

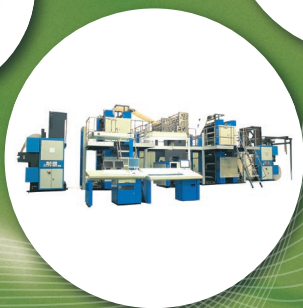


北人印刷機械股份有限公司

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
2013

- (1) The board of directors (the "Board"), the Supervisory Committee and the directors (the "Directors"), supervisors and senior management of Beiren Printing Machinery Holdings Limited (the "Company") confirm that information contained in this annual report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- (2) All directors have attended the Board Meeting.
- (3) The Interim Financial Report has not been audited.
- (4) Mr. Zhang Peiwu, the person in charge of the Company, Ms. Jiang Chi, Accounting Director, and Mr. Chen Deyou, Accounting Manager (Chief Accountant), have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements contained in this annual 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.



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1. DEFINITION

Unless otherwise stated in context, the following terms should have the following meanings in this report:

Definition of frequently used terms

Company	means	Beiren Printing Machinery Holdings Limited(北人印刷機械股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the SSE
Group	means	the Company and its subsidiaries
Jingcheng Holding (substantial shareholder and beneficial controller)	means	Beijing Jingcheng Machinery Electric Holding Co., Ltd. (北京京城機電控股有限責任公司), a company established in the PRC and the controlling shareholder of the Company, holding 47.78% equity interest in the Company
Beiren Group	means	Beiren Group Corporation (北人集團公司), a company incorporated in the PRC and a subsidiary of Jingcheng Holding (the former controlling shareholder of the Company)
Shaanxi Beiren	means	Shaanxi Beiren Printing Machinery Co., Ltd. (陝西北人印刷機械有限責任公司), a company established in the PRC and a subsidiary of the Company, which is owned as to 86.24% by the Company
Beiren Fuji	means	Beijing Beiren Fuji Printing Machinery Co., Ltd. (北京北人富士印刷機械有限公司), a sino-foreign joint venture established in the PRC and a subsidiary of the Company, which is owned as to 70% by the Company
Beiren Jingyan	means	Beijing Beiren Jinyan Printing Machinery Co., Ltd. (北京北人京延印刷機械有限責任公司), a company established in the PRC and a wholly-owned subsidiary of the Company, which is owned as to 100% by the Company
北人迪潛瑞	means	北京北人迪潛瑞印刷機械有限公司, a company established in the PRC and a subsidiary of the Company, which is owned as to 46.3% by the Company and 6% by Beiren Jingyan, totally 52.3% by the Company and Beiren Jingyan
Beijing Monigraf	means	Beijing Monigraf Automations Co., Ltd. (北京莫尼自控系統有限公司), a sino-foreign joint venture established in the PRC and an associate of the Company, which is owned as to 49% by the Company
Beijing Beiyong	means	Beijing Beiyong Casting Co., Ltd. (北京北瀛鑄造有限責任公司), a company established in the PRC and a joint stock company of the Company, which is owned as to 17.01% by the Company
Board	means	the board of directors of the Company
AGM	means	the 2012 Annual General Meeting to be convened on 26 April 2013



SECTION 1 DEFINITION

Supervisory Committee	means	the Supervisory Committee of the Company
Director(s)	means	the director(s) of the Company
Supervisor(s)	means	the supervisor(s) of the Company
Shareholder(s)	means	the holder of shares
Controlling Shareholder(s)	means	has the same meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange
Connected Person	means	has the same meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange
Share(s)	means	Unless otherwise stated, share(s) of the Company, including A share(s) and H share(s)
SSE	means	Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
CSRC	means	China Securities Regulatory Commission
Beijing SASAC	means	State-owned Assets Supervision and Administration Commission of Beijing Municipal Government
Beijing Securities Regulatory Bureau	means	Beijing Securities Regulatory Bureau
PRC Accounting Standards	means	PRC Accounting Standards for Business Enterprises
RMB	means	Renminbi, the lawful currency of the PRC
HK\$	means	Hong Kong dollars, the lawful currency of Hong Kong
US\$	means	United States dollars, the lawful currency of the United States of America

(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

	Secretary to the Board	Representative in charge of securities affairs
Name	Jiao Ruifang	Lu Ruiping
Correspondence address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC	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 of the Company	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Postal code of the registered address of the Company	100176
Office address of the Company	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Postal code of the office address of the Company	100176
Company's 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 the Company

(V) INFORMATION OF THE COMPANY'S SHARES

Information of the Company's shares

Type of shares	Place of listing of the shares	Stock abbreviation	Stock code	Stock abbreviation before changes
A Shares	Shanghai Stock Exchange (SSE)	北人股份	600860	ST北人
H Shares	The Stock Exchange of Hong Kong Limited	BEIREN PRINTING	0187	

(VI) CHANGES IN REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

There was no change in registration of the Company during the reporting period.

