) Interest payment includes the following items:

Item	Jan-Jun 2011	Jan-Jun 2010
Bank loan	5,083,518.99	9,332,066.97

(2) Interest income includes the following items:

Item	Jan-Jun 2011	Jan-Jun 2010
Interest expense calculated on actual interest rate basis	380,306.22	388,941.93

35. Impairment loss of assets

Item	Jan-Jun 2011	Jan-Jun 2010
Bad debt loss	1,339,757.47	8,919,830.45

36. Investment income

(1) Resources of investment income

Item	Jan-Jun 2011	Jan-Jun 2010
Equity method of accounting for long-term equity investment income	13,103.26	211,196.23
Investment income of disposal of long-term equity investment	0.00	310,801.51
Total	13,103.26	521,997.74

There is no significant limit for the remittance back of investment income.

(2) Equity method of accounting for long-term equity investment income

Item	Jan-Jun 2011	Jan-Jun 2010	Reason of changes
Total	13,103.26	211,196.23	
Including:			
Beijing Beiyong Casting Company Limited	16,421.47	212,399.97	Reduce of profit
Beijing Monigraf Automations Co., Ltd.	-3,318.21	-1,203.74	Reduce of profit
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	0.00	0.00	

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Non-operating income

(1) Non-Operating Income

Item	Jan-Jun 2011	Jan-Jun 2010	Accounted into non-operating gains and loss
Gains from non-current capital disposal	350.00	82,614.53	350.00
Among which: Gains from fixed assets	350.00	82,614.53	350.00
Government subsidy	65,024.50	6,011,129.59	65,024.50
Gain of debt restructure	290,372.80	1,583,495.15	290,372.80
Other	1,004,522.37	15,298.38	1,004,522.37
Total	1,360,269.67	7,692,537.65	1,360,269.67

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

Item	Jan-Jun 2011	Jan-Jun 2010	Resource and basis
Social insurance subsidies for employment of rural labor	4,024.50	0.00	CZF (2007) No.26
Disability compensation	11,000.00	0.00	Disabled Persons' Federation
Important taxational corporation reward	50,000.00	0.00	Weinan No.[2011]11 "reward of commendation for important taxational corporation"
Employment and social insurance subsidy	0.00	941,591.48	JRSFF [2009] No. 1197 "Reply on Beiren Printing Machinery Holdings Limited and the other three companies' application for 2nd payment on employment subsidy and social insurance subsidy"
Employment and social insurance subsidy	0.00	703,001.06	Approved employment subsidy and social insurance subsidy
Employment and social insurance subsidy	0.00	3,708,800.88	JRSFF [2010] No.385 "Reply on the Beijing Elcoteq Electronics Co., Ltd and the other four companies' application for 2nd and 3rd payment on employment subsidy and social insurance subsidy"
Contract of Shaanxi Provincial "13115" science and technology innovation programme	0.00	138,188.53	Shaanxi Provincial Yan Zheng Zhuan Zi [2009] No.25 Verification report of "13115" science and technology innovation programme
Employment and social insurance subsidy	0.00	402,714.81	Reply on appropriating stable employment career and social insurance subsidy to Beijing Beiren Fuji Printing Machinery Co., Ltd.
Employment and social insurance subsidy	0.00	116,832.83	JRSFF (2010) No.117 Reply on appropriating stable employment career and social insurance subsidy to Beiren Jingyan.
Total	65,024.50	6,011,129.59	

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Non-operating expenses

Item	Jan-Jun 2011	Jan-Jun 2010	Accounted into non-operating gains and loss
Loss from non-currency asset disposal	226,673.15	105,576.78	226,673.15
Among which: Loss from fixed assets	226,673.15	105,576.78	226,673.15
others	70,963.10	242,335.56	70,963.10
Total	297,636.25	347,912.34	297,636.25

39. Income tax expense

Item	Jan-Jun 2011	Jan-Jun 2010
Income tax for current year	0.00	102,651.31
Chinese enterprise income tax	0.00	102,651.31
Deferred tax expenses	117,848.82	0.00
Total	117,848.82	102,651.31

40. The calculating procedure of basic EPS and diluted EPS

Item	Number	Jan-Jun 2011	Jan-Jun 2010
Net profit for equity holders of the Company	1	14,071,046.21	-14,968,604.70
Net profit of extraordinary items for equity holders of the Company	2	785,697.72	7,545,789.40
Net profit for equity holders of the Company after extraordinary items	3=1-2	13,285,348.49	-22,514,394.10
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	8		
Share decrease			
Number of months from next month to the end of the reporting period	9		
Number of shares decreased by shrinking	10		
Number of Months in the reporting period	11	6	6
Ordinary shares on weighted average basis	12=4+5+6×7÷11-8×9÷11-10	422,000,000.00	422,000,000.00
Basic earnings per share (I)	13=1÷12	0.03	-0.04
Basic earnings per share (II)	14=3÷12	0.03	-0.05
Dividends of diluted convertible ordinary shares as expense	15		
Conversion expense	16		
Income tax	17		
Number of shares increased by options or warrants	18		
Diluted earnings per share (I)	19=[1+ (15-16)× (1-17)]÷ (12+18)	0.03	-0.04
Diluted earnings per share (II)	19=[3+ (15-16)× (1-17)]÷ (12+18)	0.03	-0.05

