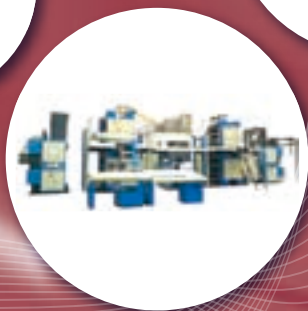




北人 北人印刷機械股份有限公司
BEIREN BEIREN PRINTING MACHINERY HOLDINGS LIMITED

(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
2012

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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) There were eleven directors of the Company eligible for attending meetings, nine of them attended the meetings. Mr. Teng Mingzhi, one of the non-executive Directors, and Ms. Wang Hui, one of the independent non-executive Directors, were absent from the meetings due to business engagements and authorized Mr. Zhang Peiwu, the chairman, and Mr. Wang Deyu, one of the independent non-executive Directors to be their proxies to vote on their behalf respectively.
- (3) The Interim Financial Report has not been audited.
- (4)

Person in charge of the Company	Zhang Peiwu
Name of Accounting Director	Jiang Chi
Name of Accounting Manager (Chief Accountant)	Qin Yu

Zhang Peiwu, the person in charge of the Company, Jiang Chi, Accounting Director, and Qin Yu, Accounting Manager (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	Zhang Peiwu

(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				Stock abbreviation before changes
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	北人股份
H Shares	The Stock Exchange of Hong Kong Limited	BEIREN PRINTING	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	1,492,771,944.89	1,485,441,846.03	0.49
Owner's interests (or shareholders' interests)	724,413,639.68	756,382,308.67	-4.23
Net assets per share attributable to shareholders of listed company (RMB/share)	1.72	1.79	-3.91
	For the reporting period (January – June)	For the same period last year	Unit: RMB Increase(+)/ decrease(-) %
Operating profit	-33,083,053.94	15,013,244.61	-320.36
Total profit	-31,469,494.84	16,075,878.03	-295.76
Net profit attributable to shareholders of the listed company	-31,968,668.99	14,071,006.21	-327.19
Net profit attributable to shareholders of the listed company after extraordinary items	-33,398,003.60	13,285,348.49	-351.39
Basic earnings per share (RMB)	-0.08	0.03	-366.67
Basic earnings per share after extraordinary items (RMB)	-0.08	0.03	-366.67
Diluted earnings per share (RMB)	-0.08	0.03	-366.67
Return on net assets on weighted average basis (%)	-4.32	1.87	Decreased by 6.19 percentage points
Net cash flow from operating activities	-67,056,225.47	-26,569,951.97	N/A
Net cash flow per share from operating activities (RMB)	-0.16	-0.06	N/A

2. Extraordinary items and amount:

Extraordinary	Unit: RMB Amount
Profit/loss from disposal of non-current assets	-955,658.70
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the ordinary operations of the Company which were accounted for in certain standard amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state)	2,215,600.28
Other non-operating income/expenses save for the above	353,617.52
Effect on minority interests (after tax)	-184,224.49
Total	1,429,334.61

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

(1) CHANGES IN SHAREHOLDING

	Before the change		Issue of new shares	Bonus issues	Conversion from reserve	Increase (+)/decrease (-)		After the change	
	Number	Percentage (%)				Others	Sub-total	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				0	0	422,000,000	100

Other disclosure deemed necessary by the Company or required by securities regulatory authorities

The Company received a notice from Beijing Jingcheng Machinery Electric Holding Co., Ltd., the beneficial controller of the Company, and Beiren Group Corporation, the controlling shareholder of the Company on 18 June 2012, that after consideration and approval at the board meeting of Beijing Jingcheng Machinery Electric Holding Co., Ltd., it was agreed that through transfer at nil consideration, Beijing Jingcheng Machinery Electric Holding Co., Ltd. will acquire 201,620,000 shares of the Company held by Beiren Group Corporation, which represents 47.78% of the Company's total share capital. After the state-owned shareholding transfer is implemented, Beiren Group Corporation will no longer hold any shares of the Company, and Beijing Jingcheng Machinery Electric Holding Co., Ltd. will be the controlling shareholder of the Company.

The Securities and Futures Commission of Hong Kong has approved such acquisition and confirmed that Beijing Jingcheng Machinery Electric Holding Co., Ltd. is not required to perform the obligation of making a general offer in respect of such state-owned shareholding transfer. The transfer still requires the approval from State-owned Assets Supervision and Administration Commission of the State Council, approval from China Securities Regulatory Commission in respect of the acquisition report of the Company and grant of its waiver from the obligation of making a general offer by of Beijing Jingcheng Machinery Electric Holding Co., Ltd.

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

(2) STATUS OF SHAREHOLDERS AND THEIR SHAREHOLDING

1. Number of shareholders and their shareholding

Unit: share

Total number of shareholders at the end of the reporting period

16,958 (including: 16,873 A share holders, 85 H share holders)

Name of shareholder	Nature of shareholder	Percentage in share capital (%)	Number of shares held	Increase/decrease during the reporting period	Number of share-holdings subject to trading moratorium	Number of Shares pledged or frozen
Beiren Group Corporation	State-owned legal person	47.78	201,620,000	0	0	None
HKSCC NOMINEES LIMITED	Unknown	23.37	98,603,199	60,000	0	Unknown
CITIC Trust Co.,Ltd-0808 Quanpei 03	Unknown	0.72	3,021,542	0	0	Unknown
China Foreign Economic and Trade Trust Co. Ltd. – Guomiao Phase 1 Trust Scheme	Unknown	0.54	2,280,800	-16,000	0	Unknown
Beijing Tonglong Investment Consulting Co., Ltd.	Unknown	0.31	1,290,551	0	0	Unknown
Zhan Chunxin	Unknown	0.21	900,000	0	0	Unknown
Wu Zhiqiang	Unknown	0.19	820,000	0	0	Unknown
Wu Guangli	Unknown	0.18	769,831	769,831	0	Unknown
Li Hong	Unknown	0.18	766,000	766,000	0	Unknown
Tao Neng	Unknown	0.18	748,477	0	0	Unknown

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	98,603,199	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	2,280,800	Renminbi ordinary shares
Beijing Tonglong Investment Consulting Co., Ltd.	1,290,551	Renminbi ordinary shares
Zhan Chunxin	900,000	Renminbi ordinary shares
Wu Zhiqiang	820,000	Renminbi ordinary shares
Wu Guangli	769,831	Renminbi ordinary shares
Li Hong	766,000	Renminbi ordinary shares
Tao Neng	748,477	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 substantial 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 2012, 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 2012, 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	Options for shares in the Company held	No. of restricted shares granted
Zhang Peiwu	Chairman	0	0	0	0	-	0	0
Chen Bangshe	Director and General Manager	0	0	0	0	-	0	0
Teng Mingzhi	Non-executive Director	0	0	0	0	-	0	0
Wu Dongbo	Non-executive Director	0	0	0	0	-	0	0
Li Shenggao	Non-executive Director	0	0	0	0	-	0	0
Wei Li	Non-executive Director	0	0	0	0	-	0	0
Jiang Chi	Executive Director	0	0	0	0	-	0	0
Zhang Shuangru	Independent non-executive Director	0	0	0	0	-	0	0
Wang Hui	Independent non-executive Director	0	0	0	0	-	0	0
Xie Bingguang	Independent non-executive Director	0	0	0	0	-	0	0
Wang Deyu	Independent non-executive Director	0	0	0	0	-	0	0
Wang Liansheng	Chairman of Supervisory Committee	0	0	0	0	-	0	0
Guo Xuan	Supervisor	0	0	0	0	-	0	0
Wang Huiling	Supervisor	0	0	0	0	-	0	0
Jiao Ruifang	Secretary to the Board	0	0	0	0	-	0	0
Kong Dagang	Deputy General Manager	0	0	0	0	-	0	0
Chen Changge	Deputy General Manager	0	0	0	0	-	0	0
Xue Kexin	Deputy General Manager	0	0	0	0	-	0	0
Cheng Tianming	Deputy General Manager	0	0	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 2012, 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 2012.
- (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

1. The 2011 Annual General Meeting of the Company was held on 29 May 2012, at which the appointments of Mr. Chen Bangshe and Ms. Jiang Chi as additional Executive Directors of the Company, Ms. Wu Dongbo as additional Non-executive Director of the Company and Mr. Zhang Shuangru as additional Independent Non-executive Director of the Company were considered and approved.
2. The fourth meeting of the seventh Board of Directors was held on 15 March 2012, at which the appointments of Mr. Chen Bangshe as General Manager of the Company, Mr. Xue Kexin and Mr. Cheng Tianming as Deputy General Managers of the Company were considered and approved.
3. The second extraordinary meeting of the seventh Board of Directors was held on 12 January 2012, at which the resignation of Mr. Zhao Guorong as Director, Chairman, convener of Strategic Committee and member of Remuneration and Monitoring Committee of the Company and the appointment of Mr. Zhang Peiwu as Chairman of the Company were considered and approved.
4. The third extraordinary meeting of the seventh Board of Directors was held on 11 May 2012, at which the resignation of Mr. Xu Wencai as Independent non-executive Director, member of Strategic Committee and member of Nomination Committee of the Company was considered and approved.
5. The sixth meeting of the seventh Board of Directors was held on 5 July 2012, at which the appointments of Mr. Zhang Shuangru, Mr. Chen Bangshe and Ms. Jiang Chi as members of Strategic Committee under the Board and Mr. Zhang Shuangru as convener of Nomination Committee under the Board were considered and approved.

(1) DISCUSSION AND ANALYSIS OF OVERALL OPERATION DURING THE REPORTING PERIOD

1. Review for the first half of 2012

During the reporting period, with the weak growth of global economy, the potential threat to the world economy by the European debt crisis was intensified and International Monetary Fund further marked down its global growth forecast. Domestically, affected by macro-economic control of the central government, there was slowdown in growth of GDP as the government focused on economic restructuring and proactively controlled the growth rate. Coming down to manufacture of printing machinery, competition in the industry intensified. Renowned international manufacturers were facing with restructuring and consolidation, while in China, manufacturers in the industry was insufficient at the high-end and more than needed at the lower end. Sales of package printing and post-printing equipment were rising. Green and environmental friendly printing remained the main concerns.

Facing the intense business competition in domestic and international markets, the Company stayed alert to market changes and promptly adjusted marketing strategies by further strengthening technological innovation and product restructuring. By doing these, the Company developed a series of product in response to such changes and accommodated market demand to the best extent and enhanced its own competitiveness.

As at the end of the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB377,940,000 and the realized profit was RMB-31,968,700.

(1) Strengthen technological innovation and product restructuring to enhance competitiveness

During the reporting period, the Company strengthened technological innovation by establishing a mechanism that linked research and development and the market, which enabled the Company to promptly understand customers' needs and accelerated progress of research and development and production of new products. The Company also put efforts in digitalizing printing and transforming itself to package and green printing, so that competitiveness of its products was enhanced and a system of sustainable product development was established. K072, a state project of digital folio multi-colour offset press developed, has been put to operation. N556 two-colour press has passed its sample test and put to sale. B598 new type of printers has been fully developed and put to sale. Solution-free coater participated in exhibition.

(2) Strengthen market development to secure sales target

During the reporting period, the Company was committed to advance sales by innovating in sales mode and incentive mechanism, strengthening link between production and sales, quickening market responses and actively seeking points for breakthrough and voids in the market. It also promptly gave feedback to market information by proposing demand plan for products of the Company and worked with its research teams in market research and discussed with them about product development. These works laid a foundation for products of the Company entering newly sub-divided markets.

(3) Advancing establishment of "three bases" and supply chain to shorten production cycle

During the reporting period, the Company centred on market demand and strengthened its sales scheme. To enhance effectiveness and efficiency, it actively advanced construction of "three bases", put efforts in implementing management on material purchase with active business communication with and stringent examination on suppliers and grading on material purchased through the ERP system. It timely solved issues existed in production and maximized the shortening of production cycle by focusing on implementation of work requirements of securing orders and market share.

(4) Commence problem-solving on quality and techniques and increase supervision over the process of quality control to assume responsibility regarding quality

During the reporting period, the Company prioritized establishment of quality control system and continued its improvements of quality promotion project by strengthening inspection on discipline of workmanship, product quality and quality examination. It also carried out internal assessment and management assessment in accordance with ISO9000 and strictly assumed its responsibility regarding quality. All these contributed to the establishment of a positive operation mechanism for product quality which enhanced quality level of products, reduced quality loss and advanced effective operation of quality management system.

(5) Optimize management mode to enforce stringent management and input and enhance management standard

During the reporting period, through reinforced consolidated management and new systems, the Company comprehensively implemented a unified management of the "three plans" whereby production BOM and standards for scheduled production were actively improved and measures including internal control system and process management were established and implemented with a full utilisation of the ERP system. As a result, the Company further crystalized its focus and target for its responsibility and fortified foundation of its work. Based on the above, the Company smoothed balance and coordination among manufacturing resources which met the managerial target to secure, save resources and control input thereof and enhanced management standard of the Company.

(6) Strengthen management over capital and endeavor to reduce manufacturing and management costs

During the reporting period, the Company strengthened management over capital and budget and strictly controlled the three expenses and expenditure to better handle sales income and refund budget in advance and in their course, and to better analyze warnings arose so as to lower manufacturing costs of products and various management expenses. By means of informational management, it procured long-term and prompt supervision over various managerial and controlling standards to effectively fortify improvements made and enhance efficiency of its capital use.

(7) Strengthen safe production and commence thorough standardization of safe production to establish a long-term mechanism in this concern

During the reporting period, the Company comprehensively implemented safe production accountability system by signing an "acknowledgement of safe production target management responsibility" on every level, enhancing safe production awareness of all of its staff through means of "safety month" and others, on-site inspection and elimination of hidden safety problems and comprehensive governmental corporate activities of safe production standardization aimed at establishment of such standards.

2. Outlook for the second half of 2012

For the second half of 2012, as pressure on the global and domestic market will still be huge, economic growth will further slackened. Although the commencement of London Olympics may provide certain stimulation to Europe, international economies will remain uncertain as the potential influence from their debt crisis is yet to be up-rooted. The domestic market will continue to emphasize "structural adjustment, transitions and consumption". For the printing industry, impact on conventional press work from digital printing and distribution will stay and green and environmental friendly printing will remain the mainstream as globalization has been accelerating.

Facing with various opportunities and challenges, the Company will strengthen its technical innovation, optimize its product structure and enhance its product quality. With higher quality and lower price to win customers over, it will put efforts in development of market channels and innovation in marketing mode to meet its strategic goals. It will also enhance competitiveness of its products in all aspects through exploring resources and saving internally and seek innovation development externally, so that its overall capability will be enhanced.

(1) Further accelerate pace of technical innovation to advance generation renewal of products

The Company will further accelerate pace of product innovation. It will adhere to the idea of research-and-development-comes-first to carry out extensive technical exchange and cooperation within and across the border and intensify building of technical expert teams. Its technological itinerary will be optimized so that consistency and stability of product quality will be enhanced. It will aim at green and environmental friendly breakthrough and innovation and accelerate technical research and development in the package field and allocation of new functions, thus quicken generation replacement of its products.

(2) Implement meticulous measures and tighten management to lower costs and enhance efficiency

The Company will further improve alert mechanism of regular analysis and dynamic management. It will strengthen coordination and unification of the "three plans" and endeavor to reduce corporate operating costs. It will quicken stock turnover and deepen dynamic management over accounts receivable. It will also tighten basic corporate management to enhance efficiency of capital use and enhance management level to improve production efficiency.

(3) Strengthen and deepen market exploration to ensure annual sales target be met

The Company will carry out more market researches to grip market opportunities. It will put more resources in building marketing teams to enhance quality and quantity of market information gathered. It will also comprehensively consolidate organic integration between innovation of marketing means, method and policies and innovation of marketing concepts. These will enhance overall marketing power and ensure annual sales target to be met.

(4) Improve evaluation and incentive mechanism to enhance work efficiency

The Company will further improve its evaluation and incentive mechanism to build a long-term mechanism in this regard. It will also bring out a position accountability system, target management and budget management. Starting with these evaluation systems, regulations will be tightened and enforceability and working efficiency will be enhanced for a healthy and sustainable development.

(5) Accelerate establishment of the “three bases” to shorten production cycle and market response

The Company will further accelerate optimization of manufacturing framework and put more efforts in the establishment of the “three bases”. By promoting effective communication among departments including technical, marketing and production, it will continue to enhance and optimize establishment of its supply chain and shorten its production cycle and thus its reaction time to market demand and let it better serve the market. These will lay a foundation for long-term development of the Company.

(6) Re-consolidate assets held and existing businesses to increase profitability

The Company will further accelerate its efforts in improving and formulating its strategic development. By aligning its resources and businesses, it will better and effectively deploy its existing assets to actively develop new businesses so as to develop points for growth of profit and thus increase its overall capability.

(2) 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	176,194,363.54	152,358,746.02	-19.32	-5.58	4.5	Decreased by 21.85 percentage points
Sales of intaglio printing machine	159,745,230.08	120,517,474.99	0.69	-9.20	-9.69	Decreased by 4.39 percentage points
Sales of form machinery	26,716,746.81	21,824,726.29	-1.07	-13.78	-15.23	Decreased by 3.56 percentage points
Total	362,656,340.43	294,700,947.30	-9.16	-7.85	-3.38	Decreased by 12.83 percentage points

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

3. Principal operation by geographical segment

Unit: RMB

Region	Operating income	Increase/Decrease in operating income over last year (%)
PRC	346,313,929.08	-14.36
Outside PRC	23,655,925.78	110.01

DIRECTORS' REPORT

4. Analysis on reasons of material changes in components of profit obtained with those of last year

Main reasons are as follows: bad debt provision for overdue accounts receivable in the period of RMB6,403,600, increased manufacturing cost due to increased cost of raw material and labour and decreased sales price as a result of intensified business competition. The Company therefore made an impairment provision for inventory of RMB11,293,100 based on impairment test thereof.

(3) 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

There was no project financed by non-raised fund in this reporting period.