SECTION 2 COMPANY PROFILE

(VII) OTHER RELATED INFORMATION

Domestic auditors of the Company (Financial report and audit)	Name	ShineWing Certified Public Accountants LLP
	Office address	9/F, Block A, Fu Hua Mansion No. 8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing, the PRC
	Names of signing accountants	Wang Xin Hua Qiang
Domestic auditors of the Company (Internal control)	Name	BDO China Shu Lun Pan Certified Public Accounts LLP
	Office address	4/F, 61 Nanjing Road East, Huangpu District, Shanghai
	Names of signing accountants	Jiang Gui Cheng Fu Li Zu
Domestic legal adviser of the Company		China Kang Da Law Firm
Office 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
Office address of overseas legal adviser of the Company		26/F, Jardine House, Central, Hong Kong
Other basic information of the Company		Reception of shareholders enquiries: 10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturday and Sunday) 9:00-11:00a.m. 2:00-4:00p.m.

SECTION 3 SUMMARY OF ACCOUNTING FIGURES AND FINANCIAL INDICATORS



I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICES

1. Major accounting data

	For the reporting period (January – June)	For the same period last year	Unit: RMB Increase(+)/ decrease(-) %
Operation income	389,136,011.51	377,942,439.36	2.96
Net profit attributable to shareholders of listed company	-18,729,299.73	-31,968,668.99	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-20,688,253.77	-33,398,003.60	N/A
Net cash flow from operating activities	-60,817,381.32	-67,056,225.47	N/A
	By the end of the reporting period	By the end of the reporting period last year	Increase (+)/(-) (%)
Net assets attributable to equity holders of the listed company	569,259,005.07	587,988,304.80	-3.19
Total assets	1,482,912,052.12	1,475,038,749.96	0.53

2. Key financial indicators

Key financial indicators	For the reporting period (January – June)	By the same period last year	Increase (+)/(-) (%)
Basic earnings per share (Yuan/share)	-0.04	-0.08	N/A
Diluted earnings per share (Yuan/share)	-0.04	-0.08	N/A
Basic earnings per share after extraordinary items (Yuan/share)	-0.05	-0.08	N/A
Returns on net assets on weighted average basis (%)	-3.24	-4.32	Increased by 1.08 percentage points
Return on net assets on weighted average basis after extraordinary items (%)	-3.58	-4.51	Increased by 0.93 percentage points