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Cash flow

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

1) Other cash received related to operation activity

Item	Jan-Jun 2011
Interest income	358,694.59
Receive Financial project funding	14,788,024.50
Guarantee payment	1,322,000.00
Return of payment made by others for the Company	2,244,086.79
Receive social insurances from social insurance bureau	318,624.40
Sales of materials and disposal of old and obsolete materials	108,105.65
Others	585,900.64
Total	19,725,436.57

2) Other cash payment related to operation activity

Item	Jan-Jun 2011
Office, conference and travelling fee	4,853,661.22
Installation & Commissioning fee	3,143,376.18
Relocation expenses	981,926.00
Trademark usage fee	1,798,423.20
Agency fee	2,319,295.15
Advertising and exhibition fee	1,351,441.60
Three responsibility fee for products	925,188.13
Transportation fee	1,331,288.77
Entertainment fee	1,057,530.97
Sales commission	617,640.00
Bidding guarantee	2,718,237.22
Sales commission	650,000.00
Others	4,089,838.62
Total	25,837,847.06

3) Cash received related to other funding raising activity

Item	Jan-Jun 2011
Bank guarantee and letter of guarantee	8,537,623.16

4) Cash paid related to other funding raising activity

Item	Jan-Jun 2011
Expense for financing from bank	93,800.00
Bank guarantee and letter of guarantee	4,744,938.72
Total	4,838,738.72

FINANCIAL STATEMENTS (UNAUDITED)

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Cash flow (Continued)

(2) Supplement information of consolidated cash flow

Item	Jan-Jun, 2011	Jan-Jun, 2010
1. Cash flow from operating activities		
Net profit	15,958,029.21	-14,641,501.92
Add: Provision on the impairment of assets	1,339,757.47	8,919,830.45
Depreciation of fixed asset	17,288,603.30	19,743,257.68
Amortization of intangible asset	1,348,080.50	1,403,297.97
Amortization of long-term prepaid expenses	0.00	33,000.00
Loss from disposal on fixed asset, intangible assets, and other long term asset ("-"if revenue)	226,323.15	22,962.25
Loss of fixed asset disposal ("-"if revenue)	0.00	0.00
Gain or loss from changes in fair value ("-"if revenue)	0.00	0.00
Financial expenses ("-"if revenue)	5,083,518.99	9,332,066.97
Loss from investment ("-"if revenue)	-13,103.26	-521,997.74
Decrease in deferred tax assets ("-"if increase)	117,848.82	0.00
Increase in deferred tax liability ("-"if decrease)	0.00	0.00
Decrease in inventory ("-"if increase)	-5,444,441.69	51,112,140.42
Decrease of accounts receivable ("-"if increase)	-22,848,131.00	5,022,364.61
Increase of accounts payable ("-"if decrease)	-39,626,437.46	-105,013,835.11
Others	0.00	0.00
Net cash flow from operating activity	-26,569,951.97	-24,588,414.42
2. Cash flow from financing activity:		
Debts transferred into capital		
Corporation debenture with maturity less than one year		
Financing leased fixed asset		
3. Changes in cash and cash equivalent:		
Ending balance of cash	81,805,110.19	75,086,088.02
Less: beginning balance of cash	110,505,385.35	111,849,650.31
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	-28,700,275.16	-36,763,562.29

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

Item	Jan-Jun, 2011	Jan-Jun, 2010
Relevant information of disposed subsidiaries and other business units		
1. Price of disposed subsidiary and other business units	0.00	350,000.00
2. Disposal of subsidiaries and other business units received in cash and cash equivalents	0.00	350,000.00
Less: subsidiaries and other business units held cash and cash equivalents	0.00	305,333.49
3. Net cash receipts from disposal of subsidiaries and other business units	0.00	44,666.51
4. Disposal of subsidiaries' net asset	0.00	57,728.63
Current assets	0.00	31,125,874.67
Non-current assets	0.00	12,144,172.89
Current liabilities	0.00	43,212,318.93
Non-current liabilities	0.00	0.00

(4) Cash and cash equivalents

Item	Jan-Jun, 2011	Jan-Jun, 2010
Cash	81,805,110.19	75,086,088.02
Including: cash on hand	37,110.93	14,513.62
Bank deposit available to make payments	81,767,999.26	75,071,574.40
Cash equivalents	0.00	0.00
Cash and cash equivalents at the end of the year	81,805,110.19	75,086,088.02
Including: Restricted cash and cash equivalent for parent Company or subsidiary inside the group company	0.00	0.00