(4) SEGMENT INFORMATION

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

(5) TAXATION

	2012 Jan-Jun RMB'000	2011 Jan-Jun RMB'000
The taxation comprises:		
PRC income tax ("EIT")		
Current period	0	0
Deferred	0	118

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% (2011: 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% (2011: 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%.

(6) NET PROFIT

	2012 Jan-Jun RMB	2011 Jan-Jun RMB
Net profit attributable to shareholders of the listed company	-31,968,668.99	14,071,046.21

(7) DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil), nor has any dividend been proposed since the end of the reporting period.

(8) EARNINGS PER SHARE

Unit: RMB

Items	Number	Jan-Jun 2012	Jan-Jun 2011
Net profit for equity holders of the parent company	1	-31,968,668.99	14,071,046.21
Net profit of extraordinary items for equity holders of the parent company	2	1,429,334.61	785,697.72
Net profit for equity holders of the parent company after extraordinary items	3=1-2	-33,398,003.60	13,285,348.49
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	$12=4+5+6\times7\div11$	422,000,000.00	422,000,000.00
	$-8\times9\div11-10$		
Basic earnings per share (I)	$13=1\div12$	-0.08	0.03
Basic earnings per share (II)	$14=3\div12$	-0.08	0.03
Dividends of diluted convertible ordinary shares as expense	15		
Conversion expense	16		
Income tax rate	17		
Weighted average number of shares increased by options, warrants or convertible bonds	18		
Diluted earnings per share (I)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	-0.08	0.03
Diluted earnings per share (II)	$19=[3+(15-16)\times(1-17)]\div(12+18)$	-0.08	0.03

(9) SHARE CAPITAL

Unit: RMB

Registered, issued and fully paid:		
At 1 January 2011, 31 December 2011 and 30 June 2012		
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

(10) CONTINGENT LIABILITIES

As at 30 June 2012, the Company did not have any material contingent liabilities.

(11) FORMULATION AND IMPLEMENTATION OF CASH DIVIDEND POLICY DURING THE REPORTING PERIOD

The article 231 of the articles of association of the Company provides as to cash dividend that: The Company's profit distributions shall take into account proper returns to the investors. The profit distribution plan prepared by the board of directors shall specify that cash distribution shall not be less than 30% of the distributable profit of the current year. When no such a cash distribution plan is prepared, the board of directors shall disclose reasons in a regular report, and independent non-executive directors shall provide an independent opinion on this matter.

When any shareholder violates relevant provisions and misappropriates the funds of the Company, the Company shall withhold his cash dividends to pay off the misappropriated amount.

During the reporting period, the Company procured its directors, supervisors and senior management to deeply understand the "Notice on further implementation of matters relating to cash dividend of listing companies" issued by the China Securities Regulatory Commission and the "Notice on further promotion of regulations on matters relating to improvements of cash dividend of listing companies" issued by Beijing Securities Regulatory Bureau. Their understanding to related issues was thus enhanced and awareness of rewarding shareholders was further strengthened. Therefore, based on the above documents, the Company intends to modify provisions in the articles of association regarding thereto which will be proposed at the forthcoming shareholders' general meeting.

(1) CORPORATE GOVERNANCE

To ensure that operation of the Company was in compliance with the law and regulations, the Company improved its standards for internal assessment and assessment on internal control in the first half of the year pursuant to requirements of "Guidelines for policies of corporate internal control" jointly issued by five ministries and commissions.

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 non-executive 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 2012.

(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 IN FINANCIAL CORPORATIONS

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

(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
Beiren Group Corporation	Parent company	Acceptance of patent and trademark licence rights	Trademark licence fee	Agreed price		1,423,883.79	100.00	Currency-settled		
Beiren Group Corporation	Parent company	Purchase of goods	Purchase of goods	Agreed price		21,548.54	0.21	Currency-settled		
Beijing Beijing Casting Company Limited	An associate	Purchase of goods	Purchase of goods	Agreed price		5,727,362.36	8.76	Currency-settled		
Beijing Monigraf Automations Co., Ltd.	An associate	Purchase of goods	Purchase of goods	Agreed price		3,370,717.92	5.16	Currency-settled		
Global Industrial Supply Co., Ltd.	A holding company	Purchase of goods	Purchase of goods	Agreed price		15,335,169.16	23.45	Currency-settled		
Beijing Beijing Casting Company Limited	An associate	Rendering of services	Land and building leases	Agreed price		2,203,532.34	62.06	Currency-settled		
Beijing Monigraf Automations Co., Ltd.	An associate	Rendering of services	Building leases	Agreed price		50,331.00	1.42	Currency-settled		
Beijing Jingcheng Nagano Construction Machinery Company Limited	Other	Rendering of services	Building leases	Agreed price		1,296,637.80	36.52	Currency-settled		
Total						29,429,182.91				

2. Connected debts and liabilities

Unit: RMB

Name of connected party	Connection	Incurred amount	Balance	Capital provided to the listed company by connected parties	
				Capital provided to connected parties	Capital provided to the listed company by connected parties
				Incurred amount	Balance
Beijing Monigraf Automations Co., Ltd.	An associate			-3,775,548.53	5,774,271.98
Beijing Beijing Casting Company Limited	An associate			216,956.17	2,611,584.46
Beijing Jingcheng Machinery Electric Holding Co., Ltd	Subsidiary of the beneficial controller			12,559,195.92	23,588,695.47
Beiren Group Corporation	Parent company			953,521.36	953,521.36
Beijing Jingcheng Nagano Construction Machinery Company Limited	Subsidiary of the beneficial controller			346,599.00	346,599.00
Total				10,300,723.92	33,274,672.27
Amount incurred by the Company for provision of funds to its holding company and subsidiaries thereof in the period (RMB)					0
Balance of funds provided by the Company to its holding company and subsidiaries (RMB)					0

(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 lessor	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	75,308,972.86	1 January 2012	31 December 2012	2,203,532.34	Agreed Price	Income of the current period	Yes	An associate
The Company	Beijing Jingcheng Nagano Construction Machinery Company Limited	Buildings	17,955,734.72	1 March 2012	28 February 2013	1,296,637.80	Agreed Price	Income of the current period	Yes	Subsidiary of the beneficial controller

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	963.86
Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period	835.00
Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries of the Company)	
Total amount of guarantee	835.00
Percentage of the total amount of guarantee to the net assets of the Company	1.15
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.

SIGNIFICANT EVENTS

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 2012 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 2012.
5. During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. The Company was informed by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the Company's beneficial controller, on 6 April 2012 that it is currently planning to implement a material assets reorganization relating to the Company. The Company immediately published an Announcement of Significant Matter and Suspension of Trading for such purpose and trading of shares of the Company was suspended from 9 April. It then published an Announcement of Suspension of Trading in relation to a Material Asset Reorganisation on 13 April and an Announcement of Extension of Suspension on 15 May and 14 June respectively. During such period, the Company published an Announcement on the Progress of Material Asset Reorganization once every week. The trading of shares of the Company was resumed on 6 July and a proposal of material swap of assets and connected transaction was disclosed on the same date.

(14) ACCESS TO DISCLOSEABLE INFORMATION

Events	Name and page of the publication	Date of Publishing	Websites and path of publication
Announcement of resolutions passed at the 2nd extraordinary meeting of the Seventh Board of Directors and resignation of a Director	Shanghai Securities News page B14	13 January 2012	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 4th meeting of the Seventh Board of Directors	Shanghai Securities News page A7	16 March 2012	As above
Announcement of resolutions passed at the 4th meeting of the Seventh Supervisory Committee	Shanghai Securities News page A7	16 March 2012	As above
Announcement on connected transaction	Shanghai Securities News page A7	16 March 2012	As above
Annual report and a summary thereof	Shanghai Securities News page A7	16 March 2012	As above
Announcement of Significant Matter and Suspension of Trading	Shanghai Securities News page 55	7 April 2012	As above
Notice of 2011 Annual General Meeting	Shanghai Securities News page B39	12 April 2012	As above
Announcement of Suspension of Trading in relation to A Material Asset Reorganisation	Shanghai Securities News page 48	14 April 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 151	21 April 2012	As above
Announcement of resolutions passed at the 5th meeting of the Seventh Board of Directors	Shanghai Securities News page B45	27 April 2012	As above
Announcement of resolutions passed at the 5th meeting of the Seventh Supervisory Committee	Shanghai Securities News page B45	27 April 2012	As above
Summary of the First Quarterly Report	Shanghai Securities News page B45	27 April 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 146	28 April 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 28	5 May 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 30	12 May 2012	As above
Announcement of resolutions passed at the 3rd extraordinary meeting of the Seventh Board of Directors	Shanghai Securities News page 30	12 May 2012	As above
Supplemental notice of 2011 Annual General Meeting	Shanghai Securities News page B45	15 May 2012	As above
Announcement of Extension of Suspension	Shanghai Securities News page B23	16 May 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 42	19 May 2012	As above



SIGNIFICANT EVENTS

Events	Name and page of the publication	Date of Publishing	Websites and path of publication
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 31	26 May 2012	As above
Announcement on resolutions passed at the 2011 Annual General Meeting	Shanghai Securities News page B21	30 May 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 34	2 June 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 41	9 June 2012	As above
Announcement of Extension of Suspension	Shanghai Securities News page B27	15 June 2012	As above
Announcement In relation to the Transfer of State-Owned Shares in the Controlling Shareholder of the Company at Nil Consideration	Shanghai Securities News cover page 11	19 June 2012	As above
Condensed statement of equity change	Shanghai Securities News cover page 11	19 June 2012	As above
Report on acquisition (summary)	Shanghai Securities News cover page 11	19 June 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page B48	21 June 2012	As above
Announcement of Opinion of the Financial Advisory on the Transfer of Shares	Shanghai Securities News page B48	21 June 2012	As above
Announcement on the Progress of Material Asset Reorganization	Shanghai Securities News page 16	30 June 2012	As above

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

30 Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Assets:			
Cash	VII.1	84,400,627.90	161,866,351.06
Tradable Financial Assets			
Notes Receivable	VII.2	24,100,085.00	20,263,400.00
Accounts Receivable	VII.3	238,670,990.49	163,969,806.39
Advances to Suppliers	VII.4	27,011,687.87	30,187,908.20
Interests Receivable			
Dividends Receivable	VII.5	113,600.00	113,600.00
Other Accounts Receivable	VII.6	26,412,239.39	17,583,975.31
Inventory	VII.7	438,685,513.33	422,781,854.19
Non-current Assets maturing within one year			
Other Current Assets			
Total Current Assets		839,394,743.98	816,766,895.15
Non-current Assets:			
Financial Assets available for sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	VII.8	15,395,315.20	15,660,364.86
Investment Property	VII.9	6,650,597.90	6,739,095.77
Fixed Assets	VII.10	512,820,228.60	526,997,541.58
Construction in Progress	VII.11	3,854,811.22	3,179,294.90
Project Materials			
Disposal of Fixed Assets			
Intangible Assets	VII.12	102,577,910.47	104,020,316.25
Goodwill			
Long-term Prepayments	VII.13	9,367,320.00	9,367,320.00
Deferred Income Tax Assets	VII.14	2,711,017.52	2,711,017.52
Other Non-current Assets			
Total Non-current Assets		653,377,200.91	668,674,950.88
Total Assets		1,492,771,944.89	1,485,441,846.03

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Liabilities:			
Short-term Loan	VII.16	219,000,000.00	220,000,000.00
Tradable Financial Liabilities			
Notes Payable	VII.17	5,350,000.00	16,950,000.00
Accounts Payable	VII.18	331,673,679.12	272,997,745.92
Advances from Customers	VII.19	80,843,583.33	88,449,580.42
Employee Benefit Payable	VII.20	31,310,202.23	39,091,724.51
Tax Payable	VII.21	3,934,563.46	-4,129,380.97
Interests Payable	VII.22	782,610.06	751,944.17
Dividends Payable			
Other Payables	VII.23	43,669,473.27	41,361,493.75
Non-current Liabilities maturing within one year			
Other Current Liabilities	VII.24	445,489.40	2,257,016.55
Total Current Liabilities		717,009,600.87	677,730,124.35
Non-Current Liabilities:			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payable	VII.25	31,230,485.23	31,685,168.05
Estimated Liabilities	VII.26	542,407.38	567,607.38
Deferred Income Tax Liabilities			
Other Non-current Liabilities	VII.27	716,275.66	716,275.66
Total Non-current Liabilities		32,489,168.27	32,969,051.09
Total Liabilities		749,498,769.14	710,699,175.44
Shareholder's Equity:			
Stock	VII.28	422,000,000.00	422,000,000.00
Capital Reserves	VII.29	522,877,777.87	522,877,777.87
Less: Treasury Stock			
Special Reserves			
Surplus Reserves	VII.30	43,172,707.88	43,172,707.88
General Risk Reserves			
Undistributed Profit	VII.31	-263,636,846.07	-231,668,177.08
Converted Difference in Foreign Currency Statements			
Total Stockholder's Equity attributed to the Parent		724,413,639.68	756,382,308.67
Minority Shareholder's Equity	VII.32	18,859,536.07	18,360,361.92
Total Shareholder's Equity		743,273,175.75	774,742,670.59
Total Liabilities and Shareholder's Equity		1,492,771,944.89	1,485,441,846.03

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE PARENT

30 Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Assets:			
Cash		67,451,378.87	133,470,663.08
Tradable Financial Assets			
Notes Receivable		23,995,085.00	16,108,400.00
Accounts Receivable	XVI.1	155,598,418.00	102,108,162.49
Advances to Suppliers		5,013,663.13	2,001,561.11
Interests Receivable		303,400.01	343,324.17
Dividends Receivable		113,600.00	113,600.00
Other Accounts Receivable	XVI.2	16,388,937.49	7,085,647.86
Inventory		294,761,107.86	289,129,226.98
Non-current Assets maturing within one year			
Other Current Assets		90,000,000.00	95,000,000.00
Total Current Assets		653,625,590.36	645,360,585.69
Non-current Assets:			
Financial Assets available for sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	XVI.3	165,208,014.46	165,473,064.12
Investment Property		6,650,597.90	6,739,095.77
Fixed Assets		394,269,475.41	406,098,867.03
Construction in Progress		3,770,577.50	2,816,487.16
Project Materials			
Disposal of Fixed Assets			
Intangible Assets		83,623,991.87	84,638,825.87
Goodwill			
Long-term Prepayment		9,367,320.00	9,367,320.00
Deferred Income Tax Assets			
Other Non-current Assets			
Total Non-current Assets		662,889,977.14	675,133,659.95
Total Assets		1,316,515,567.50	1,320,494,245.64

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE PARENT (CONTINUED)

30 Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Liabilities:			
Short-term Loan		210,000,000.00	210,000,000.00
Tradable Financial Liabilities			
Notes Payable			
Accounts Payable		196,490,462.30	176,242,675.31
Advances from Customers		26,435,629.90	12,730,422.05
Employee Benefit Payable		13,651,748.25	22,320,919.37
Taxes Payable		1,612,671.27	-4,622,406.84
Interests Payable		777,442.00	751,944.17
Dividends Payable			
Other Payables		56,880,153.16	58,521,768.96
Non-current Liabilities maturing within one year			
Other Current Liabilities		345,389.12	1,706,815.99
Total Current Liabilities		506,193,496.00	477,652,139.01
Non-current Liabilities:			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payables		26,345,183.99	25,973,413.38
Estimated Liabilities		542,407.38	567,607.38
Deferred Income Tax Liabilities			
Other Non-current Liabilities			
Total Non-current Liabilities		26,887,591.37	26,541,020.76
Total Liabilities		533,081,087.37	504,193,159.77
Shareholder's Equity			
Stock		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		-194,802,565.00	-161,935,959.26
Total Shareholder's Equity		783,434,480.13	816,301,085.87
Total Liabilities and Shareholder's Equity		1,316,515,567.50	1,320,494,245.64

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Total Operating Income		377,942,439.36	425,071,264.38
Operating Income	VII.33	377,942,439.36	425,071,264.38
2. Total Operating Cost		410,760,443.64	410,071,123.03
Operating Cost	VII.33	304,439,864.05	330,251,225.44
Tax and Additional Expense	VII.34	2,339,368.24	2,824,227.16
Sales Expense		28,022,250.73	26,144,621.20
Administration Expense		51,357,387.73	44,546,076.89
Financial Expense	VII.35	6,904,827.88	4,965,214.87
Assets Impairment Losses	VII.36	17,696,745.01	1,339,757.47
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	VII.37	-265,049.66	13,103.26
Thereinto: Investment Income to Subsidiaries and Joint Venture		-265,049.66	13,103.26
Exchange Gain and Loss (loss marked "-")			
3. Operating Profit (loss marked "-")		-33,083,053.94	15,013,244.61
Add: Non-operating Income	VII.38	2,614,796.17	1,360,269.67
Less: Non-operating Expense	VII.39	1,001,237.07	297,636.25
Thereinto: Disposal lost of Non-current Assets		955,658.70	226,673.15
4. Total Profit (loss marked "-")		-31,469,494.84	16,075,878.03
Less: Income Tax Expense	VII.40	117,848.82	
5. Net Profit (loss marked "-")		-31,469,494.84	15,958,029.21
Net Profit Attributed to the Parent's Shareholders		-31,968,668.99	14,071,046.21
Minority Shareholder's Equity		499,174.15	1,886,983.00
6. Earnings per Share:			
(1) Basic Earnings per Share		-0.08	0.03
(2) Earnings per Diluted Share		-0.08	0.03
7. Other Comprehensive Income			
8. Total Comprehensive Income		-31,469,494.84	15,958,029.21
Total Comprehensive Income of the Parent's Shareholders		-31,968,668.99	14,071,046.21
Total Comprehensive Income of the Minority Shareholders		499,174.15	1,886,983.00