SECTION 3 SUMMARY OF ACCOUNTING FIGURES AND FINANCIAL INDICATORS

II. EXTRAORDINARY ITEMS AND AMOUNT:

Unit: RMB

Extraordinary items	Amount	Notes (if applicable)																																
Profit and loss from disposal of non-current assets	692,182.28																																	
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the normal 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)	2,208,765.69	<table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">Particulars of government subsidy</th> </tr> <tr> <th>Amount for current period</th> <th>Source and basis</th> </tr> </thead> <tbody> <tr> <td>New project funding from Technology Office</td> <td>600,000.00</td> <td>Shan Ke Ji Fa No. [2012] 204 in relation to enterprise technology innovation and creation of famous brand</td> </tr> <tr> <td>2012 high-end and new technology research funding for packaging industry from Financial Office</td> <td>560,000.00</td> <td>Shan Cai Ban Qi No. [2012] 125 in relation to high-end and new technology research funding for packaging industry</td> </tr> <tr> <td>2012 incentive fund for the largest tax payer from the special corporate project account of Financial Office of Weinan Hi-tech Zone</td> <td>50,000.00</td> <td>2012 incentive fund for the largest tax payer from the special corporate project account of Financial Office of Weinan Hi-tech Zone</td> </tr> <tr> <td>Incentive payment for talents from Human Resources Office of Weinan Hi-tech Zone</td> <td>866,800.00</td> <td>Incentive payment for talents from Human Resources Office of Weinan Hi-tech Zone</td> </tr> <tr> <td>Subsidy for disable workers</td> <td>10,000.00</td> <td></td> </tr> <tr> <td>Tax exemption for sales of 62 machinery</td> <td>21,865.41</td> <td></td> </tr> <tr> <td>Interest discount of advanced printing machine technology transformation project</td> <td>57,836.99</td> <td>SFGTZ [2006] No.1278</td> </tr> <tr> <td>Shanxi Packaging & Printing Machinery Engineering Technical Research Centre</td> <td>42,263.29</td> <td>YZZZ [2009] No.025</td> </tr> <tr> <td>Total</td> <td>2,208,765.69</td> <td></td> </tr> </tbody> </table>	Item	Particulars of government subsidy		Amount for current period	Source and basis	New project funding from Technology Office	600,000.00	Shan Ke Ji Fa No. [2012] 204 in relation to enterprise technology innovation and creation of famous brand	2012 high-end and new technology research funding for packaging industry from Financial Office	560,000.00	Shan Cai Ban Qi No. [2012] 125 in relation to high-end and new technology research funding for packaging industry	2012 incentive fund for the largest tax payer from the special corporate project account of Financial Office of Weinan Hi-tech Zone	50,000.00	2012 incentive fund for the largest tax payer from the special corporate project account of Financial Office of Weinan Hi-tech Zone	Incentive payment for talents from Human Resources Office of Weinan Hi-tech Zone	866,800.00	Incentive payment for talents from Human Resources Office of Weinan Hi-tech Zone	Subsidy for disable workers	10,000.00		Tax exemption for sales of 62 machinery	21,865.41		Interest discount of advanced printing machine technology transformation project	57,836.99	SFGTZ [2006] No.1278	Shanxi Packaging & Printing Machinery Engineering Technical Research Centre	42,263.29	YZZZ [2009] No.025	Total	2,208,765.69	
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Total	2,208,765.69																																	
Other non-operating income/expenses save for the above	1,861.55																																	
Profit and loss from the transfer of long-term equity investment	-641,637.99																																	
Effect on minority interests	-302,217.49																																	
Total	1,958,954.04																																	



I. DISCUSSION AND ANALYSIS OF THE DIRECTORS CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY FOR THE REPORTING PERIOD

1. Review for the first half of 2013

During the reporting period, the world economy experienced an adjustment period. Generally speaking, problems such as ineffective structural reform and weak demand remained unsolved, which prolonged the impact of financial crisis. Meanwhile, developed countries encouraged manufacturing again to initialize the third industrial revolution symbolized by the Internet and new energy, which gave a new direction for global industrial restructuring. China government continued on active financial policy and stable monetary policy. By virtue of macro control policy aiming at stabilizing growth rate, adjusting structure and raising efficiency, the government shifted to more comprehensive reform and structural adjustment, which resulted in a generally stable economy with a gradually alleviated decline. However, as a result of a more complicated economic environment, there were both favorable and unfavorable factors which represented drive for economic growth and pressure for economic downturn. Domestic printing machine industry is facing various challenges, including high labor cost, highly fluctuating raw materials price, uneven quality of corporations, lack of technological and management creativity, etc., which results in surplus production, unbalanced structure and a sharply drop in general profitability of the industry. High-end machinery is hard to compete with those by foreign competitors, and low-end machinery market is overcrowded which further intensifies the acquisition and merger within the industry. Nevertheless, green and environmental friendly packaging and printing is the hottest market issue which have the rapidest development while the market demand on digital, automatic, highly intelligent, labour cost saving, time saving and multi-functional machinery keeps rising.

During the reporting period, since domestic and international market competition was fierce, the Company always paid attention to the market changes. We regarded "reform, adjustment, innovation and improvement" as our priority missions and "reducing loss" as our targets. Seizing the opportunity coming together with the 8th Beijing International Printing Technology Exhibition, the Company promptly adjusted marketing strategy, accelerated technology innovation and optimized product portfolios through "internal improvement and corporate image building campaign" so as to develop and produce a series of marketable products to satisfy market demand to the greatest extent and to ensure a stable operation.

As at the end of the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB389,136,000, representing a growth of 2.96% over the corresponding period of last year and the realized net profit attributable to the listing company's shareholders was RMB-18,729,300, representing a decrease of 41.41% over the corresponding period of last year.