FINANCIAL STATEMENTS (UNAUDITED)

IX. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

1. Related parties relationship

(1) Parent companies and ultimate controlling parties

a) Background

Name	Ownership	Place of register	Business Scope	Legal represent-tative	Code of the Organization
Beiren Corporation Group	Whole people owned	44# Guangqu Venue Chaoyang District Beijing	Sales and manufacture of printing machinery, packaging machinery, series products of machine tool and components, technology development, technology advisory etc.	Zhao Guorong	10110132-9
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	Unique State-owned	59# Zhong Venue Dongsanhuan Chaoyang District Beijing	Operation and management of authorized State capital; property right (stock right) operation; financing and investing money from foreign countries.	Ren Yaguang	633686217

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

Name	Jan 1, 2011	Increase	Decrease	Jun 30, 2011
Beiren Corporation Group	17,126.70	0.00	0.00	17,126.70
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	163,454.55	0.00	0.00	163,454.55

c) Shareholding (RMB 0,000)

Name	Amount of Share holding		Percentage of Share holding (%)	
	Jun 30, 2011	Jan 1, 2011	Jun 30, 2011	Jan 1, 2011
Beiren Corporation Group	20,162.00	22,264.00	47.78	52.76

(2) Subsidiaries

a) Background

Name	Nature	Registration Location	Operating Scope	Legal person	Organisation number
Shaanxi Beiren Printing Machinery Company Limited	Limited Liability company	Weinan City, Shaanxi Province	Manufacture, sale and maintain printing machines, packing machines, engineering machines and electrical equipments and relevant fittings, manufacture and sale typesetting machines and printing machines	Zhang Peiwu	709915814
Beijing Beiren Fujii Printing Machinery Co., Ltd.	Sino-Foreign Equity Joint Venture Enterprise	Chaoyang District, Beijing City	Manufacture printing machines, sale self-manufactured products	Zhang Peiwu	600040954
Beijing Beiren Jinyan Printing Machinery Factory	Joint stock company	Yanqing Country, Beijing City	Manufacture printing machines and relevant components provide relevant technical consulting services	Kong Dagang	103047696

FINANCIAL STATEMENTS (UNAUDITED)

IX. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

1. Related parties relationship (Continued)

(2) Subsidiaries (Continued)

b) Registered capital

Name	Jan 1, 2011	Increase	Decrease	Jun 30, 2011
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
Beijing Beiren Jinyan Printing Machinery Factory	21,050,000.00	0.00	0.00	21,050,000.00

c) Shareholding

Name	Amount of Shareholding		Percentage of Shareholding (%)	
	Jun 30, 2011	Jan 1, 2011	Jun 30, 2011	Jan 1, 2011
Shaanxi Beiren Printing Machinery Co., Ltd.	99,180,000.00	99,180,000.00	86.24	86.24
Beijing Beiren Fuji Printing Machinery Co., Ltd.	29,632,699.26	29,632,699.26	70.00	70.00
Beijing Beiren Jinyan Printing Machinery Factory	21,000,000.00	21,000,000.00	99.76	99.76

(3) Associations

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

(4) Other related parties

Relationship	Name	Transaction	Organisation number
Under the same parent company	Global Industrial Supply Co., Ltd.	Goods sales	101628956

2. Related-party transactions

(1) Purchase of goods or accepting service

Name	Nature	Jan-Jun 2011		Jan-Jun 2010	
		Amount	Percent (%)	Amount	Percent (%)
Parent company					
Beiren Corporation Group	Trademark use fee	1,676,530.99	100.00	1,915,642.71	100.00
Associated companies					
Beijing Monigraf Automations Co. Ltd.	Purchase	10,751,931.34	17.49	7,269,213.91	6.48
Beijing Beiyong Casting Co. Ltd.	Purchase	9,384,235.23	15.27	3,228,380.79	2.88
Total		21,812,697.56		12,413,237.41	

Pricing policies on Related-party transactions is in accordance with the agreement price.

FINANCIAL STATEMENTS (UNAUDITED)

IX. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

2. Related-party transactions (Continued)

(2) Sales of goods

Name	Nature	Jan-Jun 2011		Jan-Jun 2010	
		Amount	Percent (%)	Amount	Percent (%)
Parent company					
Associated companies					
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	Sales workpiece	6,492,177.40	86.51	0.00	0.00
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	Agent Sales	6,600,000.00	76.49	0.00	0.00
Other related parties					
Global Industrial Supply Co., Ltd.	Sales of spare parts	6,443,199.14	78.80	0.00	0.00
Total		19,535,376.54		0.00	

Pricing policies on Related-party transactions is in accordance with the agreement price.