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

INCOME STATEMENT OF THE PARENT

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Total Operating Income	XVI.4	186,132,145.46	213,483,873.40
Less: Operating Cost	XVI.4	158,370,595.35	165,642,395.37
Tax and Additional Expense		1,488,646.67	1,824,671.96
Sales Expense		9,615,122.89	9,817,189.41
Administration Expense		29,184,999.88	25,569,361.91
Financial Expense		3,611,223.26	2,104,301.02
Assets Impairment Losses		16,761,630.01	2,229,757.47
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	XVI.5	-265,049.66	13,103.26
Thereinto: Disposal Loss of Non-current Assets		-265,049.66	13,103.26
2. Operating Profit (loss marked "-")		-33,165,122.26	6,309,299.52
Add: Non-operating Income		344,094.89	290,172.80
Less: Non-operating Expense		45,578.37	70,963.10
Thereinto: Disposal lost of Non-current Assets			
3. Total Profit (loss marked "-")		-32,866,605.74	6,528,509.22
Less: Income Tax Expense			
4. Net Profit (loss marked "-")		-32,866,605.74	6,528,509.22

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Cash Flow from Operating Activities			
Cash receipts from the sale of goods and rendering of services		227,928,462.28	358,052,927.29
Receipts of taxes and levy refunds		361,600.63	728,318.88
Other Cash receipts in operating activities	VII.42	9,218,694.86	19,725,436.57
Subtotal Cash Inflow from Operating Activities		237,508,757.77	378,506,682.74
Cash payments for goods and services acquired		154,998,393.41	249,320,394.56
Cash payments to and on behalf of employees		102,750,527.11	100,811,750.27
Payments to taxes and levy		15,229,854.93	29,106,642.82
Other cash payments from operating activities	VII.42	31,586,207.79	25,837,847.06
Subtotal Cash Outflow from Operating Activities		304,564,983.24	405,076,634.71
Net Cash Flow from Operating Activities		-67,056,225.47	-26,569,951.97
2. Cash Flow from Investing Activities			
Cash receipts from return on investments		249,051.91	
Cash receipts from investment income			
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets		1,320.00	350.00
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts from other investing activities			
Total Cash Inflow from Investing Activities		250,371.91	350.00
Cash payments to acquired fixed assets, intangible assets and other long-term assets		2,971,876.26	3,261,818.17
Cash payments to acquired investment			
Other cash payments in investing activities			
Total Cash Outflow from Investing Activities		2,971,876.26	3,261,818.17
Net Cash Flow from Investing Activities		-2,721,504.35	-3,261,468.17
3. Cash Flow from Financing Activities			
Cash proceeds from absorbing investment			
Thereinto: Cash receipts from absorbing minority shareholder's investment by subsidiary			
Cash receipts from borrowing		166,000,000.00	140,000,000.00
Other cash receipts in financing activities	VII.42	5,274,602.69	8,537,623.16
Total Cash Inflow from Financing Activities		171,274,602.69	148,537,623.16
Cash repayments of amount borrowed		167,000,000.00	137,750,000.00
Cash payments of distribution of dividends, profits or interest expenses		6,688,493.06	4,816,568.23
Thereinto: Subsidiary's payment for minority shareholder's interest and profit			
Other cash payments in financing activities	VII.42	1,816,809.87	4,838,738.72
Cash Outflow from Financing Activities		175,505,302.93	147,405,306.95
Net Cash Flow from Financing Activities		-4,230,700.24	1,132,316.21
4. Effect of exchange rate change on cash and cash equivalent		499.72	-1,171.23
5. Net Increased Cash and Cash Equivalent	VII.42	-74,007,930.34	-28,700,275.16
Add: the Beginning Balance of Cash and Cash Equivalent	VII.42	156,591,748.37	110,505,385.35
6. The Ending Balance of Cash and Cash Equivalent	VII.42	82,583,818.03	81,805,110.19

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CASH FLOW STATEMENT OF THE PARENT

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Cash Flow from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		113,507,471.25	183,685,815.71
Receipts of taxes and levy refunds		15,981.49	133,002.96
Other Cash Receipts relating to operating activities		3,365,881.34	16,580,951.37
Subtotal Cash Inflow from Operating Activities		116,889,334.08	200,399,770.04
Cash payments for goods and services acquired		84,985,466.35	125,893,993.80
Cash payments to and on behalf of employees.		62,289,120.46	58,067,390.01
Payments of taxes and levy		8,173,572.97	16,255,150.05
Other cash payments relating to Operating Activities		27,997,636.88	21,658,753.76
Subtotal Cash Outflow from Operating Activities		183,445,796.66	221,875,287.62
Net Cash Flow from Operating Activities		-66,556,462.58	-21,475,517.58
2. Cash Flow from Investing Activities			
Cash receipts from return of investments		95,249,051.91	
Cash receipts from investing income			
Net Cash receipts from the sale of fixed assets, intangible assets and other long-term assets			350.00
Net Cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities		2,992,590.83	1,221,005.84
Subtotal Cash Inflow from Investing Activities		98,241,642.74	1,221,355.84
Cash payments to acquired fixed assets, intangible assets and other long-term assets		1,360,977.26	256,280.00
Cash payments to acquired investments		90,000,000.00	80,000,000.00
Net cash payments to acquired subsidiaries and other business units.			
Other cash payments in investing activities			
Subtotal Cash Outflow from Investing Activities		91,360,977.26	80,256,280.00
Net Cash Flow from Investing Activities		6,880,665.48	-79,034,924.16
3. Cash Flow from Financing Activities			
Cash proceeds from absorbing investment			
Cash receipts from borrowing		165,000,000.00	135,000,000.00
Other cash receipts in financing activities			
Total Cash Inflow from Financing Activities		165,000,000.00	135,000,000.00
Cash repayments of amount borrowed		165,000,000.00	55,000,000.00
Cash payments for distribution of dividends, profits or interest expenses		6,343,986.83	3,209,997.51
Other cash payments in financing activities			
Subtotal Cash Outflow from Financing Activities		171,343,986.83	58,209,997.51
Net Cash Flow from Financing Activities		-6,343,986.83	76,790,002.49
4. Effect of exchange rate changes on cash and cash equivalent		499.72	-1,171.23
5. Net Increased in Cash and Cash Equivalent		-66,019,284.21	-23,721,610.48
Add: the Beginning Balance of Cash and Cash Equivalent		133,470,663.08	74,222,278.37
6. The Ending Balance of Cash and Cash Equivalent		67,451,378.87	50,500,667.89

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Amount of the Current Period								Minority Shareholder's Equity	Total Shareholder's Equity
	Shareholder's Equity Attributed to Parent									
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserves	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		-231,668,177.08		18,360,361.92	774,742,670.59
Add: Changes in Accounting Policy										
Correction for previous errors										
Others										
2. The beginning balance for this year	422,000,000.00	522,877,777.87			43,172,707.88		-231,668,177.08		18,360,361.92	774,742,670.59
3. Increase and decrease for this year (decrease represent as "-")							-31,968,668.99		499,174.15	-31,469,494.84
(1) Net Profit							-31,968,668.99		499,174.15	-31,469,494.84
(2) Profits and losses directly recorded in shareholder's equity										
Subtotal of (1) and (2)							-31,968,668.99		499,174.15	-31,469,494.84
(3) Shareholder's Investing and Reducing Capital										
1. Shareholder's investing capital										
2. Shares payment in shareholder's equity										
3. Others										
(4) Profit Distribution ("-" states for decrease)										
1. Provision of Surplus Reserve										
2. Provision for Business Risk										
3. Distribution of Shareholders										
4. Others										
(5) Shareholder's Equity Internal Transfer										
1. Capital Reserve Transfer to Capital (or share capital)										
2. Surplus Reserve Transfer to Capital (or share capital)										
3. Surplus Reserve offset losses										
4. Others										
(6) Special Reserves										
1. Amount provided for the current period										
2. 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		-263,636,846.07		18,859,536.07	743,273,175.75

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY (CONTINUED)

Jan-Jun 2011

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Amount for the Period of the Last Year								Minority Shareholder's Equity	Total Shareholder's Equity
	Shareholder's Equity Attributed to the Parent									
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserves	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 balance										
Corrections for previous errors										
Others										
2. The beginning balance of the 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 (decrement represents as "-")										
(1) Net profit							14,071,046.21		1,886,983.00	15,958,029.21
(2) Profits and losses directly recorded in shareholder's equity							14,071,046.21		1,886,983.00	15,958,029.21
Subtotal of (1) and (2)							14,071,046.21		1,886,983.00	15,958,029.21
(3) Shareholders Investing and Reducing Capital										
1. Shareholders investing capital										
2. Shares payment in shareholder's equity										
3. Others										
(4) Profit Distribution										
1. Provision of Surplus Reserve										
2. Provision for Business Risk										
3. Distribution for Shareholders										
4. Others										
(5) Shareholder's Equity Internal Transfer										
1. Capital reserve transfer to capital (or share capital)										
2. Surplus reserve transfer to capital (or share capital)										
3. Surplus reserve offset losses										
4. Others										
(6) Special reserves										
1. Amount provided for the current period										
2. 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: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT

Jan-Jun 2012

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Amount for the Current Period							Total Shareholder's Equity
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserves	Surplus Reserves	Business Risk Reserves	Undistributed Profit	
1. The ending balance for last year	422,000,000.00	518,165,762.89			38,071,282.24		-161,935,959.26	816,301,085.87
Add: Changes in accounting balance								
Corrections for previous errors								
Others								
2. The beginning balance of the year	422,000,000.00	518,165,762.89			38,071,282.24		-161,935,959.26	816,301,085.87
3. Increase and decrease for this year (decrease represents as "-")								
(1) Net profit							-32,866,605.74	-32,866,605.74
(2) Profits and losses directly recorded in shareholder's equity							-32,866,605.74	-32,866,605.74
Subtotal of (1) and (2)							-32,866,605.74	-32,866,605.74
(3) Shareholders Investing and Reducing Capital								
1. Shareholders investing capital								
2. Shares payment in shareholder's equity								
3. Others								
(4) Profit Distribution								
1. Provision of Surplus Reserve								
2. Provision for Business Risk								
3. Distribution for Shareholders								
4. Others								
(5) Shareholder's Equity Internal Transfer								
1. Capital reserve transfer to capital (or share capital)								
2. Surplus reserve transfer to capital (or share capital)								
3. Surplus reserve offset losses								
4. Others								
(6) Special reserves								
1. Amount provided for the current period								
2. 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		-194,802,565.00	783,434,480.13

Legal Person: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT (CONTINUED)

Jan-Jun 2011

Name of the Enterprise: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Amount of the period of last year							Total Shareholder's Equity
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserves	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 balance								
Corrections for previous errors								
Others								
2. The beginning balance of the 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) Profits and losses directly recorded in shareholder's equity							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								
1. Shareholders investing capital								
2. Shares payment in shareholder's equity								
3. Others								
(4) Profit Distribution								
1. Provision of Surplus Reserve								
2. Provision for Business Risk								
3. Distribution for Shareholders								
4. Others								
(5) Shareholder's Equity Internal Transfer								
1. Capital reserve transfer to capital (or share capital)								
2. Surplus reserve transfer to capital (or share capital)								
3. Surplus reserve offset losses								
4. Others								
(6) Special reserves								
1. Amount provided for the current period								
2. 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: Zhang Peiwu

Accounting Director: Jiang Chi

Accounting Manager: Qin Yu

FINANCIAL STATEMENTS (UNAUDITED)

I. GENERAL

Beiren Printing Machinery Holdings Company Limited (the "Company") was established by Beiren Group Corporation (the "Group") in Beijing, the People's Republic of China (the "PRC") on 13 July 1993 as a joint stock limited company. The Group 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 Group 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 Group were listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC in 1993 and 1994 respectively.

Upon the approval of General Shareholders' Meeting on 16 May 2001 and 11 Jun 2002 as well as the approval of document Zheng Jian Fa Xing Zi [2002] No. 133 issued by China Securities Regulatory Commission ("CSRC") in 2002, during the period from 26 Dec 2002 to 7 Jan 2003, the Group issued 22,000,000 additional A Shares listed on the Shanghai Stock Exchange, with par value of RMB1 Yuan. After the additional issues, the total outstanding shares of the Group 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 RMB1 Yuan.

In accordance with the "Decision on the share right reformation of Beiren Printing Machinery Holdings Limited", Jing Guo Zi Quan Zi No.25 (2006), issued by the Committee of State-owned Assets Supervision and Administration of Beijing Government, Beiren Group Corporation as the sole non-floating shares holder should transfer the original 27,360,000 state-owned shares to the A share holders through the bonus issue on 10 for 3.8, and the registration date related to the share segregation reform was 29 March 2006.

Beiren Group Corporation has sold 21,000,000 unconditioned tradable shares through Shanghai Stock Exchange Bulk Exchange Platform on 6 Jan 2010 and 7 Jan 2010 respectively. On 2 Dec 2010, Beiren Group Corporation has sold 20,000 unconditioned tradable shares to public on 2 Dec 2010, which accounts for 4.98% of total share rights hold by the Group. Up to 30 Jun 2012, 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 Group is principally engaged in developing, designing, manufacturing and selling a variety of printing press and related spare parts, as well as the technique consultation and services related to the operating business.

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements have been prepared on a going concern and actual transaction basis.

The financial statements are prepared on the basis of "Corporations Accounting standards — fundamental principal" released by Ministry of Financial at 15 Feb 2006, subsequent released the Application Guide of Corporations Accounting Standard, Corporations Accounting Standard interpretation and other related rules and regulations (the Accounting Standards), and China Securities Regulatory Commission (CSRC) "No. 5 Public Issued Securities Disclosure Requirements to Corporations".

Besides, the financial statements also follow the disclosure requirements of HK Corporations Regulations and HK Stock Exchange Ltd., Co.

III. ANNOUNCEMENT

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

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

1. Accounting period

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

2. Reporting currency

The reporting currency is Renminbi.

3. Principles of accounting and measurement

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

FINANCIAL STATEMENTS (UNAUDITED)

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

4. Method of preparing consolidated financial statements

(1) Principles in determining the scope of the consolidation

The scope of consolidation is determined on the basis of control. Control refers to the right that the Group is able to make decisions on financial and operational policies of the invested company, and receiving benefits from the business activities conducted by the invested company. The scope of the consolidation includes the Group and all its subsidiaries. Subsidiary means enterprise or entity that is controlled by the Group.

(2) Method of preparing consolidated financial statements

The Group begins to include a subsidiary in the scope of consolidation from the date that the Group acquires the net assets and effective control over the operation and business decisions of the subsidiary. A subsidiary is excluded out of the scope of the Group's consolidation from the date the Group loses effective control over it. The significant balance, transactions and unrealized profits which fall in the scope of consolidation is offset when prepare consolidation statements. Shareholders' equity of subsidiary and net profit and loss which are not belonging to the Group will be treated as minority shareholders' equity and profit and loss to be presented separately under the shareholder's equity of consolidated report.

When accounting policy or accounting period that subsidiaries adopt are not in accordance with the Group, the Group's will prevail or necessary adjustments need to be made on subsidiaries' financial statements when prepare for consolidation.

For subsidiaries acquired through business combination not under common control: Make adjustments on certain financial statements based on identifiable fair value of net assets at the purchase date. For subsidiaries acquired through business combination under common control: the business combination is treated occurred at the beginning of the earliest reporting period. The assets, liabilities, operation results and cash flow are recorded at the consolidation statements at its book value.

5. 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.

6. Foreign exchange translation

Foreign currency transaction

Transactions by foreign currency are translated into RMB at the spot exchange rate of the transaction date.

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

7. Financial Instruments

(1) The classification of financial assets and financial liabilities

According to the investment purpose and economic substance, the Group classifies its financial assets as Financial assets at fair value through profit and loss, Held-to-maturity investments, Loans and receivables and Available-for-sale financial assets.

1) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes: held for trading and allows entities to choose to classify other financial instruments as held at fair value with changes in fair value recorded through profit and loss.

Held for trading is acquired principally for purpose of sale, except if the derivative is designated and held as an effective hedging instrument.

2) Held-to-maturity investments are defined as a non-derivative financial asset that has fixed or determinable payments for which an entity has a positive intent and ability to hold to maturity.

3) Loans and receivables is defined as a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market.

4) Available-for-sale financial assets is defined as financial assets that are designated as available for sale are not classified as: 1) 2) and 3).

The Group classifies its financial assets as financial liability at fair value through profit or loss and other financial liabilities.

Other financial liabilities mean a non-derivative financial liability other than financial liabilities at fair value through profit or loss.

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

7. Financial Instruments (Continued)

(2) Financial assets and financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss includes: held for trading and allows entities to choose to classify other financial instruments as held at fair value with changes in fair value recorded through profit and loss.

The Group determines the classification of financial assets and financial liabilities in the initial recognition.

According to subsequent fair value measurement, financial liabilities at fair value through profit and loss includes: held for trading and choose to classify other financial instruments as held at fair value with changes in fair value recorded through profit and loss, changes in fair value through profit or loss and financial liability related interests gain or loss are accounts into profit and loss for the period.

(3) Recognition of financial assets and financial liability

The Group requires the initial recognition of a financial asset and financial liability when the Group becomes party to the contractual provisions of the instrument.

For financial assets and financial liabilities at fair value through profit or loss, transaction costs are directly attributable to the profit and loss. For financial assets and financial liabilities are not measured at fair value through profit or loss, such transaction costs are added to the fair value for the initial costs.

(4) Subsequent measurement of financial assets and financial liabilities.

After initial recognition, the Group shall measure financial assets and financial liabilities at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for the followings:

- Held-to-maturity investments, loans and receivables and other financial liabilities, which shall be measured at amortized cost using the effective interest method;
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost;
- Financial assets and financial liabilities at fair value through profit or loss, which the gain or loss rose by changes of fair value (excluded interest gain or loss), attribute to 'gain or loss of fair value' in the income statement.
- Available for sale financial assets, which the change in fair value subsequent to acquisition is recognized as a component of comprehensive income, except for impairment losses and foreign exchange gains and losses.

(5) Fair value measurement considerations

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

For the financial instruments with active market-quoted prices, the Group adopts market price for a financial instrument without any deduction for transaction costs it may incur on sale or other disposal. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price. When current bid and asking prices are unavailable, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For the financial instruments without active market-quoted prices, the Group uses valuation techniques. Valuation techniques include reference to the market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Such valuation techniques should be assessed by comparison to the actual market prices when these are available used the Group specific data in the minimum level.

The Group would assess the valuation techniques at fixed period, and test the effectiveness.