(1) Becoming market-orientated and insisting on technological innovation to satisfy market demand.

During the reporting period, the Company concentrated on customers' demand, actively carried out market research, reinforced relationship between technology and market and further achieved technological advancement to respond to market demand, which produced a better result in product development and advancement. Meanwhile, we kept strengthening technological research on and equipment for green and environmental friendly packaging. Trial operation of N566 split polychrome offset machine, a committed national project, had a great success and the same has been put into sales. 70A small roller newspaper printer was qualified and showcased on exhibitions. The technology of web-fed printing unit for packaging achieved a breakthrough. N575, C Square and book production line have been launched in exhibitions and received a satisfactory feedback from the market.

(2) Segmenting markets, changing marketing strategy and enhancing competitiveness of marketing system.

During the period, seizing the opportunity coming together with the 8th Beijing International Printing Technology Exhibition, the Company carried out an in-deep market research and paid much attention to extend our market share. Focusing on segmenting markets, we altered our marketing strategy, strengthened channel establishment and looked for new distributors and distribution channels. Based on exhibition, the Company developed a range of business models, including promotion before exhibitions, annual distributor meeting, company tour and signing contract at the exhibition, by which successfully showcased the Company's strength and brand image. We also held a presentation for BEIREN 40A and BEIREN 70A and made the new products, namely BEIREN300-5 and M81D, for sales.

(3) Strengthening quality management and quality check, starting QC in an earlier production procedure and improving product quality.

During the reporting period, the Company intensified quality management and quality check and amended and optimized Management Method for Quality Check and Standards for Quality Check. Through a more thorough analysis on internal and external quality statistics information, we optimized the establishment of quality system and started QC in an earlier production procedure to avoid defective product entering into market and being delivered to customers in order to further improve the Company's product quality.

SECTION 4 REPORT OF DIRECTORS

(4) Implementing the strategy of “3 Drop and 1 Rise”, having greater synergy effect and further strengthening operation management of the Company

During the reporting period, the Company made effort in implementing strategies of reducing cost, account receivables and inventory and improving economic efficiency, enjoyed a greater synergy effect, enhanced internal communication for technological system, production system, marketing system and financial system, further strengthened corporate budget management, established analyzing method for execution of budget plan, enhanced awareness of functional departments, realized dynamic management throughout cost management procedure, improved operation efficiency, lowered operation risk and strengthened the operation management of the Company.

(5) Improving cost analysis and budget management and completely increasing fund utilization rate

During the reporting period, the Company utilized budget management as a tool to achieve its target of refined financial management. Aimed at increasing “efficiency in two fields” by means of “3 Drop and 1 Rise” strategy and informatization, the Company put further effort in team building, completely increased fund utilization rate, kept solidifying fundamental management in ERP, CRM and NC which gradually changed financial management model from audit-oriented to operation-and-management-oriented and completely increased fund utilization rate.

(6) Progress of material asset reorganization

During the reporting period, on 21 January 2013, the Company announced it received a notice from the CSRC that the vetting of the Company’s Material Asset Reorganisation matters has been carried out in the 2013 second working conference and unconditionally approved by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC. Yet, on 25 January 2013, the Company received a notice from the CSRC that since party/parties concerned for the Company’s material asset reorganisation is/are suspected of violating the laws and such matter has been filed for investigation, the vetting of the Company’s application for the material assets reorganisation has been temporarily suspended by the CSRC. On 19 July 2013, the Company was notified by the CSRC that the vetting of the Company’s application for the merger and reorganization has been resumed.

2. Outlook for the second half of 2013

Looking forward into the second half of the year, it is full of complicated factors and uncertainties for international economy and the effect of financial crisis will continue. It is formidable for the world economy to recover and a strong rebound is hard to be seen during the year. Since there are lots of uncertainties, downside risk still exists. The PRC government focus on structural adjustment, reform and economic transformation, thus China’s economy is still looking for a new balance point. As for printing machinery industry, domestic printing enterprises will keep manufacturing products for foreign brands, which has aggravated the competition among printing machinery manufacturers, especially the manufacturers of traditional offset machine. Domestically produced printing machinery is facing a fierce competition against foreign products and an increasing number of acquisition and merger within the industry can be foreseen. The sales of packaging materials printing machinery and after-printing facilities keep increasing and green and environmental printing remains the hottest issue while digital, intelligent and remote printing have great development potential.