(3) Rental

Lessor	Lessee	Assets rental information	Start date	Expire date	Rental income in current period	Basis of income
The Company	Beijing Beiyong Casting Co. Ltd.	Land, housing	2011-1-1	2011-12-31	2,203,532.34	Agreement price
The Company	Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co. Ltd	housing	2007-5-1	2011-12-31	5,845,888.65	Agreement price
The Company	Beijing Monigraf Automations Co. Ltd.	housing	2011-1-1	2011-12-31	11,982.68	Agreement price

(4) Entrust loans with related parties

Name of related party	Amount	Start date	Expire date	Note
Beijing Jingcheng Machinery Electrical Holding Co., Ltd.	35,500,000.00	2011-2-28	2012-2-28	Refer to VIII.5
Beijing Jingcheng Machinery Electrical Holding Co., Ltd.	55,000,000.00	2011-3-22	2012-3-22	Refer to VIII.5
Beijing Jingcheng Machinery Electrical Holding Co., Ltd.	44,500,000.00	2011-3-28	2012-3-28	Refer to VIII.5
Beijing Jingcheng Machinery Electrical Holding Co., Ltd.	15,000,000.00	2010-9-16	2011-9-15	Refer to VIII.5

3. Balance of related-party transactions

(1) Accounts receivable of related parties

Item	Jun 30, 2011		Jan 1, 2011	
	Amount	Bad debts	Amount	Bad debts
Associated companies				
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	0.00	0.00	1,793,559.08	0.00
Beijing Monigraf Automations Co. Ltd.	25,061.40	0.00	0.00	0.00
Company under common control				
Haimen Beiren Fuji Printing Machinery Company Limited	0.00	0.00	232,896.78	0.00
Other related parties				
Global Industrial Supply Co., Ltd.	6,938,530.12	0.00		
Total	6,963,591.52	0.00	2,026,455.86	0.00

Note: As of 26 Jul 2011, the Company has collected accounts receivable amounting to RMB6,938,530.12 Yuan from Global Industrial Supply Co., Ltd.

FINANCIAL STATEMENTS (UNAUDITED)

IX. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

3. Balance of related-party transactions (Continued)

(2) Others receivable of related parties

Item	Jun 30, 2011		Jan 1, 2011	
	Amount	Bad debts	Amount	Bad debts
Parent company				
Beiren Corporation Group	0.00	0.00	1,629,191.08	0.00
Associated companies				
Beijing Monigraf Automations Co., Ltd.	0.00	0.00	150,993.00	0.00
Company under common control				
Haimen Beiren Fuji Printing Machinery Company Limited	0.00	0.00	145,832.93	0.00
Total	0.00	0.00	1,926,017.01	0.00

(3) Accounts payables of related parties

Item	Jun 30, 2011	Jan 1, 2011
Parent company		
Beiren Corporation Group	15,118.69	0.00
Associated companies		
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	0.00	20,651,316.66
Beijing Monigraf Automations Co. Ltd.	11,171,930.71	3,470,983.15
Beijing Beiyong Casting Co. Ltd.	2,680,133.58	2,000,000.00
Total	13,867,182.98	26,122,299.81

(4) Others payable of related parties

Item	Jun 30, 2011	Jan 1, 2011
Parent company		
Beiren Corporation Group	1,125,427.35	1,247,319.56
Haimen Beiren Fuji Printing Machinery Company Limited	21,270.29	0.00
Total	1,146,697.64	1,247,319.56

(5) Entrust loans with related parties

Item	Jun 30, 2011	Jan 1, 2011
Parent company		
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	150,000,000.00	70,000,000.00

(6) Special payables

Item	Jun 30, 2011	Jan 1, 2011
Parent company		
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	9,885,005.30	9,618,808.71

X. SHARE-BASED PAYMENT

As of Jun 30, 2011, the Company has no share-based payment.

XI. CONTINGENCIES

- As of Jun 30, 2011, the company involving one pending litigation with an amount of RMB9,730,000.00 Yuan.
- There was no other significant contingent event for the Company in the current accounting period in addition to the existence or the things mentioned above.

FINANCIAL STATEMENTS (UNAUDITED)

XII. COMMITMENTS

1. Matters of major commitments

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

As of Jun 30, 2011 (T), the Company made commitments on the amount of the non-revocable operating lease and financial lease as to renting the land of Beiren Group Corporation:

Period	Operating Lease	Financing Lease
Year T+1	850,000.00	0.00
Year T+2	850,000.00	0.00
Year T+3	850,000.00	0.00
Later than Year T+3	2,550,000.00	0.00
Total	5,100,000.00	0.00

(2) Other significant financial commitments

The Company and its parent company Beiren Group Corporation signed a trademark usage license contract, Beiren Group Corporation authorized the company to use its own "Beiren Pai" brand trademark, the company committed to pay Beiren Group Corporation 1% of the trade mark product sales revenue annually as the mark of the quarter royalties respectively. By each year, the trademark usage fees shall not be less than RMB 15,000 not more than RMB 6,000,000.00.