FINANCIAL STATEMENTS (UNAUDITED)

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

7. Financial Instruments (Continued)

(6) Derecognition of financial assets and financial liabilities

The Group shall derecognize a financial asset (or a part of a group of similar financial assets) when a financial asset (or a group of similar financial assets) satisfied one of the followings:

- The contractual rights to the cash flows from the financial asset expire
- The Group transfers all the related risk and rewards of a financial asset, either transfer nor retain the rights of risk and rewards, but the Group transfer the contractual rights for the financial assets.

The Group shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – that is, when the obligation specified in the contract is discharged or cancelled or expires.

(7) Impairment of financial assets

Except for the financial assets at fair value through profit or loss, the Group shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall determine the amount of any impairment loss. The changes in fair value were previously recognized in equity now recognized in other comprehensive income, when there is a significant and extemporary decline in the fair value of the held for trading financial assets. Financial assets that are re-measured when the fair value is increased, reversed the changes in fair value were previously recognized into part of the equity.

For the financial assets carried at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows (excluded the future credit risk), and attributes to the comprehensive income for the period. Financial assets that are re-measured when the fair value is increased, reversed the changes in fair value were previously recognized into part of the equity.

Investments in equity instruments that do not have a quoted market price in an active market, an impairment loss recognized for such instruments is not be reversed while the instrument continues to be recognized.

8. Accounts receivable

The Group assesses the book value of receivables on balance sheet date, and the bad debt expense is made into the current profit and loss when any of the following circumstances occur:

- (1) There is the existence of the withdrawal, bankrupt, insolvency, stoppage due to a natural disaster or weak solvency within foreseeable period from debt enterprises. (2) Debt enterprises have not satisfied debts past the due date for more than 3 years. (3) There are other substantial evidences showing that receivables are 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 cannot be collected with solid evidence, the loss of bad debts will be recognized after the approval through the Group's process, and written-off against the provision of the bad debts.

(1) Individual Receivables above Significant Level

The basis or standard for judging the significant level of individual receivable	Consider individual receivables above RMB20,000,000.00 as 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 of 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

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

8. Accounts receivable (Continued)

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

9. Inventory

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

The inventory is measured at historical cost which covers purchase cost, processing cost and other expenditures for the purpose of inventory available for current location and status, when acquired. When inventories are issued, the weighted average method will be applied for the actual issuing cost. 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 historical 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.

The net realizable value of these inventories, such as finished goods, work in process and materials for selling, is the 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 perpetual inventory system is applied by the Group to the inventory physically stocktaking.

10. 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 and no offer or fair value can be measured reliably in the market.

Subsidiaries defined as invested entities can be controlled by the Company; Joint-ventures defined as invested entities can be jointly controlled by the Company and other investing parties; associated enterprise defined as invested entities of which the Group has significant influence over its financial and operation decisions.

(1) Identify control, common control and significant influence:

Control indicates Company has power to decide invested entities' financial and operating policy and will benefit for their operating activities. When determine whether Company has control over the invested entities, their convertible corporate bonds and executive share options for the current period should been taken into consideration as well.

Common control indicates the sharing control according to the contract. Any parties involved cannot 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 cannot be involved in investees' decision making under such conditions.

FINANCIAL STATEMENTS (UNAUDITED)

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

10. Long-term equity investment (Continued)

(2) Initial measurement

For the merger of enterprises under the same control, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, noncash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

For a business combination realized by a transaction of exchange, the combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree. The positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree is recognized as business reputation. The acquirer is treated the balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree.

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement except the unfair value stipulated in the contract or agreement.

The initial cost of a long-term equity investment obtained by recombination of liabilities or the exchange of nonmonetary assets shall be ascertained in accordance with Accounting Standards for Enterprises.

(3) Subsequent measurement

The Group recognizes the investment on subsidiaries by cost method and adjusts into equity method in compilation of consolidated statements. The Group applies the equity method of accounting the investment of joint ventures and associated companies, and the cost method of 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 Group 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.

For equity method: The current period's profit and loss is the entitled portion of investee's profit or loss for the period. Determine gain or loss of investment and adjust book value of long-term investment; factors rather than net profit or losses that have impacts on investee's change of equity; when share percentage maintains unchanged, calculate gain or loss on the investment and adjust book value of long term investment; determine capital reserve. When Group determines entitled amount of net profit or loss from investee: the fair value of investee's assets at the acquisition date should be applied as calculation basis; in accordance with Group's accounting policy and period, set off internal transactions between joint-ventures and associated enterprises; adjust investee's net profit and loss. Calculate entitled amount based on declared dividends and cash dividends of investee and lower book value of long-term investment accordingly. When Group determines investee's net loss: uses the book value of long-term investment as basis and impair the value as low as nil, contractual obligation to undertake additional loss is exclusive. In addition, in the case that Group has contractual obligation to undertake additional loss, then, estimated liability should be determined by the contractual amount and accounted into current period profit and loss. In the case that investee achieve net profit in following periods, Group begins to recognize return of investment after compensate undetermined share of loss.

The long-term equity investment for which that Group doesn't have common control or significant influence over the investee any more as a result of the decrease of investment or other reasons, and there is no offer in the active market and of which the fair value cannot be reliably measured, the cost method shall be adopted for valuation; Equity method will be adopted under the following circumstances: investee that Group has common control or significant influence but not control due to increased additional investment; due to reasons such as disposal of long-term investment Group no longer has control but only common control and significant influence over investee.

(4) Disposal of a Long-term equity investment

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.

(5) Impairment test and provision for the impairment loss

At the balance date, Company estimates the recoverable amounts of long-term investments of subsidiaries, joint-ventures and associated enterprise if there is an indication of possibility that impairment may occur. In the case that recoverable amount is less than book value then confirms impairment loss and account into current period's profit and loss. Also account provision for long-term investment impairment loss.

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

11. Investment in real estate

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

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

The Group makes a follow-up measurement to the investment in 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 Group are as follows:

Classification	Useful life (year)	The rate of salvage value (%)	Amortization rate (%)
Land use right	50	2.000	
Building	40	3	2.425

The Group will review the useful life, the estimated salvage value and the amortization method of investment in real statement on each balance sheet date, and make an appropriate adjustment if necessary.

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

If an investment in 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 in real estate shall be terminated. When an enterprise sells, transfers or disposes of any investment in real estate, or when any investment in real estate of an enterprise is damaged or destroyed, the enterprise shall deduct the book value of the investment in real estate as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

When the recoverable value of investment in real estate is lower than its book value, the carrying amount will be subject to the recoverable value. The impairment loss of investment in real estate shall not be reversed in subsequent accounting periods once confirmed.

12. Fixed assets

Fixed assets are defined by the Group 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 include buildings, machinery, transportation equipments, administrative equipments and others.

When economic benefit in relation to fixed assets can be probably flow into the Group and the corresponding cost can be measured reliably, the fixed assets shall be recognized. Purchased or newly-built fixed assets are initially measured at their acquisition cost. The cost of purchased fixed assets includes the purchasing price, import duty and other relevant taxes and expenses, as well as other expenditures attributable 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, as well as land separately recognized, the Group 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 Group are as follows:

Item	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	Administrative equipments and others	8	3	12.125

The Group 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.

FINANCIAL STATEMENTS (UNAUDITED)

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

12. Fixed assets (Continued)

For the fixed assets of financial lease nature, if the ownership can be determined reasonably at the end of lease, then same depreciation method as other fixed assets will be adopted during the leased assets' useful life; if the ownership can't be determined reasonably at the end of lease, the same depreciation method as other fixed assets will be adopted for either useful life of the leased assets or lease term whichever is shorter.

The Group derecognizes fixed assets from the account which has been disposed or cannot generate economic benefits by application or disposal. 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.

When the recoverable value of fixed assets is lower than their book value, the carrying amount will be subject to the recoverable value. The impairment loss of fixed assets shall not be reversed in subsequent accounting periods once confirmed.

13. Construction in progress

Construction in progress 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 progress comprises the borrowing cost which can be capitalized and foreign exchange gains and losses.

Constructions in progress 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 completion of the project, the originally estimated cost of fixed assets will be adjusted on the basis of the actual cost.

When the recoverable value of construction in progress is lower than its book value, the carrying amount will be subject to the recoverable value. The impairment loss of construction in progress shall not be reversed in subsequent accounting periods once confirmed.

14. Borrowing cost

Borrowing cost includes interests from borrowing, amortization of discount or price premium, other attribute 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.

During capitalization period, exchange differences of specific foreign currency borrowing will be capitalized; exchange differences for general foreign currency borrowing will be accounted for the current period profit and loss.

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.

15. Intangible assets

The intangible assets of the Group include the land use right, patent technology and non-patent technology. Intangible assets 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. For the contract or agreement that failed to present fair value of intangible assets, intangible assets will be measured at the fair value.

For intangible assets with limited useful lives, the Group adopts straight line method at the month of acquisition. The Group 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.



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

15. Intangible assets (Continued)

The Group 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 Group 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 Group will estimate their useful life and amortize the intangible assets within the estimated lifetime.

When there is evidence to indicate impairment loss of intangible assets, Group will perform impairment test at the year end. For the intangible assets without certain useful life, Group will perform impairment test regardless whether there is evidence to indicate impairment loss.

16. 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.

Research expenses are accounted to the current period profit and loss when occurred.

Development expenses are treated as intangible assets when satisfy following requirements:

- 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 Group 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 cannot meet the above criteria, they will be accounted into the profit and loss of the period. The expenditures expensed in previous accounting period cannot 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.

17. Impairment of non-financial assets

The Group makes the assessment on the long-term equity investment, fixed assets, construction in progress and intangible assets with useful life at each balance sheet date.

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 Group 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.

In the case of result of impairment test indicates book value of assets is greater than retrievable amount, then, the difference is recognized as impairment loss. Assts' retrievable amount is whichever is higher of either difference between fair value and disposal expense or the estimated future cash flow of assets. Asset's provision for impairment is calculated based on the single asset, if the recoverable amount of single asset is proved difficult to be recognized then the portfolio of which the single asset belonged to should be used as calculation base. The portfolio is the minimal combination of assets which can generate cash inflow independently.

FINANCIAL STATEMENTS (UNAUDITED)

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

17. Impairment of non-financial assets (Continued)

Impairment test should be made for good will at least once a year regardless of whether there is indication of impairment loss. The book value of good will is distributed to assets portfolio or combination of assets portfolio which is expected to benefit from business combination agreement. Loss needs to be recognized when the result of the test indicates that recoverable value of asset portfolio or combination of asset portfolios which contains good will is lower than its book value. The provision of impairment amount is offset against the book value of distributed good will first, and then offset book value of other assets (assets that don't contain good will) based on the proportion of other assets of the asset portfolio or combination of asset portfolios.

The impairment loss of the above assets shall not be reversed in subsequent accounting periods once confirmed.

18. Long-term prepayments

The long-term prepaid expense of the Group 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 cannot benefit the later periods, the amortized price will be accounted into current profit and loss.

19. Employee compensation

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

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 termination of the labour relationship with the employee with employees are accounted into current profit and loss.

For severance offered when Group decides to terminate employment contract prior its due date or to encourage employees to accept voluntary redundancy will be treated as estimated liability and accounted into current period profit and loss when Group has established formal lay-off plan or offered voluntary redundancy plan and Group cannot withdraw the plan unilaterally.

20. 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 Group will recognize them as liabilities. The requirements mentioned above are as follows: The assumed responsibilities are actual and real. The fulfillment of obligations will cause the outflow of economic benefit from the Group. 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 Group assesses the book value of estimated liabilities on each balance sheet date and adjustments will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

21. Revenue recognition principle

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

- (1) The revenue from sale of goods shall be recognized, when main risks and rewards related to the ownership of goods have been transferred to buyers, and the Group doesn't hold continuing management rights or effective control rights of goods, and the relevant economic benefits may flow into the Group, and the amount of this relevant revenue can be measured reliably.
- (2) The revenue from rendering service will be recognized when the total income and cost of service can be measured reliably, relative economic benefits likely flow into the Group, and the percentage of completion of the service can be measured reliably.

At the balance sheet date, for the results of rendering service can be measured reliably, the relative income will be recognized in accordance of percentage-of-completion method. The percentage-of-completion is determined by finished work/percentage of service rendered of service promised to provide/cost occurred of total cost; For result of service rendered can't be measured reliably but the occurred labour cost is expected to be compensated, the relative income is determined by the occurred labour cost which is expected to be compensated and carry-forward occurred labour cost; For result of service rendered cannot be measured reliably and the occurred labour cost is not expected to be compensated, the occurred labour cost is accounted into current period profit and loss and income is not recognized.

- (3) The revenue from the property alienation will be recognized, when the economic benefits related to transactions may flow into the Group, and the amount of this relevant revenue can be measured reliably.

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

22. Government subsidies

A government subsidy of the Group shall be recognized if the Group can meet the conditions for the government subsidy and also can obtain the government subsidy.

If a government subsidy is a monetary asset, it is measured in the light of the received or receivable amount.

If a government subsidy is a non-monetary asset, it is measured at its fair value. If the fair value of a non-monetary asset cannot be acquired in a reliable way, it is measured at its nominal amount (RMB 1).

The government subsidies pertinent to assets are recognized as deferred revenue, and equally accounted into current profit and loss within the useful life.

The government subsidies pertinent to incomes are treated respectively in accordance with the indications as follows: Those subsidies used for compensating the related future expenses or losses of the Group 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 Group are accounted into current profit and loss directly.

When government subsidies is determined needed to return, the balance of deferred income is written-off and any exceeded portion is accounted into current profit and loss. If the returned subsidies doesn't constitute as deferred income then account into current profit and loss directly.

23. Deferred tax assets and deferred tax liability

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

The Group recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. For the deferred tax assets which have already been recognized, when there are any evidences showing that the Group 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.

For deferred tax liabilities arising from deferred tax difference of subsidiaries and associated enterprise unless Group can control the time of reversal and the reversal is most likely not going to occur in the foreseeable future. For deductible deferred tax differences of subsidiaries and associated enterprise, when the temporary difference will be reversed in the foreseeable future and it is going to be used to set off tax payable of deductible temporary difference will be treated as deferred tax assets.

The deferred tax assets and liabilities satisfy following conditions is presented at net amount after set off:

- (1) The deferred tax assets and liabilities is relative to the income tax collected by same tax authority from the same taxable entity of the Group;
- (2) The Group's taxable entity has legal right to settle tax assets and liabilities at net amount.

24. Lease

The Group 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 Group 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 Group, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Group, as a lessor, accounts the rental income into current period by straight line method during the term of the lease.

FINANCIAL STATEMENTS (UNAUDITED)

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

25. Income tax accounting

The Group recognizes income tax by balance sheet method. The income taxes of the current period and deferred income tax of the Group 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.

26. Accounting policies, estimate and errors

There is no change in the use of accounting policies, estimate and errors within the financial year

27. Significant accounting estimation and materiality judgment

The administration is responsible for making the judgments for the future uncertainty of the effects at the balance date. They are also responsible for the implementing for the hypothesis and uncertainty.

V. TAXATION

1. The Main Taxation Category and Tax Rate

Categories	Tax Base	Tax rate
VAT	Goods ale revenue	17%
Business Tax	Taxable revenue	5%
Urban Construction & Maintenance Tax	VAR or Business tax payable	5%-7%
Education Surcharges	VAR or Business tax payable	3%-5%
Estate Tax	Lease income and 70-80% of the estate's original value	1.2% & 12%
Enterprise Income Tax	Taxable income	25%

Subsidiary taxation rate:

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 Group was certified as High and New Technology Enterprise on 9 Oct 2011, and the certificate with No.GF201161000113 was jointly issued by Technology Office of Shaanxi Province, Financial Office of Shaanxi Province, National Taxation Bureau of Shaanxi Province, and Local Taxation Bureau of Shaanxi Province. The certificate is with three-year validation. By the approval of the certificate, Shaanxi Beiren applies 15% as the rate for enterprise income tax.

FINANCIAL STATEMENTS (UNAUDITED)

VI. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Company	Nature	Registration Location	Business Type	Register Capital (RMB/000)	Operating Scope	Investment Amount (RMB/000)	Accounts Balance of the Net Investment to the Subsidiary	Share holding (%)	Voting right (%)	Consolidated (Yes/No)	Minority Interest	Amount for Written-off Income/Loss in Minority Interest	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
Subsides acquired under non-common control													
Shaanxi Beiren Printing Machinery Co., Ltd	Limited company	Weinan City, Shanxi 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	10,806,101.94	0.00	0.00
Other acquired Subsidiaries													
Beijing Beiren Fuyi Printing Machinery Co., Ltd	Sino-Foreign Equity Joint Venture Enterprise	Chaoyang District, Beijing City	Manufacture	USD 510	Manufacture printing machine, selling self-manufactured products	2,963.27	0.00	70.00	70.00	Yes	8,043,148.38	0.00	0.00
Beijing Beiren Jingyan Printing Machinery Factory	Joint stock company	Yangqing County, 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	10,285.75	0.00	0.00

2. The change of the scope of consolidated financial statements

There is no change in terms of consolidation scope during this period.

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Following disclosed financial Statement data, except for special indications, “the beginning of the year” refers to 1 January 2012, “the end of the period” refers to 30 June 2012, “this period” refers to the year from 1 January 2012 to 30 June 2012, “last period” refers to the year from 1 January 2011 to 30 June 2011, and the monetary unit is CHY.

1. Monetary Fund

Item	30 Jun 2012			1 Jan 2012		
	Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
Cash on hand			11,251.30			10,449.33
Inc. CHY	11,179.04		11,179.04	10,377.07		10,377.07
JPY	891.00	0.0796	72.26	891.00	0.0811	72.26
Cash in bank			82,572,566.73			156,581,299.04
Inc. CHY	82,308,760.13		82,308,760.13	155,947,530.11		155,947,530.11
USD	15,769.94	6.3249	99,196.64	82,754.89	6.3009	521,430.30
HKD	76,425.48	0.8152	61,950.33	76,413.85	0.8107	61,948.71
JPY	1,276,517.81	0.0796	102,572.41	620,262.00	0.0811	50,305.11
EUR	10.39	7.8710	87.22	10.39	8.1625	84.81
Other			1,816,809.87			5,274,602.69
CHY	1,816,809.87		1,816,809.87	5,274,602.69		5,274,602.69
Total			84,400,627.90			161,866,351.06

As at 30 June 2012, the majority part of other monetary funds is bank acceptance notes guarantee.