On the reintegration tide among internationally well-known printing machinery manufacturers, domestic printing machinery industry is facing a problem of “lack of high-end products and overproduction of low-end products”. The Company, through material asset reorganization, will further have an in-deep systematic reform, and based on “reform, adjustment, innovation and improvement”, we will further advance corporate reform and adjustment, achieve technology advancement to respond to market demand and explore market with advanced technology to further enhance our creativity in marketing and technological research. In addition, founded on “3 Drop and 1 Rise” strategy, the Company will further improve operation quality and profitability to ensure to remain focus on major businesses, strengthen in segment market, have a breakthrough in new market and thoroughly improve the Company’s competitiveness.

(1) Paying attention to user market, enhancing technology management and improving product competitiveness

Paying attention to on “market demand”, the Company will establish and implement technological programme, adjust technological structure, optimize technology management system, standardize technical review, set up a new incentive system for technology breakthrough, accelerate technological resource sharing, improve efficiency in R&D and enhance products’ core competitiveness.

(2) Strengthening marketing management, innovating services model and establishing and implementing marketing plan

The Company will further strive for market exploration, deepen integration of Beiren's marketing system, reinforce marketing management, strengthen team building, innovate after sale services, optimize establishment of value-added platform, launch more new products, enhance follow-up work of and adjustment to sales review program and accelerate establishment of back office to secure front-line sales, improve marketing management of the Company and ensure the accomplishment of annual sales target.

(3) Enhancing fund management, strictly controlling budget and improving financial management

The Company will enhance asset management, strictly control budget, improve budget making procedure and individual audit work, keep well in financing management, ensure smooth cash flow, improve fund utilization rate, continue cost cutting, strictly control cash expenditure, keep on budget analysis and warning mechanism and ensure realization of annual budget, together with innovative and effective financial management, in order to realize the change in financial management from audit-oriented to operation-and-management-oriented and to completely improve management on financial system.

(4) Improving quality check, analysis on quality issue and product quality

The Company will further optimize the establishment of quality management system strictly implement quality check, further gather, collate, analyze and categorize information, establish a QC program incorporating quality issue in technical aspect based on information on-hand, tighten quality control procedure by way of dynamic quality assurance program and completely improve product quality with the aid of information.

(5) Promoting procurement information sharing, improving synergy effect and reducing product cost

We will continue to promote procurement information sharing and coordinate information sharing relating to internal allocation, keep strengthening procurement plan management, implement tardy reporting system for procurement plan, enhance risk control on external economic activities, complete the optimization work for contract management implementing rules, ensure prompt materials procurement, strive to satisfy the needs of production plan, cut down expense from origin and improve price competitiveness of our products.

3. Scope of principal operations

Authorised scope of operation: production of printing machines, press equipment, 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 equipment, packing machines and parts and components for the aforesaid machines; technical consultancy, technical support, technical training for printing equipment 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 equipment; sales of printing machines.

SECTION 4 REPORT OF DIRECTORS

(I) ANALYSIS OF PRINCIPAL BUSINESSES

1. Table of movement analysis for the related items in financial statements

Unit: Yuan Currency: RMB

Items	Current period	Corresponding period of last year	Changes (%)
Operating income	389,136,011.51	377,942,439.36	2.96
Operating cost	313,572,859.96	304,439,864.05	3.00
Sales expense	26,488,004.23	28,022,250.73	-5.48
Management expense	51,433,643.86	51,357,387.73	0.15
Financial expense	9,344,732.57	6,904,827.88	35.34
Net Cash Flow from Operating Activities	-60,817,381.32	-67,056,225.47	9.30
Net Cash Flow from Investment Activities	-2,016,188.10	-2,721,504.35	25.92
Net Cash Flow from Financing Activities	-17,322,832.12	-4,230,700.24	-309.46
R&D expenditure	7,777,417.12	7,337,292.57	6.00

Reasons for the changes:

- (1) Change in financial expense was mainly due to increase in loan.
- (2) Change in net cash flow from financing activities was mainly due to increase in bank acceptance notes guarantee.