2. As of Jun 30, 2011, the Company has no other significant issues happened in addition to these commitments above.

XIII. AFTER BALANCE SHEET DATE EVENTS

- In accordance with Reply on contract regulations expiration applied by Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. [No.JJGSZ (2011)46] issued by Beijing Economic Technology Development Zone Management Committee, affiliated company of the Company, Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. was agreed to expire the joint venture contract and regulations to liquidate. This Company shall handle the cancellation in compliance with relevant laws. As of Jun 30, 2011, The Company is in liquidation.
- There was no other significant contingent event for the company in the current accounting period in addition to the existence or the thing mentioned above.

XIV. SEGMENT INFORMATION

More than 90% of the revenues and profits of the company from domestic manufacture and sale of the presses, so the company's management consider there is no need for the Segment Information.

XV. OTHER SIGNIFICANT EVENTS

1. Non-currency assets exchange

As of Jun 30, 2011, there was no non-currency assets exchange that needed to be disclosed by the Company.

2. Debt restructure

As of Jun 30, 2011, the Company had no debt restructuring.

3. Leasing

(1) Operating leased assets (Operating lease lessor)

Types of Operating leased assets	Jun 30, 2011	Jan 1, 2011
Land	16,490,554.52	16,674,806.38
Housing and Building	92,274,878.87	94,948,721.94
Total	108,765,433.39	111,623,528.32

(2) Significant lease payments under operating leases (operating lease lessee)

Remaining lease term	Minimum lease payment
Less than 1year	850,000.00
1-2 years	850,000.00
2-3years	850,000.00
More than 3 years	2,550,000.00
Total	5,100,000.00

XVI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's major financial instruments include loans, accounts receivable, accounts payable, financial assets for trading, financial liabilities for trading etc. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objective is to strike a balance between risks and return, reduce the negative impact arising from the risk of the Company's operations results, and maximize the benefits of interests of shareholders and other investors. Based on the risk management objectives, the Company's risk management basic strategy is to identify and analyze the various risks faced by the Company, to assess the maximum bearable risk and to manage risk properly, and timely and reliable monitor the risks for controlling that within a limited range.

(1) Market risk

1) Currency risk

Currency risk arised from the loss account for change of exchange rate.

The Company is mainly exposed to USD. The Company's main operation is settled by RMB, except several subsidiaries of the Company have US dollar sales and purchases. On Jun 30, 2011, the Company's monetary assets and monetary liabilities were in RMB, except the balances were in USD, EURO and HKD in the following sheet. The currency risk arising from the assets and liabilities were in USD may affect the results of the Company's operation.

Item	Jun 30, 2011	Jan 1, 2011
Cash	210,082.21	3,005,230.82
USD	76,023.33	2,884,591.52
EURO	19,961.34	1,511.54
JPY	50,555.03	54,117.12
HKD	63,542.51	65,010.64
Accounts Receivables	495,923.45	468,610.00
USD	495,923.45	468,610.00
Other Receivables	10,305,296.52	10,305,296.52
HKD	10,305,296.52	10,305,296.52
Advances to Suppliers	2,449.91	1,684,496.74
USD	1,801.11	0.00
EURO	0.00	215,586.76
JPY	648.80	1,468,909.98
Accounts Payables	113,034.40	128,708.53
JPY	113,034.40	128,708.53
Advances from Customers	4,281,869.94	5,386,356.28
USD	4,263,304.14	5,278,934.59
EURO	18,565.80	107,421.69
Total	15,408,656.43	20,978,698.89

The Company pays attention to the effect arising from the exchange rate changes closely. The Company does not currently take any measures to avoid foreign exchange risk.

- 2) The Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings and loans as detailed in Notes VIII 1 and 15 respectively. The Company historically has not used any financial instrument to hedge potential fluctuations in interest rates as the term of borrowings is mainly within one year, the exposure of interest risk for fair value is limited.

The Company is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and bank deposits and balances as detailed in Notes VIII 1 and 15 respectively. It is the Company's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the RMB Base Lending/Deposit Rate stipulated by the People's Bank of China arising from the Group's RMB denominated borrowings and bank deposits and balances.

(2) Credit Risk

As at June 30, 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arised from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the financial guarantee borne by the Group. These include:

The carrying amount of financial assets recognised in the consolidated statement of financial position; For the financial assets measured by the fair value, the carrying amount reflects the risk exposure, but the maximum risk exposure will vary in accordance with the future fail value.

FINANCIAL STATEMENTS (UNAUDITED)

XVI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (Continued)

(2) Credit Risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counter-parties are highly rated banks.

As the Group's risk exposure is distributed by multiple contractors and multiple clients, as at June 30, 2011, the Group's accounts receivables of the largest client and the top five clients accounted for 4.51% (2010: 4.35%) and 13.33% (2010: 18.15%) of the total accounts receivables as at June 30, 2011. Therefore, the Group has no significant concentrated credit risk.