2. Notes receivable

(1) Category

Category	30 Jun 2012	1 Jan 2012
Bank acceptance notes	24,100,085.00	20,263,400.00

(2) There are no notes which are used for collateral.

(3) There is no situation that the notes receivable are carried forward to accounts receivable because the notes drawers are incapable of notes fulfillment.

(4) Large Notes has endorsed to the other party but not yet due

Category	Issuing Company	Issuing date	Maturity date	Amount
Bank acceptance notes	Foshan Zhongtian Decoration Material Co., Ltd	2012.5.10	2012.11.10	2,800,000.00
Bank acceptance notes	Stanley Fertilizer Co., Ltd	2012.3.06	2012.9.06	1,000,000.00
Bank acceptance notes	Shandong Tiancheng Book Industry Co., Ltd	2012.03.01	2012.09.01	1,000,000.00
Bank acceptance notes	Jiaozuo City Jinba Colored Printing Co., Ltd	2012.03.12	2012.09.12	1,000,000.00
Bank acceptance notes	Hefei Yuandong Print Co., Ltd	2012.05.22	2012.11.22	1,000,000.00
Bank acceptance notes	Hefei Yuandong Print Co., Ltd	2012.05.22	2012.11.22	1,000,000.00
Total				7,800,000.00

FINANCIAL STATEMENTS (UNAUDITED)

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

3. Account receivable

(1) Classification for accounts receivable

Item	30 Jun 2012				1 Jan 2012			
	Book value		Bad debts		Book value		Bad debts	
	Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)	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	239,777,808.05	69.78	92,651,213.39	38.64	233,755,982.82	88.97	90,390,459.29	38.67
Individual receivables below significant level	103,860,037.73	30.22	12,315,641.90	11.86	28,993,358.87	11.03	8,389,076.01	28.93
Total	343,637,845.78	-	104,966,855.29	-	262,749,341.69	100.00	98,779,535.30	-

1) The provision for bad debt of account receivables is based on aging method, as follows:

Item	30 Jun 2012			1 Jan 2012		
	Amount	Percent (%)	Bad debt	Amount	Percent (%)	Bad debt
Within 1 year	119,287,722.90	0.00	0.00	113,750,998.36	0.00	0.00
1-2 years	35,465,558.35	30.00	10,639,667.51	29,185,159.71	30.00	8,755,547.91
2-3 years	7,532,452.30	60.00	4,519,471.38	22,962,283.42	60.00	13,777,370.05
Over 3 years	77,492,074.50	100.00	77,492,074.50	67,857,541.33	100.00	67,857,541.33
Total	239,777,808.05	-	92,651,213.39	233,755,982.82	-	90,390,459.29

2) Individual receivables above significant level, or below significant level but had impairment test individually at the end of period

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	14,454,009.58	12,315,641.90	85.21	Difficult to collect
Note 2	89,406,028.15	0.00	0.00	
Total	103,860,037.73	12,315,641.90	-	

Note 1: A subtotal amount of RMB14,454,009.58 accounts receivable comprising 84 long-aged items, is judged as difficult to fully collect and the bad debts provision amounted RMB12,315,641.90 is made correspondingly by method of individual identification.

Note 2: Several long-term customers are in frequent transactions with the Group and adopt the order trade, hence those accounting receivable are in shorter age. The accounting receivables amount to RMB89,406,028.15 and the provision of bad debts has not been made on them.

(2) There are no bad debts prepared during this period reversed or recovered.

(3) Accounts receivable written off during this period amounts to RMB216,289.63.

(4) The accounts receivable balance details exclude shareholders who hold 5% or more of the Group's shares.

FINANCIAL STATEMENTS (UNAUDITED)

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

3. Account receivable (Continued)

(5) The top five of accounts receivable:

Company Name	Relationship	Amount	Age	Receivable (%)
Taian Daily	Customer	15,168,000.00	Within 1 year	4.41
The Sports News (Donghua Hanlin)	Customer	13,180,000.00	Over 3 years	3.84
Linyi Daily	Customer	6,905,000.00	Within 1 year	3.23
		4,180,000.00	1 – 2 years	
Hunan Printing Material Co., Ltd	Customer	8,176,688.88	Within 1 year	2.38
Hubei Daily Media Group Bidding Center	Customer	6,496,000.00	Within 1 year	1.89
Total		54,105,688.88		15.75

(6) There is no balance of accounts receivable from related parties at the end of the period.

(7) The balance of accounts receivable in foreign currencies:

Foreign currency	30 Jun 2012			1 Jan 2012		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange Rate	RMB
USD	419,065.17	6.3249	2,650,545.27	611,033.00	6.3009	3,857,628.35

4. Advance to suppliers

(1) Aging of a advances to suppliers

Items	30 Jun 2012		1 Jan 2012	
	Amounts	Percentage (%)	Amounts	Percentage (%)
Within 1 year	25,505,734.90	94.43	28,554,361.99	94.59
1-2 years	1,254,440.29	4.64	1,370,283.53	4.54
2-3 years	59,945.02	0.22	5,445.02	0.02
Over 3 years	191,567.66	0.71	257,817.66	0.85
Total	27,011,687.87	100.00	30,187,908.20	100.00

(2) The main units of advance to suppliers

Name	Relationship within the Company	Amount	Aging	Reasons for pending
Beijing Webcon science and technology development Co., Ltd	Company's suppliers	2,722,733.16	Within a year	Not completed
Shaanxi Chaoyu Casting Co., Ltd	Company's suppliers	2,156,000.00	Within a year	Not completed
Erhardt+Leimer (Hangzhou) Co., Ltd	Company's suppliers	1,066,211.00	Within a year	Not completed
Beigil Industry automate international trading (Shanghai) Co., Ltd	Company's suppliers	699,724.40	Within a year	Not completed
Shanghai Lihong Printing Equipment Co., Ltd	Company's suppliers	615,300.00	Within a year	Not completed
Total	-	7,259,968.56	-	-

FINANCIAL STATEMENTS (UNAUDITED)

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

4. Advance to suppliers (Continued)

(3) The advance to suppliers balance details exclude shareholders who hold 5% or more of the Group's shares.

(4) The balance of advance to suppliers in foreign currencies:

Foreign currency	30 Jun 2012			1 Jan 2012		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
JPY	7,930,000.00	0.0796	630,797.26	1,530,000.00	0.0811	127,684.62

5. Dividends receivable

Items	1 Jan 2012	Increase	Decrease	30 Jun 2012
Within a year	113,600.00	0.00	0.00	113,600.00
Including: Beijing Beiying Casting Co., Ltd	113,600.00	0.00	0.00	113,600.00
Total	113,600.00	0.00	0.00	113,600.00

6. Other Receivables

(1) Classification for other receivables

Item	30 Jun 2012				1 Jan 2012			
	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	38,613,643.06	100.00	12,201,403.67	31.60	32,212,079.45	100.00	14,628,104.14	45.41
Total	38,613,643.06	-	12,201,403.67	-	32,212,079.45	-	14,628,104.14	-

(2) Individual other receivables below significant level but individually accrued bad debts provision at the end of period

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	12,201,403.67	12,201,403.67	100.00	Expected difficult to collect
Note 2	26,412,239.39	0.00	0.00	
Total	38,613,643.06	12,201,403.67		

Note 1: The Group made provisions on 24 items of other receivables amounting to RMB12, 201,403.67 which are in longer age and difficult to collect.

Note 2: For reservation fund of employees, receivables from China Huarong Asset Management Corporation Xi'an Branch for equity repurchasing, amounting to RMB26, 412,239.39; there are no corresponding provisions for bad debts made.

FINANCIAL STATEMENTS (UNAUDITED)

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

6. Other Receivables (Continued)

(3) There are no bad debts prepared during this period reversed or recovered.

(4) Other receivables written-off during this period:

Company name	Nature	Write-off amount	Reason	Whether caused by related transaction
Jiangxi Yichun Court	Debt	1,769,000.00	Impossible to draw back	No
Ningxia divestment	Debt	657,700.47	Impossible to draw back	No
Total		2,426,700.47		

(5) The details of other receivables balance exclude shareholders who hold 5% or more of the Group's shares.

(6) The top companies in other receivables:

Company Name	Relationship	Amount	Age	Proportion in accounts receivable	Nature
Southeast Asia	Customer	9,088,241.00	Over 3 years	23.54	Note 1
China Huarong Asset Management Corporation Xi'an Branch	Minority shareholders of subsidiary	6,328,000.00	Over 3 years	16.39	Note 2
Total	–	15,416,241.00	–	39.93	–

Note 1: Other receivables from Southeast Asia are investment money paid to Hong Kong Southeast Asia Group Investment & Development Co., Ltd in previous years. The Group has adapted active measures collecting those receivables. However, collection is difficult due to poor management of the above mentioned company. Therefore, the Group has prepared 100% provision for bad debts.

Note 2: Other receivables from China Huarong Asset Management Corporation Xi'an Branch are for equity repurchasing. China Huarong Asset Management Corporation acquired shares by debt-to equity swap and could be able to quit by transferring, replacement or repurchasing in accordance with company rules of Shaanxi Beiren. The equity repurchasing 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 RMB15,820,000 and repurchase in five years. RMB6,328,000 in total should be returned in 2003 and 2004 and didn't write-off its investment by way of equity exit.

(7) There is no amount receivable from related parties at the end of the year.

(8) The balance of other receivables in foreign currencies:

Foreign currency	30 Jun 2012			1 Jan 2012		
	Foreign currency	Exchange rate	Amount (RMB)	Foreign currency	Exchange rate	Amount (RMB)
HKD	10,305,296.52	0.8152	9,088,241.00	10,305,296.52	0.8107	9,088,241.00
USD	3,730.00	6.3249	23,576.33	0.00	6.3009	0.00
Total			9,111,817.33			9,088,241.00

FINANCIAL STATEMENTS (UNAUDITED)

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

7. Inventory

(1) Categories of inventory

Item	30 Jun 2012			1 Jan 2012		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	74,606,542.09	4,979,065.44	69,627,476.65	70,571,264.98	4,979,065.44	65,592,199.54
Work in progress	296,998,071.67	43,602,406.84	253,395,664.83	273,132,729.17	40,726,799.30	232,405,929.87
Finished goods	128,377,525.21	31,380,418.41	96,997,106.80	134,906,207.01	30,081,308.28	104,824,898.73
Low-value	3,537,825.56	0.00	3,537,825.56	3,437,680.22	0.00	3,437,680.22
Self made semi-finished goods	9,291,040.07	0.00	9,291,040.07	8,843,882.62	0.00	8,843,882.62
Work in process – outsourced	5,836,399.42	0.00	5,836,399.42	7,677,263.21	0.00	7,677,263.21
Total	518,647,404.02	79,961,890.69	438,685,513.33	498,569,027.21	75,787,173.02	422,781,854.19

(2) Impairment provision for inventory

Item	1 Jan 2012	Increase	Decrease in this year		30 Jun 2012
			Reversal	Transferred out	
Raw materials	4,979,065.44	0.00	0.00	0.00	4,979,065.44
Work in progress	40,726,799.30	5,067,511.76	0.00	2,191,904.22	43,602,406.84
Storage goods	30,081,308.28	6,225,623.63	0.00	4,926,513.50	31,380,418.41
Total	75,787,173.02	11,293,135.39	0.00	7,118,417.72	79,961,890.69

(3) The Group made much more efforts on selling those overstocked products this year. The amount of impairment provision prepared previously written-off for the reason of sales out, is RMB7,118,400.

The Group made impairment test on those unsold overstocked products and unfinished work in process during the year and prepared impairment provisions for inventory of RMB11,293,100.

(4) The impairment provision method for inventory is referred to Note IV.9.

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

8. Long-term equity investments

(1) Categories of long-term equity investments

Item	30 Jun 2012	1 Jan 2012
Accounted in cost method	50,000.00	50,000.00
Accounted in equity method	15,395,315.20	15,660,364.86
Total	15,445,315.20	15,710,364.86
Less: provision for impairment on long-term equity investments	50,000.00	50,000.00
Net book value	15,395,315.20	15,660,364.86

FINANCIAL STATEMENTS (UNAUDITED)

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

8. Long-term equity investments (Continued)

(2) Accounted in cost and equity method

Name of invested companies	Share holding %	Voting right %	Original amounts	1 Jan 2012	Increase	Decrease	Adjustment	Cash dividend for the year	30 Jun 2012
In cost method									
Ying Shen Associated Co., Ltd.			50,000.00	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Sub-total			50,000.00	50,000.00	0.00	0.00	0.00	0.00	50,000.00
In equity method									
Beijing Monigraf Automations Co. Ltd.	49	49	3,675,000.00	8,971,923.43	0.00	0.00	4,475.59	0.00	8,976,399.02
Beijing Beiyang Moulding Co., Ltd.	20	20	1,136,000.00	6,688,441.43	0.00	0.00	-269,525.25	0.00	6,418,916.18
Beijing Mitsubishi Heavy Industries Co., Ltd.	49	49	22,540,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total			27,351,000.00	15,660,364.86	0.00	0.00	-265,049.66	0.00	15,395,315.20
Sub-total			27,401,000.00	15,710,364.86	0.00	0.00	-265,049.66	0.00	15,445,315.20

(3) Investment in associated companies

Name of invested company	Nature	Registration	Legal person	Business type	Registered capital	Share holding %	Voting right %
Associated company Beijing Monigraf Automations Co. Ltd.	Limited liability	Beijing	Zhang Peiwu	The development/design/manufacturing/sale of printing machine ink control system, sales of print consumables and relative services r.t. self-made products	1,500.00	49.00	49.00
Beijing Beiyang Casting Co. Ltd.	Limited Liability	Beijing	Chen Changge	Processing and selling the standard part during the corresponding system.	568.00	20.00	20.00
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd	Joint Venture	Beijing	Kong Dagang	Printing machine production and sales, as well as the technical services.	4,600.00	49.00	49.00

(continued)

(Unit:RMB 0,000)

Items	Closing total assets	Closing total liabilities	Closing total net assets	Operation income of the year	Net profit of the year
Associated company Beijing Monigraf Automation Co. Ltd.	2,304.21	505.79	1,798.42	859.91	0.91
Beijing Beiyang Casting Co. Ltd.	6,578.26	3,466.62	3,111.64	2,137.27	-134.76
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.	3,507.31	12,934.37	-9,427.06	5.78	-319.53
Total	12,389.78	16,906.78	-4,517.00	3,002.96	-453.38

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

Company	1 Jan 2012	Provision	Reduces in period	30 Jun 2012	Reason
Ying Shen Associated Company Co., Ltd.	50,000.00	0.00	0.00	50,000.00	Expected to be difficult to recover

FINANCIAL STATEMENTS (UNAUDITED)

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

9. Investment in real estate

(1) Accounted in cost method

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Original cost				
Buildings	7,986,177.80	0.00	0.00	7,986,177.80
Accumulated depreciation				
Buildings	1,247,082.03	88,497.87	0.00	1,335,579.90
Net book value				
Buildings	6,739,095.77	-	-	6,650,597.90
Impairment provision				
Buildings	0.00	0.00	0.00	0.00
Book value				
Buildings	6,739,095.77	-	-	6,650,597.90

10. Fixed assets

(1) Fixed assets category

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Original cost	1,070,084,090.74	2,493,271.35	1,308,848.00	1,071,268,514.09
Buildings	547,537,454.88	1,059,465.20	717,118.00	547,879,802.08
Machinery	457,017,510.48	1,007,176.12	16,490.00	458,008,196.60
Transportation facilities	15,060,453.14	151,591.40	220,000.00	14,992,044.54
Office equipment	48,993,782.77	275,038.63	355,240.00	48,913,581.40
Others	1,474,889.47	0.00	0.00	1,474,889.47
Accumulated depreciation	522,587,936.49	15,915,638.84	553,902.51	537,949,672.82
Building	138,292,350.32	7,355,109.56	0.00	145,647,459.88
Machinery	332,868,793.74	7,224,335.15	8,666.46	340,084,462.43
Transportation facilities	8,716,354.13	593,411.86	225,520.05	9,084,245.94
Office equipment	41,940,620.00	668,205.57	319,716.00	42,289,109.57
Others	769,818.30	74,576.70	0.00	844,395.00
Carrying amount	547,496,154.25	-	-	533,318,841.27
Building	409,245,104.56	-	-	402,232,342.20
Machinery	124,148,716.74	-	-	117,923,734.17
Transportation facilities	6,344,099.01	-	-	5,907,798.60
Office equipment	7,053,162.77	-	-	6,624,471.83
Others	705,071.17	-	-	630,494.47
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	526,997,541.58	-	-	512,820,228.60
Building	409,245,104.56	-	-	402,232,342.20
Machinery	103,765,104.07	-	-	97,540,121.50
Transportation facilities	6,229,099.01	-	-	5,792,798.60
Office equipment	7,053,162.77	-	-	6,624,471.83
Others	705,071.17	-	-	630,494.47

- For the increase of the fixed assets of the period, the mount of RMB864, 232.20 was transferred from construction in progress. Among the increase in accumulated depreciation, the depreciation of RMB15, 915,638.84 accrued in the year.
- The buildings, which are collateral to the bank as a short-term loan guarantee, are with the original cost of RMB8, 533,337.00 and net book value of RMB7, 401,633.74.

FINANCIAL STATEMENTS (UNAUDITED)

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

10. Fixed assets (Continued)

- (2) There are no idle fixed assets at the end of the period.
 (3) There is no financing lease of fixed assets of the Group.
 (4) Fixed assets leased out through an operating lease:

Item	Book Value
Buildings	85,401,539.17

- (5) There is no fixed assets held for sale at the end of the year
 (6) There are no fixed assets of which property licenses are not finished yet.

11. Construction in progress

Name	30 Jun 2012			1 Jan 2012		
	Book value	Provision	Book value	Book balance	Provision	Book value
Construction	0.00	0.00	0.00	0.00	0.00	0.00
Equipments in installation	2,029,131.62	0.00	2,029,131.62	1,353,615.30	0.00	1,353,615.30
Others	1,825,679.60	0.00	1,825,679.60	1,825,679.60	0.00	1,825,679.60
Total	3,854,811.22	0.00	3,854,811.22	3,179,294.90	0.00	3,179,294.90

12. Intangible assets

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Original cost				
Land use right	127,643,801.77	0.00	223,986.00	127,419,815.77
Accumulated depreciation				
Land use right	23,623,485.52	1,242,684.93	24,265.15	24,841,905.30
Net book value				
Land use right	104,020,316.25	-	-	102,577,910.47
Impairment provision				
Land use right	0.00	0.00	0.00	0.00
Book value				
Land use right	104,020,316.25	-	-	102,577,910.47

- (1) The increase of accumulated amortization of this year is RMB1,242,684.93.
 (2) The land use right which is collateral to the bank as a guarantee for issuing bank acceptance notes, is with the original cost of RMB6,292,266.84 and with the net book value of RMB5,471,374.85.

13. Long-term prepayments

Item	1 Jan 2012	Increase	Decrease	Other decrease	30 Jun 2012
The land development fee	9,367,320.00	0.00	0.00	0.00	9,367,320.00

FINANCIAL STATEMENTS (UNAUDITED)

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

14. Deferred tax asset and deferred tax liabilities

(1) Recognized Deferred tax asset

Item	30 Jun 2012	1 Jan 2012
Deferred tax asset		
Provision for assets	2,711,017.52	2,711,017.52

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

Item	30 Jun 2012	1 Jan 2012
Asset impairment	199,605,312.10	191,669,974.91
Deductible loss	318,850,840.80	318,850,840.80
Total	518,456,152.90	510,520,815.71

(3) Deductible loss unrecognized as deferred income tax assets will be expired in the following years:

Item	30 Jun 2012
2012	1,741,787.83
2013	133,813,242.84
2014	168,868,795.78
2015	12,192,889.89
2016	2,234,124.46
Total	318,850,840.80

(4) Details of deductible differences:

Items	Amount
Closing balance	
Deductible differences	
Provision for bad debts	14,250,823.82
Provision for impairment of inventory	3,772,626.40
Provision for impairment of long-term equity investment	50,000.00
Total	18,073,450.22
Opening balance	
Taxable differences	
Provision for bad debts	14,250,823.82
Provision for impairment of inventory	3,772,626.40
Provision for impairment of long-term equity investment	50,000.00
Total	18,073,450.22

FINANCIAL STATEMENTS (UNAUDITED)

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

15. Provision for impairment of assets:

Item	1 Jan 2012	Increase	Decrease		30 Jun 2012
			Returning	Other transfers out	
Provision for bad debts	113,407,639.44	6,403,609.62	0.00	2,642,990.10	117,168,258.96
Provision for impairment of inventory	75,787,173.02	11,293,135.39	0.00	7,118,417.72	79,961,890.69
Provision for impairment of long-term equity investment	50,000.00	0.00	0.00	0.00	50,000.00
Provision for impairment of investment in real estate	0.00	0.00	0.00	0.00	0.00
Provision for impairment of fixed assets	20,498,612.67	0.00	0.00	0.00	20,498,612.67
Provision for impairment of construction materials	0.00	0.00	0.00	0.00	0.00
Provision for impairment of construction in progress	0.00	0.00	0.00	0.00	0.00
Provision for impairment of intangible assets	0.00	0.00	0.00	0.00	0.00
Total	209,743,425.13	17,696,745.01	0.00	9,761,407.82	217,678,762.32

16. Short-term loans

Type	30 Jun 2012	1 Jan 2012
Guaranteed loans—due within one year	9,000,000.00	10,000,000.00
Unsecured loans—due within one year	210,000,000.00	210,000,000.00
Total	219,000,000.00	220,000,000.00

- (1) The guaranteed loans at the end of year, which is amounting to RMB 9,000,000.00, are the borrowings by the subsidiary Beiren Fuji Printing Machine Co., Ltd. A six-month period loan of RMB 1,000,000 is guaranteed by Fuji Co., Ltd and a one-year period loan of RMB 8,000,000 is guaranteed by the Company.
- (2) The unsecured loans at the end of year include a one-year period loan of RMB21 million borrowed by the Company from Bank of Beijing Jinyun Branch entrusted by Beijing National Capital Mechanical And Electrical Holding Company Limited at an interest rate which shall not be higher than bank lending rates over the same period.

17. Notes payable

Type of note	30 Jun 2012	1 Jan 2012
Bank acceptance note	5,350,000.00	16,950,000.00

18. Accounts payable

(1) Accounts payable

Item	30 Jun 2012	1 Jan 2012
Total	331,673,679.12	272,997,745.92
More than 1 year	45,983,376.24	55,372,824.73

- (2) The accounts payable balance details exclude shareholders who hold 5% or more of the Group's shares
- (3) The accounts payable balance details exclude foreign currencies

FINANCIAL STATEMENTS (UNAUDITED)

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

19. Advance from customers

(1) Advance from customers

Item	30 Jun 2012	1 Jan 2012
Total	80,843,583.33	88,449,580.42
More than 1 year	12,027,465.89	15,074,375.01

Advance from customers which is more than 1 year, is caused by contracts which have not been fulfilled and the corresponding goods have not been fully delivered yet.

(2) The advance from customers balance details exclude shareholders who hold 5% or more of the Group's shares.

(3) The balance of the advance from customers in foreign currency:

Foreign Currency	30 Jun 2012			1 Jan 2012		
	USD	Exchange rate	RMB	USD	Exchange rate	RMB
USD	1,162,362.52	6.3249	7,351,829.24	157,833.00	6.3009	1,108,530.81
EUR	0.00	7.8710	0.00	12,198.00	8.1625	107,449.86
Total			7,351,829.24			1,215,980.67

20. Employee compensation

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Salary (Including bonus and allowance)	4,200,097.91	59,503,520.58	63,703,618.49	0.00
Welfare	0.00	10,347,170.08	10,347,170.08	0.00
Social insurance	14,844,692.14	14,739,758.56	13,803,387.32	15,781,063.38
Including:				
Medical insurance	4,265,606.73	2,407,695.71	4,288,722.60	2,384,579.84
Basic endowment insurance	10,003,980.08	10,898,377.81	8,274,320.13	12,628,037.76
Unemployment insurance	389,394.16	632,290.46	353,212.90	668,471.72
Industrial injury insurance	75,503.60	434,028.52	527,804.09	-18,271.97
Fertility insurance	110,207.57	367,366.06	359,327.60	118,246.03
Housing fund	688,304.20	4,302,013.00	3,881,869.00	1,108,448.20
Labour union expenditure and employee education expenditure	2,230,434.71	1,750,817.95	1,454,855.88	2,526,396.78
Estimated expense for employee retirement in advance	16,912,342.55	48,757.50	5,282,599.18	11,678,500.87
Other welfare	215,853.00	1,479,194.63	1,479,254.63	215,793.00
Total	39,091,724.51	92,171,232.30	99,952,754.58	31,310,202.23

21. Tax payable

Tax category	30 Jun 2012	1 Jan 2012
Value added tax	2,772,356.55	-5,876,913.92
Business tax	216,318.24	1,547,763.26
Enterprise income tax	0.00	0.00
Individual tax	101,397.63	137,371.97
Urban maintenance and construction tax	222,684.32	-465,825.77
Property tax	0.00	0.00
Land usage tax	0.00	0.00
Educational surcharge	159,433.77	-157,479.47
Stamp tax	0.00	87,690.59
Water conservancy fund	462,372.95	598,012.37
Total	3,934,563.46	-4,129,380.97

FINANCIAL STATEMENTS (UNAUDITED)

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

22. Interest payable

Items	30 Jun 2012	1 Jan 2012
Short-term borrowings interest payable	782,610.06	751,944.17

23. Other payables

(1) Other payables

Items	30 Jun 2012	1 Jan 2012
Total	43,669,473.27	41,361,493.75
Include: more than 1 year	21,239,244.06	21,602,109.24

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

Items	30 Jun 2012	1 Jan 2012
Beiren Group Corporation	953,521.36	0.00

(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

Note 1: The payable to Beijing Beiyong Casting Co. Ltd. is the public land remise fund owed the local government where Beijing Casting located. As of 30 Jun 2012, the Company has not acquired the certificate of land use right in Daxing, Beijing, with an area of 92.126 acreage.

24. Other current liabilities

Items	30 Jun 2012	1 Jan 2012
Interest discount of advanced flexo printing machine technology transformation project	57,836.99	115,673.98
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	42,263.29	84,526.58
Relocation compensation	328,407.99	656,815.99
Other accrued expenses	16,981.13	1,400,000.00
Total	445,489.40	2,257,016.55

25. Specific payables

Items	1 Jan 2012	Increase	Decrease	30 Jun 2012	Notes
Medium newspaper printing machine core unit technology and half-way commercial product	4,751,414.58	87,802.71	0.00	4,839,217.29	Note 1
Folio single paper print machine series with multiple colours-new style 1050	5,230,314.97	93,657.70	0.00	5,323,972.67	Note 2
Digital single piece of paper split polychrome offset machine industry project	5,091,683.83	190,310.20	0.00	5,281,994.03	Note 3
Digital single piece of paper split polychrome offset machine industry project	10,900,000.00	0.00	0.00	10,900,000.00	Note 4
Wide satellite super-speed flexible printing machine industry project	3,185,652.30	0.00	42,275.00	3,143,377.30	Note 5
Relocation compensation	2,526,102.37	0.00	1,208,373.00	1,317,729.37	Note 6
Specialty working station	0.00	728,000.00	303,805.43	424,194.57	
Total	31,685,168.05	1,099,770.61	1,554,453.43	31,230,485.23	



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

25. Specific payables (Continued)

Note 1: The Company and its ultimate controller 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 17 December 2008. A financial support of RMB5,000,000 has been injected into 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 30 November 2011 and 30 November 2012 with the amount of RMB1,500,000 and RMB3,500,000 respectively. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognize 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. It has not been returned within the period. 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 24 June 2009. A financial support of RMB5,500,000 has been injected into this company to the development of folio single paper print machine series with multiple colors-new styles 1050. The Company in, will return the fund to the national capital holding on 30 November 2011 and 30 November 2012 with the amount of RMB1,650,000 and RMB3,850,000 respectively. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognize the book value of the Account payable for special Item. It has not been returned within the period. Loan datum interest rate of 3 year time (5.4%) is used as discount rate.

Note 3: 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 22 December 2011. A financial support of RMB6,500,000 has been given to this company to carry on the development of folio single paper print machine series with multiple colors-new styles 1050. The Company in, will return the fund to the national capital holding on 1 December 2014 and 1 December 2015 with the amount of RMB1,950,000 and RMB4,550,000 respectively. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognize the book value of the Account payable for special Item. Loan datum interest rate of 3 year time (6.65%) and 4 year time (6.90%) are used as discount rate, which has not been returned within the period.

Note 4: According to Beijing eco-tech Open Economic Zone department of finance JKCJ (2011) No. 86, JCJE (2011) No. 362 and government investment plan, subsidy Digital single piece of paper split polychrome offset machine industry project for RMB10,900,000.

Note 5: According to "The Adjustment Of Industry structure project investment plan within the budget in 2010" the subsidiary of the group, Shaanxi Beiren printing machine Co., LHC received RMB3,300,000 in the Wide satellite super-speed flexible printing machine industry project.

Note 6: During 2010, the Company transferred real estate which located at Fatou Factory area to its parent company, Beiren Group Corporation; hence Beiren Fuji relocated its production area into factory area of the Company. During 2010, the Beiren Group issued RMB10,746,900 payments to Beiren Fuji as relocations compensations. Up to 30 Jun 2012 there is a RMB1,317,700 balances has not been paid.

26. Estimated liabilities

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Employee Compensation for Dismission	567,607.38	0.00	25,200.00	542,407.38

The Company estimated employee injury compensation in comply with the court judgment. The decrease is the payment which is the optimum estimated number confirmed by discounting future cash flow out.

27. Other non-current liabilities

Items	30 Jun 2012	1 Jan 2012
Interest discount of advanced flexo printing machine technology transformation project	462,695.93	462,695.93
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	253,579.73	253,579.73
Total	716,275.66	716,275.66

(1) The government subsidies of RMB100,100.28, gained prior years relevant to assets are transferred into non-operating income in according to relevant regulations, and the closing balance is RMB816,375.94.

FINANCIAL STATEMENTS (UNAUDITED)

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

27. Other non-current liabilities (Continued)

(2) 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	462,695.93	57,836.99	57,836.99		
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	253,579.73	42,263.29	42,263.29		
Total	716,275.66	100,100.28	100,100.28	-	-

28. Share capital

Unit: RMB'000

Shareholder's Name/Regimentation	1 Jan 2012		Current changes				30 Jun 2012		
	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

29. Capital reserve

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
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

30. Surplus reserve

Item	1 Jan 2012	Increase	Decrease	30 Jun 2012
Statutory surplus reserve	43,172,707.88	0.00	0.00	43,172,707.88

31. Undistributed profits

Item	Amount	%
Undistributed Profits at The Last period End	-231,668,177.08	
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	-231,668,177.08	
Add: net profit attributable to parent company this period	-31,968,668.99	
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	-263,636,846.07	

FINANCIAL STATEMENTS (UNAUDITED)

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

32. Minority interest

Name of Subsidiary	Proportion of Minority Interest (%)	30 Jun 2012	1 Jan 2012
Beiren Fuji print machinery Co., Ltd.	30.00	8,043,148.38	7,865,054.51
Beijing Beiren Jingyan Print Machinery Factory	0.24	10,285.75	14,022.85
Shaanxi Beiren printing machinery Co., Ltd.	13.76	10,806,101.94	10,481,284.56
Total		18,859,536.07	18,360,361.92

33. Operating income and operating costs

Items	Jan-Jun 2012	Jan-Jun 2011
Main operating income	369,969,854.86	415,635,555.47
Other operating income	7,972,584.50	9,435,708.91
Total	377,942,439.36	425,071,264.38
Main operating income	299,767,319.10	327,498,426.00
Other operating income	4,672,544.95	2,752,799.44
Total	304,439,864.05	330,251,225.44

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

Item	Jan-Jun 2012		Jan-Jun 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of hectograph machine	176,194,363.54	152,358,746.02	186,607,649.22	145,726,276.16
Sales of intaglio printing machine	159,745,230.08	120,517,474.99	175,938,007.88	133,455,169.12
Sales of form machinery	26,716,746.81	21,824,726.29	30,987,179.48	25,838,591.90
Others	7,313,514.43	5,066,371.80	22,102,718.89	22,478,388.82
Total	369,969,854.86	299,767,319.10	415,635,555.47	327,498,426.00

(2) Main operating income and costs (classified by geographic districts)

Item	Jan-Jun 2012		Jan-Jun 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Domestic sales	346,313,929.08	284,377,650.37	404,371,332.13	319,933,860.14
Overseas sales	23,655,925.78	15,389,668.73	11,264,223.34	7,564,565.86
Total	369,969,854.86	299,767,319.10	415,635,555.47	327,498,426.00

(3) The total sales income from the Company's top five clients is RMB71,410,945.58, accounted 19.30% of the total sales income of the period.

34. Business tax

Items	Jan-Jun 2012	Jan-Jun 2011	Tax rate (%)
Business tax	365,838.58	993,877.09	Taxable income*5%/3%
Urban maintenance and construction tax	1,245,889.82	1,252,958.38	Turnover tax*5%/7%
Educational surcharge	694,097.89	543,849.74	Turnover tax*3%
Real estate tax	33,541.95	33,541.95	Original value of real estate*70%*1.2%
Total	2,339,368.24	2,824,227.16	

FINANCIAL STATEMENTS (UNAUDITED)

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

35. Financial expense

Items	Current period	Last period
Interest payment	7,076,138.55	5,083,518.99
Less: interest income	343,934.71	380,306.22
Add: exchange loss	25,680.00	9,568.11
Add: other payment	146,944.04	252,433.99
Total	6,904,827.88	4,965,214.87

36. Impairment loss of assets

Items	Current period	Last period
Bad debt loss	6,403,609.62	1,339,757.47
Impairment loss on inventory	11,293,135.39	0.00
Total	17,696,745.01	1,339,757.47

37. Investment income

(1) Resources of investment income

Item	Current period	Last period
Equity method of accounting for long term equity investment income	-265,049.66	13,103.26

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

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

Item	Current period	Last period	Reason of changes
Total	-265,049.66	13,103.26	
including:			
Beijing Beiyong Casting Co., Ltd.	-269,525.25	16,421.47	Reduce of profit
Beijing Monigraf Automations Co., Ltd.	4,475.59	-3,318.21	Increase of profit

38. Non-operating income

(1) Non-operating income

Item	Current period	Last period	Accounted into non-operating gains & loss
Gains from non-current capital disposal	0.00	350.00	0.00
Among which: Gains from fixed asset	0.00	350.00	0.00
Government subsidy	2,215,600.28	65,024.50	2,215,600.28
Gain of debt restructure	0.00	290,372.80	0.00
Others	399,195.89	1,004,522.37	399,195.89
Total	2,614,796.17	1,360,269.67	2,614,796.17

FINANCIAL STATEMENTS (UNAUDITED)

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

38. Non-operating income (Continued)

(2) Government subsidy

Item	Current period	Last period	Reasons
Stable employment career subsidy and social insurance subsidy	0.00	4,024.50	Chaoyang district disable association [2007] NO.26
Subsidy for disable workers	0.00	11,000.00	Disable association
Subsidy for pay tax corporation	0.00	50,000.00	WCBY [2011] No.11
Weinan enterprise technology innovation and creation of famous brand	2,115,500.00	0.00	WCBJ [2012] No.19
Interest discount of advanced printing machine technology transformation project	57,836.99	0.00	SFGTZ [2006] No.1278 (transferred deferred P&L)
Shanxi Packaging & Printing Machinery Engineering Technical Research Centre	42,263.29	0.00	YZZZ [2009] No.025 (transferred deferred P&L)
Total	2,215,600.28	65,024.50	