2. Fair Value

The fair value of financial assets and financial liabilities are determined in accordance with the followings:

The fair value of financial assets and financial liabilities with standard terms and conditions and there is an active market, which are determined by the current bid price and asking price with reference with corresponding active market.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of derivatives are determined by the public offer in the active market.

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

1. Accounts receivable

(1) Classification

Item	Jun 30, 2011				Jan 1, 2011			
	Balance Amount	Proportion %	Provision for bad debts Amount	Proportion %	Balance Amount	Proportion %	Provision for bad debts Amount	Proportion %
Individual receivables above significant level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables for which provision of bad debts made on basis of combinations	-	-	-	-	-	-	-	-
Combination based on age accounts	237,229,793.42	94.42	76,033,249.38	32.05	220,187,730.53	92.94	74,086,765.53	33.65
Individual receivables below significant level	14,012,521.65	5.58	8,233,000.00	58.75	16,733,898.77	7.06	8,233,000.00	49.20
Total	251,242,315.07	-	84,266,249.38	-	236,921,629.30	-	82,319,765.53	-

Receivables for which provision of bad debts made on the basis of age accounts.

Item	Jun 30, 2011			Jan 1, 2011		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	135,003,922.28	0.00	0.00	104,268,065.09	0.00	0.00
1-2 years	17,530,700.34	30.00	5,259,210.12	47,549,397.53	30.00	14,264,819.26
2-3 years	34,802,828.84	60.00	20,881,697.30	21,370,804.09	60.00	12,822,482.45
Over 3 years	49,892,341.96	100.00	49,892,341.96	46,999,463.82	100.00	46,999,463.82
Total	237,229,793.42	-	76,033,249.38	220,187,730.53	-	74,086,765.53

(2) Individual receivables below significant level at the end of period

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	8,233,000.00	8,233,000.00	100.00	Difficult to collect balance payment
Note 2	5,779,521.65	0.00	0.00	
Total	14,012,521.65	8,233,000.00	-	-

Note 1: The Company made impairment provisions on five accounts receivables amounting to RMB 8,233,000.00 Yuan which is longer in age and difficult to collect.

Note 2: The Company didn't make bad debts provisions on three accounts receivables amounting to RMB 5,779,521.65 Yuan with related parties.

FINANCIAL STATEMENTS (UNAUDITED)

XVII. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (CONTINUED)

1. Accounts receivable (Continued)

- (3) There is no reversal of bad debts provisions this year.
- (4) The actual write-off of accounts receivable is amounted to RMB 283,273.62 Yuan in the current period.
- (5) There is no accounts receivable from the shareholdings over 5% (incl. 5%) of the Company.
- (6) The top 5 of the end balance of accounts receivable are as follows:

Company Name	Relationship	Amount	Age	Proportion in accounts receivable (%)
Zhongti (Beijing) Colour Printing Co., Ltd.	Customer	17,360,000.00	2-3 years	6.91
Linyi Daily	Customer	12,370,000.00	Within 1 year	4.92
Shanxi Printing Materials Corporation	Customer	8,273,065.60	Within 1 year	3.29
Suzhou Daily	Customer	7,618,800.00	Within 1 year	3.03
Chengdu Beiren Printing Materials Corporation	Customer	6,829,999.94	2-3 years	2.72
Total	-	52,451,865.54	-	20.87

- (7) The end balance of accounts receivable due from related parties:

Company name	Relation with the Company	Amount	Proportion of total amount (%)
Global Industrial Supply Co., Ltd.	Company under common control	6,938,530.12	2.76
Beijing Beiren Jingyan Printing Machinery Factory	Subsidiary	5,320,773.05	2.12
Beijing Monigraf Automations Co., Ltd.	Associated company	25,061.40	0.01
Total		12,284,364.57	4.89

2. Other receivables

(1) Classification

Item	Jun 30, 2011				Jan 1, 2011			
	Balance Amount	Proportion %	Provision for bad debts Amount	Proportion %	Balance Amount	Proportion %	Provision for bad debts Amount	Proportion %
Individual other receivables above significant level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables of which provision of bad debts made by groups	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Individual other receivables below significant level	25,518,966.27	100.00	12,188,521.90	47.76	21,594,731.47	100.00	12,188,521.90	56.44
Total	25,518,966.27	-	12,188,521.90	-	21,594,731.47	-	12,188,521.90	-

Individual other receivables below significant level at the end of period.

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	12,188,521.90	12,188,521.90	100.00	Difficult to collect balance payment
Note 2	13,330,444.37	0.00	0.00	
Total	25,518,966.27	12,188,521.90	-	-

Note 1: the Company made provisions on five other receivables amounting to RMB 12,188,521.90 Yuan which is longer in age and difficult to collect.