39. Non-operating expenses

Item	Current period	Last period	Accounted into non-operating gains & loss
Loss from non-current Asset disposal	955,658.70	226,673.15	955,658.70
Among which: loss from fixed asset	755,937.85	226,673.15	755,937.85
Loss compensation	0.00	0.00	0.00
Others	45,578.37	70,963.10	45,578.37
Total	1,001,237.07	297,636.25	1,001,237.07

40. Income tax expense

Item	Current period	Last period
Income tax for current year	0.00	0.00
Deferred tax expenses	0.00	117,848.82
Total	0.00	117,848.82

FINANCIAL STATEMENTS (UNAUDITED)

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

41. The calculation procedure for basic EPS and diluted EPS

Item	Number	2012	2011
Net profit for equity holders of company	1	-31,968,668.99	14,071,046.21
Net profit of extraordinary items for equity holders of the company	2	1,429,334.61	785,697.72
Net profit for equity holders of company after extraordinary items	3=1-2	-33,398,003.60	13,285,348.49
No. of shares at beginning	4	422,000,000.00	422,000,000.00
No. of shares increased by converting surplus reserves into share capital (I)	5		
No. of shares increased by issuing new shares or shares converted from debenture I (II)	6		
No. of month for shares increased (II) from next month to end of reporting period	7		
No. of shares decreased by buyback share option	8		
No. of shares decreased from next month to the end of reporting period	9		
No. of shares decreased by shrinking	10		
No. of month in reporting period	11	6	6
Ordinary shares on weighted average basis	$12=4+5+6\times7\div11-8\times9\div11-10$	422,000,000.00	422,000,000.00
Basic EPS (I)	$13=1\div12$	-0.08	0.03
Basic EPS (II)	$14=3\div12$	-0.08	0.03
Dividends of diluted convertible ordinary shares as expense	15		
Conversion expense	16		
Income tax	17		
No. of shares increased by options and warrants	18		
Diluted EPS (I)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	-0.08	0.03
Diluted EPS (II)	$19=[3+(15-16)\times(1-17)]\div(12+18)$	-0.08	0.03

FINANCIAL STATEMENTS (UNAUDITED)

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

42. Cash flow

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

1) Other cash received related to operation activity

Item	Amount
Government subsidy	6,144,619.14
Refund of guarantee payment	1,279,710.00
Return of advances by	108,177.81
Refund of social insurance	616,640.93
Interest income	343,934.71
Return of borrowing expense for travelling	299,522.33
Sales of material	201,428.27
Others	224,661.67
Total	9,218,694.86

2) Other cash payment related to operation activity

Item	Amount
Office, conference and travelling fee	8,449,319.10
Retirement fee	7,792,488.26
Other expense	4,193,968.63
Transportation and commission fee	3,972,325.20
Guarantee	2,017,113.00
Agency fee	1,956,643.92
Advertisement and exhibition fee	1,409,538.82
Entertainment	702,449.20
Single-colour removal for project fee	578,782.50
Usage of patent fee	513,579.16
Total	31,586,207.79

3) Other cash received related to financing activity

Item	Amount
Bank bill and commercial bank financing guarantee	5,274,602.69

4) Other cash payment related to financing activity

Item	Amount
Bank acceptance bill guarantee	1,816,809.87

FINANCIAL STATEMENTS (UNAUDITED)

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

42. Cash flow (Continued)

(2) Supplement information of consolidated cash flow statement

Item	Current period	Last period
1. Cash flow from operating activities		
Net profit	-31,469,494.84	15,958,029.21
Add: Provision on impairment of assets	17,696,745.01	1,339,757.47
Depreciation of fixed assets	16,004,136.71	17,288,603.30
Amortization of intangible assets	1,242,684.93	1,348,080.50
Amortization of long term prepaid expense	0.00	0.00
Loss on disposal of fixed assets, intangible and other long term assets ("-" if Gain)	955,658.70	226,323.15
Loss on scrapped of fixed asset ("-" if Gain)	0.00	0.00
Gain/loss on changes in fair value ("-" if Gain)	0.00	0.00
Financial expense ("-" if revenue)	6,688,493.06	5,083,518.99
Investment loss ("-" if Gain)	265,049.66	-13,103.26
Decrease in deferred tax assets ("-" if increase)	0.00	117,848.82
Increase in deferred tax liabilities ("-" if decrease)	0.00	0.00
Decrease in inventory ("-" if increase)	-20,078,376.81	-5,444,441.69
Decrease of account receivable ("-" if increase)	-91,020,028.37	-22,848,131.00
Increase of account payable ("-" if decrease)	32,658,906.48	-39,626,437.46
Others	0.00	0.00
Net cash flow from operation activity	-67,056,225.47	-26,569,951.97
2. Cash flow from financing activity:		
Debts transferred into capital	0.00	0.00
Corporation debenture with maturity less than 1 year	0.00	0.00
Financing leased fixed asset	0.00	0.00
3. Changes in cash and cash equivalent:		
Closing balance of cash	82,583,818.03	81,805,110.19
Less: opening balance of cash	156,591,748.37	110,505,385.35
Add: closing balance of cash equivalent	0.00	0.00
Less: opening balance of cash equivalent	0.00	0.00
Net increase in cash and cash equivalent	-74,007,930.34	-28,700,275.16

(3) No relevant information of current disposal of subsidiary and other business units.

(4) Cash and cash equivalent

Item	Current period	Last period
Cash	82,583,818.03	81,805,110.19
Including: cash on hand	11,251.30	37,110.93
Bank deposit available to make payment	82,572,566.73	81,767,999.26
Cash equivalent	0.00	0.00
Closing balance of cash equivalent	82,583,818.03	81,805,110.19
Including: limited use of cash and cash equivalent for parent and subsidiary inside the company	0.00	0.00

FINANCIAL STATEMENTS (UNAUDITED)

VIII. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

1) Related parties relationship

1. Parent company and ultimate controlling parties

(1) Parent company and ultimate controlling parties

Name	Ownership	Place of registration	Business scope	Legal representative	Organisation code
Beiren corporation group	Whole people owned	No.44 Guangqu Venue Chaoyang District Beijing	Sales & manufacturing of printing machinery, packaging machinery, series products of machine tools and components, technology development and advisory.	Peiwu Zhang	10110132-9
Beijing National Capital Mechanical& Electrical Holding Company Ltd.	Unique state-owned	No.59 Zhong venue Dongsanhuan Chaoyang district Beijing	Operation & management of authorized state capital; property right operation; financing & investing money from foreign countries.	Yaguang Ren	633686217

(2) Registered capital of parent company and changes (RMB0,000)

Parent	Opening balance	Increase	Decrease	Closing balance
Beiren Corporation Group	17,126.70	0.00	0.00	17,126.70
Beijing National Capital Mechanical & Electrical Holding Co. Ltd.	163,454.55	0.00	0.00	163,454.55

(3) Shareholdings of parent company (RMB0,000)

Parent	Amount of shareholding		Percentage of shareholding(%)	
	Closing	Opening	Closing	Opening
Beiren Corporation Group	20,162.00	20,162.00	47.78	47.78

2. Subsidiaries

(1) Subsidiaries

Name	Ownership	Place of registration	Business scope	Legal representative	Organisation code
Shanxi Beiren Printing Machinery Co. Ltd.	Limited liability Co.	Weinan city, Shanxi province	Manufacture, sale & maintain printing machines, packaging and engineering machines, electrical equipments and relevant fittings, manufacture and sales typesetting machines and printing machines	Peiwu, Zhang	709915814
Beijing Beiren Fuji Printing Machinery Co. Ltd	Sino-foreign Equity Joint Venture Enterprise	Chaoyang, Beijing	Manufacture printing machines and sale self-manufactured machines	Peiwu,Zhang	600040954
Beijing Beiren Jingyan Printing Machinery factory	Joint Stock Company	Yanqing, Beijing	Manufacture printing machines and relevant components provide relevant technical consulting services.	Dagang,Kong	103047696

FINANCIAL STATEMENTS (UNAUDITED)

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

1) Related parties relationship (Continued)

2. Subsidiaries (Continued)

(2) Registered capital of subsidiaries and changes

Name	Opening	Increase	Decrease	Closing
Shanxi 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 Jingyan Printing Machinery Factory	21,050,000.00	0.00	0.00	21,050,000.00

(3) Shareholdings

Name	Amount of shareholding		Percentage of shareholding (%)	
	Closing	Opening	Closing	Opening
Shanxi 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 Jingyan Printing Machinery Factory	21,000,000.00	21,000,000.00	99.76	99.76

3. Associated company

Name	Ownership	Place of registration	Business scope	Legal representative	Capital	Shareholding (%)	Organisation code
Associated Co. Beijing Monigraf Automations Co. Ltd.	Sino-Foreign Equity Joint Venture Enterprise	Beijing	The research, development and design, manufacturing, sale of the control system of printing ink, the sale of printing facilities and materials in connection with its own products' illustration and adjustment, maintenance, technology advisory and training.	Peiwu, Zhang	1,500.00	49	600094442
Beijing Beiyong Casting Co. Ltd.	Limited liability Co.	Beijing	Processing and sale of standard and non standard components, manufacture of casting, processing of model, technology development, transferring, advisory service.	Changge, Chen	568.00	20	802866623
Beijing Sanling Heavy Industries Beiren Printing Machinery Co., Ltd.	Sino-Foreign Equity Joint Venture Enterprise	Beijing	Manufacture & sale of printing machinery, related technology advisory and service	Dagang, Kong	4,600.00	49	788602348

The shareholding proportion of associated company is the same with voting rights proportion.

4. Other related parties

Relationship	Name	Transaction	Organisation code
Under the same parent company	Haimen Beiren Printing Machinery Co., Ltd.	Goods sales	138335313
Under the same parent company	Beijing Jingcheng industry Logistics Co., Ltd.	Goods purchase	101628956
Under the same parent company	Beijing Jingcheng Changye construction machinery Co., Ltd.	Site lease	58587627-7

FINANCIAL STATEMENTS (UNAUDITED)

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

2) Related party transactions

1. Purchase of goods or accepting service

Name	Current period		Last period	
	Amount	(%)	Amount	(%)
Parent company				
Beiren Corporation Group	1,423,883.79	100.00	1,676,530.99	100.00
Beiren Corporation Group	21,548.54	0.21	0.00	0.00
Association company				
Beijing Beiyong Casting Co. Ltd	5,727,362.36	8.76	9,384,235.23	15.27
Beijing Monigraf Automation Co.Ltd	3,370,717.92	5.16	10,751,931.34	17.49
Under the same parent company				
Beijing Jingcheng Industry Logistics Co.,Ltd.	15,335,169.16	23.45	0.00	0.00
Total	25,878,681.77		21,812,697.56	

Pricing policies on related-party transaction is in accordance with the agreement price.

2. Sales of goods

Name	Current period		Last period	
	Amount	(%)	Amount	(%)
Associated companies				
Beijing Mitsubishi Heavy Industries				
Beiren Printing Machinery Co.	0.00	0.00	6,492,177.40	86.51
Beijing Mitsubishi Heavy Industries				
Beiren Printing Machinery Co.	0.00	0.00	6,600,000.00	76.49
Under the same parent company				
Beijing Jingcheng Industry Logistic Co.Ltd	0.00	0.00	6,443,199.14	78.80
Total	0.00		19,535,376.54	

Pricing policies associated with Related-party transactions is the agreement price.

3. Rental

Lessor	Lessee	Assets rental information	Start date	Expire date	Rental income	Basis of income
The company	Beijing Beiyong Casting Co. Ltd	Land & housing	2012-1-1	2012-12-31	2,203,532.34	Agreement price
The company	Beijing Monigraf Automation Co. Ltd	Housing	2011-1-1	2019-12-31	50,331.00	Agreement price
The company	Beijing Jingcheng Changye construction machinery Co. Ltd	Housing	2012-3-1	2013-2-28	1,296,637.80	Agreement price

4. Entrust loans with related parties

Name	Amount	Start date	Expire date	Index
Beijing National Capital Mechanical and Electrical Holding Co.Ltd.	35,500,000.00	2012.2.28	2013.2.28	See VII.16
Beijing National Capital Mechanical and Electrical Holding Co.Ltd.	55,000,000.00	2012.3.22	2013.3.21	See VII.16
Beijing National Capital Mechanical and Electrical Holding Co.Ltd.	44,500,000.00	2012.3.28	2013.3.28	See VII.16
Beijing National Capital Mechanical and Electrical Holding Co.Ltd.	45,000,000.00	2011.9.16	2012.9.16	See VII.16
Beijing National Capital Mechanical and Electrical Holding Co.Ltd.	30,000,000.00	2012.4.13	2012.4.12	See VII.16

FINANCIAL STATEMENTS (UNAUDITED)

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

2) Related party transactions (Continued)

5. Key administration staff salary

Item	Current period	Last period
Key administration staff salary	1,627,958.92	2,237,031.76

Item	Current period	Last period
Fees	250,749.00	239,235.00
Salaries and other benefits	1,316,143.36	1,952,232.28
Retirement benefits scheme contributions	61,066.56	45,564.48
Total	1,627,958.92	2,237,031.76

The emoluments of key administration staff are analysed as follows:

Name and post	Jan-Jun 2012			
	Fees	Salaries and other benefits	Retirement benefits scheme contribution	Total emoluments
Executive directors:				
Zhang Pei-Wu (board director)	68,264.00	167,597.86	6,388.56	242,250.42
Chen Bang-she (manager)	22,485.00	35,398.05	3,363.84	61,246.89
Non-executive Directors:				
Teng Ming-Zhi	0.00	0.00	0.00	0.00
Li Sheng-Gao	0.00	0.00	0.00	0.00
Wei Li	0.00	0.00	0.00	0.00
Independent non-executive directors:				
Xu Wen-Cai	40,000.00	0.00	0.00	40,000.00
Wang Hui	40,000.00	0.00	0.00	40,000.00
Xie Bing-Guang	40,000.00	0.00	0.00	40,000.00
Wang De-Yu	40,000.00	0.00	0.00	40,000.00
Supervisors:				
Wang Lian-Sheng	0.00	187,427.86	6,388.56	193,816.42
Guo Xuan	0.00	22,550.54	2,016.48	24,567.02
Wang Hui-Ling	0.00	51,952.74	5,875.44	57,828.18
Other key management				
Jiao Rui-Fang (Secretary of Board)	0.00	187,567.86	6,388.56	193,956.42
Kong Da-Gang (Associate manager)	0.00	179,447.86	6,388.56	185,836.42
Cheng Chang-Ge (Associate manager)	0.00	176,009.86	6,388.56	182,398.42
Xue Ke-Xin (Associate manager)	0.00	79,126.86	6,388.56	85,515.42
Cheng Tian-Ming (Associate manager)	0.00	75,717.01	5,090.88	80,807.89
Jiang Chi (chief accountant)	0.00	153,346.86	6,388.56	159,735.42
Total	250,749.00	1,316,143.36	61,066.56	1,627,958.92

6. Employees' Emoluments

Of the eight individuals with the highest emoluments in the group, all (2011:fifth) were the members of key management of the company whose emoluments are included in the disclosures in VIII 2) note 5.

3) Balance of related party transactions

1. Accounts payable of related parties

Item	Closing balance	Opening balance
Associated companies		
Beijing Monigraf Automations Co. Ltd	5,774,271.98	9,549,820.51
Beijing Beiyong Casting Co. Ltd	2,611,584.46	2,394,628.29
Company under common control		
Includes: Beijing Jingcheng Industry Logistics Co., Ltd	23,588,695.47	11,029,499.55
Total	31,974,551.91	22,973,948.35

FINANCIAL STATEMENTS (UNAUDITED)

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

3) Balance of related party transactions (Continued)

2. Other payables of related parties

Item	Closing balance	Opening balance
Parent company		
Beiren Corporation Group	953,521.36	0.00
Beijing Jingcheng Changye Construction Machinery Co. Ltd	346,599.00	0.00
Total	1,300,120.36	0.00

3. Entrusted loans with related parties

Item	Closing balance	Opening balance
Parent company		
Beijing National Capital Mechanical and Electrical Holding Company Limited	210,000,000.00	180,000,000.00

4. Specific payables

Item	Closing balance	Opening balance
Parent company		
Beijing National Capital Mechanical and Electrical Holding Company Limited	15,445,183.99	15,073,413.38

VIII. SHARE-BASED PAYMENT

As of 30 June 2012, the group has no share-based payment.

X. CONTINGENT LIABILITY

As of 30 June 2012, there is no other significant contingent event for the group in the current accounting period.

XI. MATTERS OF MAJOR COMMITMENTS

1. Significant major 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 RMB15,000 not more than RMB6,000,000.00.

2. As of 30 Jun 2012, the company has no other significant issues happened besides for these commitments above.

XII. EVENTS AFTER THE BALANCE SHEET DATE

- 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 in 08/03/2011, 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. By 30/06/2012, the liquidation process is not finished.
- The company plan to use total asset and liability to swap gas storage and transportation equipment business from National Capital Holding, the difference between the swap will be paid by cash from National Capital Holding. To purchase the asset of the company of total asset and liability, the placement of the asset is 71.56% equity of Tianhai Industry, 100% equity of Jingcheng Hongkong and 100% equity of Jingcheng Environmental after spin out environmental business. The pricing of purchasing asset and placement asset is according to valuation institution with security qualification, and also can determined by "valuation report" of purchasing asset which approval or recorded by state-owned property supervision and administrative department.

This restructuring still need a number of conditions to be done, including but not limited stat, the company's shareholders meeting discussion and get through this business project, business department approve related matter of this business project, the Stock Exchange HongKong approved the transaction program (if required), the China Securities Regulatory Commission approved the transaction program. If shareholders meeting and related department can go through this transaction still uncertainty, the company recorded above matters and the time of approval of this transaction still uncertain as well.
- Except for the above-mentioned event, there are no other significant events after the balance date.

FINANCIAL STATEMENTS (UNAUDITED)

XIII. 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.

XIV. OTHER SIGNIFICANT EVENTS

1. Non-currency asset exchange

As of 30 Jun 2012, there was no non-currency assets exchange that needed to be disclosed by the Company.

2. Debt restructures

As of June 30, 2012, the company has no debt restructure happened.

3. Leasing

(1) Operating leased assets (Operating Lease)

Types of operating leased assets	Closing Balance	Opening Balance
Land	16,122,050.60	16,306,302.56
Housing and Building	85,401,539.17	86,425,896.81
Total	101,523,589.77	102,732,199.37

XV. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The main financial instruments adopted by the Group include money market instruments, accounts receivables, accounts payments, financial assets and liabilities. (see notes 5) The nature of these financial instruments and the related financial risk management policies are disclosed as following:

1. Financial risk management target and policy

(1) Market risk management

1) Foreign exchange risk management

Foreign exchange risk describes the risk of variation in the rate of exchange used. The group exposed to USD, as the subsidiaries adopt USD in the purchases and sales, but other operating activities adopt RMB.

Except for the following USD cash balance, ED and HKD in assets and liabilities, the Group adopts RMB cash balance in assets and liabilities. The Group is exposed to the foreign currency cash balances in assets and liabilities.

Item	Closing Balance		Opening Balance	
	Foreign currency	RMB	Foreign currency	RMB
Cash		263,878.86		633,841.19
USD	15,769.94	99,196.64	82,754.89	521,430.30
EUR	10.39	87.22	10.39	84.81
JPY	1,277,408.81	102,644.67	621,153.00	50,377.37
HKD	76,425.48	61,950.33	76,413.85	61,948.71
Accounts Receivables		2,650,545.27		3,857,628.35
USD	419,065.17	2,650,545.27	611,033.00	3,857,628.35
Other Accounts Receivables		9,111,817.33		9,088,241.00
USD	3,730.00	23,576.33		
HKD	10,305,296.52	9,088,241.00	10,305,296.52	9,088,241.00
Prepayment		630,797.26		127,684.62
JPY	7,930,000.00	630,797.26	1,530,000.00	127,684.62
Received in advance		7,351,829.24		1,215,980.67
USD	1,162,362.52	7,351,829.24	157,833.00	1,108,530.81
EUR	0.00	0.00	12,198.00	107,449.86
Total		20,008,867.96		14,923,375.83

XV. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

1. Financial risk management target and policy (Continued)

(1) Market risk management (Continued)

1) Foreign exchange risk management (Continued)

The Group concern the risk exposed by the movements in foreign exchange rate. At this stage the group does not adopt any implementing strategies to avoid the risk as the amount of foreign currency cash balance is small, and day-to-day foreign currency expense are related to H share-based payments, ASX and newspapers and periodicals fees. The movement could not significantly influence the operating.

2) Interest rate risk management

Fixed interest rate is adopted by the Group

(2) Credit risk management

By the year end, the credit risk exposed to the Group is another party in a transaction will not be able to meet its financial obligations.

In order to reduce the credit risk, the group established a team, who is then responsible for determining the credit level, examine and approve the credit level, and performance implementing procedures to assure the recover the financial claim. Besides, the group examines the single accounts receivables at the each balance day, to ensure the level of bad debts provisions. Therefore, the corporate governance states that the level of credit risk that exposed to the group is reduced.

The cash and cash equivalent are deposit in the high credit level banks; therefore the credit risk level of current assets is low.

There is no significant credit risk as the risk spreads on number of parties and clients. At the yearend, 4.41% (4.51%, last year) and 15.75 % (13.33%, last year) of accounts receivables are generated by the largest client and the top five clients of the group.

(3) Cash flow risk management

The corporation governance states that the sufficient amount of cash and cash equivalent can reduce the effect of cash flow movements. The administration is responsible of monitoring the borrowings and following the agreements.

The borrowings from banks are the main resource of cash. As of 30 Jun, 2012 the borrowing limit is amounting to RMB74,460,000 while at the beginning of the year is RMB54,050,000.

2. Fair Value

The determination of the fair value of financial assets and liabilities are described as follows:

The fair value of financial assets and liabilities, which has standard clause and active market, refers to the market price.

The fair value of other financial assets and liabilities (exclude derivatives) refers to present value of future cash flow or to observe current market price.

The fair value of the derivatives refers to the active market price.

3. Sensibility analysis

The group adopts the sensibility analysis technique to analyze the rational and possible effects to the profit and loss or equity. The movements of risk variable are not isolated, and the relevancy between risk variables could largely influence the balance. Therefore, the assumptions are determined under the movements of risk variable are isolated.

(1) Foreign exchange risk sensibility analysis

Foreign exchange risk sensibility analysis hypothesis: all the foreign operations and investments and cash flows are highly effective.

The reasonable movements of USD, HKD AND ED exchange rates can lightly influence the current profit and loss and equity.

(2) Interest rate risk sensibility analysis

The group adopts the fixed interest rate for the borrowings. The movements of interest rate do not affect current profit and loss.

FINANCIAL STATEMENTS (UNAUDITED)

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

1. Account receivable

(1) Classification for accounts receivables

Items	Closing balance				Opening balance			
	Balance amount Amount	(%)	Provision for bad debt Amount	(%)	Balance amount Amount	(%)	Provision for bad debt Amount	(%)
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 combination	-	-	-	-	-	-	-	-
Combination based on age account	236,181,052.15	96.54	89,054,457.49	37.71	170,634,781.65	91.78	77,482,252.50	45.41
Individual receivables below significant level	8,471,823.34	3.46	0.00	0.00	15,275,633.34	8.22	6,320,000.00	41.37
Total	244,652,875.49	-	89,054,457.49	-	185,910,414.99	-	83,802,252.50	-

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

Item	Closing balance			Opening balance		
	Amount	Percent (%)	Provision of bad debt	Amount	Percent (%)	Provision of bad debt
Within 1 year	119,287,722.90	0.00	0.00	63,538,003.98	0.00	0.00
1-2 years	35,465,558.35	30.00	10,639,667.51	29,185,159.71	30.00	8,755,547.91
2-3 years	7,532,452.30	60.00	4,519,471.38	22,962,283.42	60.00	13,777,370.05
Above 3 years	73,895,318.60	100.00	73,895,318.60	54,949,334.54	100.00	54,949,334.54
Total	236,181,052.15	-	89,054,457.49	170,634,781.65	-	77,482,252.50

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

Company name	Amount	Bad debt provision	Rate (%)	Reason for bad debts provision
Note 1	8,471,823.34	0.00	0.00	

Note 1: The Company did not make bad debts provisions on accounts receivables amounting to RMB8,471,823.34 with related parties.

(2) There is no reversal of bad debts provisions this year

(3) The actual write-off of accounts receivable is amounting to RMB216, 289.63

(4) There is no accounts receivable from the shareholdings 5% or more than 5% of the Company

(5) Top five of the end balance of accounts receivable

Name	Relationship	Amount	Age	Proportion in accounts receivable (%)
Taian Daily Magazine Agency	Client	15,168,000.00	Within 1 year	6.20
Sports Magazine (Donghua Hanlin)	Client	13,180,000.00	Above 3 years	5.39
Linyi Daily Magazine	Client	6,905,000.00	Within 1 year	4.53
		4,180,000.00	1-2 years	
Hunan Printing Machinery Material Co., Ltd	Client	8,176,688.88	Within 1 year	3.34
Hubei Daily Media Group Bidding Centre	Client	6,496,000.00	Within 1 year	2.66
Total		54,105,688.88		22.12

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

Name	Relationship	Amount	Proportion of total amount (%)
Beijing Beiren Jingyan Printing Machinery Co., Ltd	Subsidiary	8,471,823.34	3.46

FINANCIAL STATEMENTS (UNAUDITED)

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

2. Other account receivable

(1) Classification of other receivables

Item	Closing balance				Opening balance			
	Amount	(%)	Provision for bad debt Amount	(%)	Amount	(%)	Provision for bad debt Amount	(%)
Other individual receivables above significant level and other receivables of which provision of bad debts	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
Other individual receivables below significant level	26,099,762.56	100.00	9,710,825.07	37.21	19,223,173.40	100.00	12,137,525.54	63.14
Total	26,099,762.56	-	9,710,825.07	-	19,223,173.40	-	12,137,525.54	-

Other individual receivables below significant level which have provision for bad debt at the end of period.

Company name	Amount	Provision for bad debt	Ratio (%)	Reason for provision
Note 1	9,710,825.07	9,710,825.07	100.00	Difficult to collect
Note 2	16,388,937.49	0.00	0.00	
Total	26,099,762.56	9,710,825.07	-	-

Note 1: The Company made impairment provision on three other receivables amounting to RMB 9,710,825.07 which is longer in age and difficult to collect.

Note 2: For reservation fund of employees and receivables from related parties which amounting to RMB1,969,292.13, the company did not make bad debts provision.

- (2) There is no reversal for bad debts provision within the year.
- (3) The actual other accounts receivables is amounting to RMB 2,426,700.47.
- (4) There is no other receivable from the shareholdings over 5% (incl. 5%) of the company.
- (5) The top 5 of the end balance of other receivable are as follows:

Name	Relationship with the company	Amount	Arrears period	Proportion of total amount (%)	Nature
Southeast Asia	Client	9,088,241.00	Above 3 years	34.82	Receivables
Beijing Beiren Fuji Printing Machinery Co. Ltd	Subsidiary	1,162,943.00	Within one year	4.46	Rental receivables
Beijing Beiren Jingyan Printing Machinery Co. Ltd	Subsidiary	806,349.13	Above 3 years	3.09	Prepaid salary and insurance
Heating company	Heat supplier	670,000.00	Above 3 years	2.57	Deposit
Zhongti Colour Print	Client	560,000.00	1-2years	2.15	Equipment fees
Total		12,287,533.13		47.09	

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

Name	Relationship with company	Amount	Proportion of total amount(%)
Beijing Beiren Jingyan Printing Machinery Co. Ltd	Subsidiary	806,349.13	3.09
Beijing Beiren Fuji Printing Machinery Co. Ltd.	Subsidiary	1,162,943.00	4.46
Total		1,969,292.13	7.55

- (7) Foreign currency balance of other account receivable:

Foreign currency	Closing balance			Opening balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
HKD	10,305,296.52	0.8152	9,088,241.00	10,305,296.52	0.8107	9,088,241.00

FINANCIAL STATEMENTS (UNAUDITED)

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

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Closing balance	Opening balance
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 interest method	15,395,315.20	15,660,364.86
Sum of long term stock Rights investment	165,208,014.46	165,473,064.12
Less: provide of devaluation for long term equity investment	0.00	0.00
Net value of long-term equity investment	165,208,014.46	165,473,064.12

(2) Long-term equity investments under cost and equity method

Name of invested company	Share holding (%)	Voting rights (%)	Registered share capital	Opening balance	Increase	Decrease	Closing balance	The year
Cost method								
Beiren Fuji	70.00	70.00	29,632,699.26	29,632,699.26	0.00	0.00	29,632,699.26	0.00
Beijing Jingyan	99.76	99.76	21,000,000.00	21,000,000.00	0.00	0.00	21,000,000.00	0.00
Shanxi Beiren	86.24	86.24	99,180,000.00	99,180,000.00	0.00	0.00	99,180,000.00	0.00
Sub-total			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	8,971,923.43	4,475.59	0.00	8,976,399.02	0.00
Beijing Beijing Casting Co. Ltd	20	20	1,136,000.00	6,688,441.43	0.00	269,525.25	6,418,916.18	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	15,660,364.86	4,475.59	269,525.25	15,395,315.20	0.00
Total			177,163,699.26	165,473,064.12	4,475.59	269,525.25	165,208,014.46	0.00

4. Operating income and cost

Item	Closing balance	Opening balance
Operating income	178,192,036.21	202,357,536.23
Non-operating income	7,940,109.25	11,126,337.17
Total	186,132,145.46	213,483,873.40
Operating cost	153,706,632.60	163,417,979.66
Non-operating cost	4,663,962.75	2,224,415.71
Total	158,370,595.35	165,642,395.37

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

Item	Current period		Last period	
	Operating income	Operating cost	Operating income	Operating cost
Printing machine	176,194,363.54	152,358,746.02	186,607,649.22	145,726,276.16
Others	1,997,672.67	1,347,886.58	15,749,887.01	17,691,703.50
Total	178,192,036.21	153,706,632.60	202,357,536.23	163,417,979.66

(2) The total income from top 5 customers was RMB 49,688,888.89, representing 28% of total income.

FINANCIAL STATEMENTS (UNAUDITED)

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

5. Investment income

(1) Sources of investment income

Item	Current period	Last period
Investment income of long-term shareholding in equity method	-265,049.66	13,103.26
Investment income of disposal of long-term shareholding investment	0.00	0.00
Total	-265,049.66	13,103.26

There was no significant limit for remittance of investment income.

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

Item	Current period	Last period	Reasons for movement
Total	-265,049.66	13,103.26	
Among the total:			
Beijing Beijing Casting Co. Ltd	-269,525.25	16,421.47	Decrease on profit
Beijing Monigraf Autoomation Co. Ltd.	4,475.59	-3,318.21	Increase on profit

6. Parents income statement supplementary information

Item	Current period	Last period
1. Consolidated Net profit into Cash flow From Operating Activities:		
Net profit	-32,866,605.74	6,528,509.22
Add: Asset impairment	16,761,630.01	2,229,757.47
Depreciation for fixed assets	12,195,220.82	13,298,164.54
Amortization for Intangible assets	1,014,834.00	1,119,109.64
Amortization for long term deferred expenses	0.00	0.00
Loss from the sale of fixed assets, intangible assets and other long term assets (earnings show as "-")	0.00	-350.00
Loss of fixed assets scrapped (earnings show as "-")	0.00	0.00
Changes in fair value through profit or loss (earning show as "-")	0.00	0.00
Finance expense (earnings show as "-")	6,343,986.83	2,262,529.93
Loss on investment (earnings show as "-")	265,049.66	-13,103.26
Decrease on deferred income tax (increases show as "-")	0.00	0.00
Increase on deferred income tax (decrease show as "-")	0.00	0.00
Decrease on inventory (decreases show as "-")	-10,597,006.65	2,244,227.30
Decrease on operating receivables (increases show as "-")	-76,517,836.68	-10,421,516.80
Increase on operating payables (decreases show as "-")	16,844,265.17	-38,722,845.62
Others	0.00	0.00
Net value on cash flow from operating activities	-66,556,462.58	-21,475,517.58
2. Non-cash income and expenditure of major investment and financing activities:		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds – due within 1 year	0.00	0.00
Finance lease of fixed assets	0.00	0.00
3. Net changes in cash and cash equivalent:		
Closing balance of cash	67,451,378.87	50,500,667.89
Less: opening balance of cash	133,470,663.08	74,222,278.37
Add: closing balance of cash equivalent	0.00	0.00
Less: opening balance of cash equivalent	0.00	0.00
Net increase on cash and cash equivalents	-66,019,284.21	-23,721,610.48

FINANCIAL STATEMENTS (UNAUDITED)

XVII. SUPPLEMENTARY INFORMATION

1. Non-operating profit and loss statement

Item	Current period	Last period	Note
Profit and loss on non-current assets	-955,658.70	-226,323.15	VII.38, 39
Government subsidies in current profit and loss	2,215,600.28	65,024.50	VII.38
Debt restructuring gains and losses	0.00	290,372.80	VII.38
Impairment reversal on impairment tested receivables	0.00	0.00	
Profit and loss on transfer of holding long-term equity investment	0.00	0.00	
Other non-operating income and expenses	353,617.52	933,559.27	VII.38, 39
Sub-total	1,613,559.10	1,062,633.42	
Income tax effect	0.00	0.00	
Minority interest effect (after tax)	184,224.49	276,935.70	
Total	1,429,334.61	785,697.72	

2. Accounting data variation between P. R. C accounting standards and HK GAAP

Currency: RMB'000

Item	Net profit		Net assets	
	Current period	Last period	Current period	Last period
Under HK GAAP:	-31,469	15,958	743,274	774,743
1. Difference in valuation of net assets contributed to the company by Beiren Group Corporation	0	0	0	0
2. Consequential adjustment on net assets contributed by Beiren Group Corporation	0	0	0	0
3. Difference in valuation of capital contribution to subsidiaries	0	0	0	0
4. Difference on recognition of goodwill upon acquisition of a subsidiary	0	0	-3,135	-3,135
5. Difference on amortization of goodwill upon acquisition of a subsidiary	0	0	3,135	3,135
6. Others	0	0	0	0
Under PRC accounting standards	-31,469	15,958	743,274	774,743

3. Returns on net assets and earnings per share

Profit for the reporting period	Weighted average (%)	Earning per share	
		Basic EPS	Diluted EPS
Net profit for equity holders of the parent company	-4.32	-0.08	-0.08
Net profit for equity holders of the parent company after extraordinary items	-4.51	-0.08	-0.08

FINANCIAL STATEMENTS (UNAUDITED)

XVIII. OTHER INFORMATION TO BE DISCLOSED

1. Revenue

Revenue includes the net value of the received and receivable for the sales of different type of printing machine unites and service rendered as follows:

Item	Current period	Last period
Sales of hectograph machine	176,194,363.54	186,607,649.22
Sales of intaglio printing machine	159,745,230.08	175,938,007.88
Sales of form machinery	26,716,746.81	30,987,179.48
Sales of spare parts	6,780,181.53	21,739,038.34
Others	533,332.90	363,680.55
Sales revenue	369,969,854.86	415,635,555.47
Less: tax and other expenses	2,339,368.24	2,824,227.16
Total	367,630,486.62	412,811,328.31

2. Taxation

Item	Current period	Last period
Corporate income tax	0.00	0.00
Deferred tax	0.00	117,848.82
Total	0.00	117,848.82

3. Dividend

By January to June of 2012, there is either no dividend paid nor suggested dividend. During the reporting period, no dividend is suggested by the board. (No dividend in 2011).

XIX. APPROVAL OF FINANCIAL STATEMENT

The company's financial statements were issued with the approval of the board of directors of the company on 27 July 2012.

Beiren Printing Machinery Holding Limited
27 July 2012



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 Accounting Director and the Accounting Manager;
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 Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China.

Chairman:
Zhang Peiwu
Beiren Printing Machinery Holdings Limited
26 July 2012