Note 2: for reservation fund of employees which amounting to RMB 13,330,444.37 Yuan, the Company didn't make bad debts provisions.

FINANCIAL STATEMENTS (UNAUDITED)

XVII. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (CONTINUED)

2. Other receivables (Continued)

(2) The end balance of accounts receivable from the shareholdings over 5% (incl. 5%) of the Company:

Company	Jun 30, 2011		Jan 1, 2011	
	Amount	Provision for bad debts	Amount	Provision for bad debts
Beiren Corporation Group	0.00	0.00	1,543,308.91	0.00

(3) Other receivables in large amount at the end of the period are as follows:

Company name	Relation with the Company	Amount	Arrears period	Proportion of total amount (%)	Nature
Southeast Asia	Customer	9,088,241.00	Over 3 years	35.61	Receivables
Beijing Beiren Jinyan Printing Machinery Factory	Subsidiary	813,111.13	2-3 years	3.19	Prepaid salary and insurance
Heating company	Heat suppliers	670,000.00	Over 3 years	2.63	Cash pledge
Total		10,571,352.13		41.43	

(4) The end balance of accounts receivable due from related parties:

Company name	Relation with the Company	Amount	Proportion of total amount (%)
Beijing Beiren Jinyan Printing Machinery Factory	Subsidiary	813,111.13	3.19

(5) Ending balance of accounts receivable in foreign currency of account receivable:

Foreign currency	Jun 30, 2011			Jan 1, 2011		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
HKD	10,305,296.52	0.8316	9,088,241.00	10,305,296.52	0.8509	9,088,241.00

3. Long-term equity investment

(1) Long-term equity investments

Item	Jun 30, 2011	Jan 1, 2011
Calculated long-term equity investment according to cost method	149,812,699.26	149,812,699.26
Calculated long-term equity investment according to rights and interests method	15,580,187.62	15,567,084.36
Sum of long term stock rights investment	165,392,886.88	165,379,783.62
Less: provision of devaluation for long-term equity investment	0.00	0.00
Net value of long-term equity investment	165,392,886.88	165,379,783.62

FINANCIAL STATEMENTS (UNAUDITED)

XVII. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (CONTINUED)

3. Long-term equity investment (Continued)

(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								
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
Beijing Beiren Jingyan Print Machinery Factory	99.76	99.76	21,000,000.00	21,000,000.00	0.00	0.00	21,000,000.00	0.00
Shaaxi 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
Subtotal			149,812,699.26	149,812,699.26	0.00	0.00	149,812,699.26	0.00
Equity Method								
Beijing Monigraf Automations Co., Ltd.	49	49	3,675,000.00	8,957,839.15	0.00	3,318.21	8,954,520.94	0.00
Beijing Beiyang Casting Co. Ltd.	20	20	1,136,000.00	6,609,245.21	16,421.47	0.00	6,625,666.68	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
Subtotal			27,351,000.00	15,567,084.36	16,421.47	3,318.21	15,580,187.62	0.00
Total			177,163,699.26	165,379,783.62	16,421.47	3,318.21	165,392,886.88	0.00

(3) Associated companies

Name of invested companies	Share-holding proportion (%)	Voting rights proportion (%)	Total net assets at the end of period	Total net Liabilities at the end of period	Balance at the end of period	Total operating income for the current period	Net income for the current period
Associations							
Beijing Monigraf Automations Co., Ltd.	49	49	21,622,262.12	3,669,682.54	17,952,579.58	5,939,900.02	-6,771.86
Beijing Beiyang Casting Company Limited	20	20	69,465,203.00	36,336,869.67	33,128,333.33	44,848,164.04	82,107.33
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	49	49	61,622,911.97	144,744,622.78	-83,121,710.81	24,303,036.86	-23,348,484.86
Total			152,710,377.09	184,751,174.99	-32,040,797.90	75,091,100.92	-23,273,149.39

4. Operating income and costs

Item	Jan-Jun, 2011	Jan-Jun, 2010
Operating income	202,357,536.23	204,685,664.31
Non-operating income	11,126,337.17	5,773,606.28
Total	213,483,873.40	210,459,270.59
Operating cost	163,417,979.66	171,035,467.65
Non-operating cost	2,224,415.71	3,824,259.30
Total	165,642,395.37	174,859,726.95

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

Item	Jun 30, 2011		Jan 1, 2011	
	Operating income	Non-operating income	Operating cost	Non-operating cost
Printing machine	186,607,649.22	145,726,276.16	203,607,008.26	169,691,881.99
Others	15,749,887.01	17,691,703.50	1,078,656.05	1,343,585.66
Total	202,357,536.23	163,417,979.66	204,685,664.31	171,035,467.65

(2) Total income from top five customers was RMB 39,730,769.22 Yuan represent 19.63% of total income.

FINANCIAL STATEMENTS (UNAUDITED)

XVII. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (CONTINUED)

5. Investment income

(1) Sources of investment income

Item	Jan-Jun 2011	Jan-Jun 2010
Investment income of long-term shareholding in equity method	13,103.26	211,196.23
Investment income of disposal of long-term shareholding investment	0.00	-15,050,000.00
Total	13,103.26	-14,838,803.77

There was no significant limit for remittance of investment income.

(2) Investment income of long-term shareholding in equity method:

Item	Jan-Jun 2011	Jan-Jun 2010	Reasons for movement
Total	13,103.26	211,196.23	
Among the total:			
Beijing Belying Casting Company Limited	16,421.47	212,399.97	Decrease in profit
Beijing Monigraf Automations Co., Ltd.	-3,318.21	-1,203.74	Decrease in profit
Beijing Mitsubishi Heavy Industries Beiren Printing	0.00	0.00	

6. Parents Income statement Supplementary Information

Item	Jan-Jun 2011	Jan-Jun 2010
1. Consolidate Net profit into Cash Flow From Operating Activities:		
Net Profit	6,528,509.22	-26,115,005.53
Add: Asset impairment	2,229,757.47	8,419,440.45
Depreciation – Fixed assets	13,298,164.54	15,247,562.79
Amortization – Intangible assets	1,119,109.64	1,027,521.20
Amortization – Long term deferred expenses	0.00	33,000.00
Loss from the sale of fixed assets, intangible assets and other long-term assets (earnings show as "-")	-350.00	-2,685,947.54
Loss of fixed assets scrapped (earnings show as "-")	0.00	0.00
Changes in fair value through profit or loss (earnings show as "-")	0.00	0.00
Finance expense (earnings show as "-")	2,262,529.93	6,302,002.40
Loss on Investment (earnings show as "-")	-13,103.26	14,838,803.77
Decrease on Deferred Income tax (increases show as "-")	0.00	0.00
Increase on Deferred Income tax (decreases show as "-")	0.00	0.00
Decrease on Inventory (decreases show as "-")	2,244,227.30	36,961,075.68
Decrease on Operating Receivables (increases show as "-")	-10,421,516.80	-18,347,345.23
Increase on Operating Payables (decreases show as "-")	-38,722,845.62	-74,778,805.90
Others	0.00	0.00
Net Value on Cash Flow From Operating Activities	-21,475,517.58	-39,097,697.91
2. Non-cash income and expenditure of the major investment and financing activities:		
Conversion of debt into capital		
Convertible corporate bonds-Due within 1 year		
Finance lease of fixed assets		
3. Net changes in cash and cash equivalents:		
Closing Balance of cash	50,500,667.89	50,382,832.16
Less: Opening Balance of cash	74,222,278.37	86,568,028.75
Add: Closing Balance of cash equivalents	0.00	0.00
Less: Opening Balance of cash equivalents	0.00	0.00
Net Increase on cash and cash equivalents	-23,721,610.48	-36,185,196.59

FINANCIAL STATEMENTS (UNAUDITED)

XVIII. SUPPLEMENTARY INFORMATION

1. Non-operating profit and loss statement

Item	Jan-Jun 2011	Jan-Jun 2010	Note
Profit and loss from Non current-assets	-226,323.15	-22,962.25	VIII.40, VIII.41
government subsidies in current profit and loss	65,024.50	6,011,129.59	VIII.40
Debt restructuring gains and losses	290,372.80	1,583,495.15	VIII.40
Impairment reversal on impairment tested receivables	0.00	0.00	VIII.3
Adjustment impact on the current profit and loss in according to the tax, accounting and other laws and regulations	0.00	0.00	
Profit and loss on transfer of holding long-term equity investment	0.00	310,801.51	VIII.39
Other non-operating income and expenses	933,559.27	-227,037.18	VIII.40, VIII.41
Sub-total	1,062,633.42	7,655,426.82	
Income tax effect	0.00	0.00	
Minority Interests effect (after tax)	276,935.70	109,637.42	
Total	785,697.72	7,545,789.40	

2. Returns on net assets and earnings per share

Profit for the reporting period	Weighted average (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit for equity holders of the parent company	1.87	0.03	0.03
Net profit for equity holders of the parent company after extraordinary items	1.77	0.03	0.03

XIX. 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 2011.



DOCUMENTS AVAILABLE FOR INSPECTION

1. Original copy of the interim report signed by the Chairman;
2. The financial statements signed and sealed 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 news, of which the website of Shanghai Stock Exchange and the HKExnews website of Hong Kong Stock Exchange;
4. The Articles of Association of the Company;
5. The above documents are available for inspection at Office of the Board of Directors of the Company, the address of which is No. 6 Rong Chang Kong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China.

Chairman:
Zhao Guorong
Beiren Printing Machinery Holdings Limited
27 July 2011