2. Others

Items	Changes as compared to the beginning of the period (%)	Description
Monetary fund	-42.86	Mainly due to decrease in net cash flow from operating activities
Accounts receivables	54.21	mainly due to increase in product revenue
Advances from Customers	50.80	Mainly due to advances from new orders of subsidiary
Taxes Payable	2,856.68	Increase in unpaid taxes payable
Interests Payable	110.77	Mainly due to increase in loan
Other Current Liabilities	-91.99	Annual audit fee was paid in the period

Items	Changes as compared to the beginning of the period (%)	Description
Tax and Additional Expense	40.27	Increase in total operating income
Assets Impairment Losses	-67.36	Mainly due to increase in recovery of long aging receivables resulting in a decrease in bad debt provision
Investment Income	-256.77	Drop in profitability of associated company
Receipts of taxes and levy refunds	219.71	Increase in export rebates as compared to corresponding period of last year
Other Cash receipts in operating activities	-42.23	Mainly due to decrease in government subsidiary as compared to corresponding period of last year
Net cash from disposal of fixed assets, intangible assets and other long-term assets	85,849.24	Increase in proceeds from disposal of idle equipment for the period

3. Others

(1) Details of the material changes in profit components or income source

During the reporting period, there was no material change in profit components or income source.

(2) Analysis on the implementation progress of each type of financing and material asset reorganization

The Company was informed by Beijing Jingcheng Machinery Electric Holding Co., Ltd., its controlling shareholder, on 6 April 2012 that it was planning to implement a material assets reorganisation relating to the Company. The Company immediately published an Announcement of Suspension of Trading for such purpose and trading of shares of the Company was suspended from 9 April 2012. It then published an Announcement of Suspension of Trading in relation to a Material Asset Reorganisation on 13 April 2012 and an Announcement of Extension of Suspension Period in relation to a Material Asset Reorganisation on 15 May 2012 and 14 June 2012 respectively. During such period, the Company published an Announcement on the Progress of Material Asset Reorganization once every week. On 5 July 2012, the Company convened the first board meeting for the material assets reorganisation. The trading of shares of the Company was resumed on 6 July 2012 and a proposal of material reorganisation of assets and connected transaction was disclosed on the same date. On 2 November 2012, the Company convened the second board meeting for the material assets reorganisation and disclosed material assets reorganization proposal. On 18 December 2012, proposal for material assets reorganisation was considered and passed at the extraordinary general meeting of the Company. On 4 January 2013, the Company announced it received CSRC's Acceptance Notice of the Application for Administrative Permission (《中國證監會行政許可申請受理通知書》) from the CSRC. On 21 January 2013, the Company announced it received a notice from CSRC that the vetting of the Company's Material Asset Reorganisation matters has been carried out in the 2013 second working conference and unconditionally approved by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC. Yet, on 25 January 2013, the Company received a notice from CSRC that since party/parties concerned for the Company's material asset reorganisation is/ are suspected of violating the laws and such matter has been filed for investigation, the vetting of the Company's application for the material assets reorganisation has been temporarily suspended by the CSRC. On 19 July 2013, the Company was notified by CSRC that the vetting of the Company's application for merger and reorganisation has been resumed.

(3) Progress of operation plan

During the reporting period, the Company faced lots of challenges. We regarded "reform, adjustment, innovation and improvement" as our priority missions and "reducing loss" as our targets. Seizing the opportunity coming together with the 8th Beijing International Printing Technology Exhibition, the Company promptly adjusted marketing strategy, accelerated technology innovation and optimized product portfolios through "internal improvement and corporate image building campaign" so as to develop and produce a series of marketable products to satisfy market demand to the greatest extent and to ensure a stable operation.

SECTION 4 REPORT OF DIRECTORS

(II) ANALYSIS OF INDUSTRY, PRODUCTS OR REGIONAL OPERATION

(1) Principal businesses by industry and by product

Unit: Yuan Currency: RMB

Sector of Product	Operating income	Operating cost	Profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/decrease in profit margin over last year (%)
Hectograph machine	198,043,529.85	166,566,406.73	15.89	12.40	9.33	Increased by 2.37 percentage points
Intaglio printing machine	162,894,646.63	126,450,256.91	22.37	1.97	4.92	Decreased by 2.18 percentage points
Form machinery	5,051,365.76	4,798,666.92	5.00	-81.09	-78.01	Decreased by 13.31 percentage points
Total	365,989,542.24	297,815,330.56	18.63	0.92	1.06	Decreased by 0.11 percentage points

Analysis on the principal businesses by industry and by product:

- (1) During the reporting period, profit margin decreased due to lower revenue and higher cost as a result of depressed market for form machinery.

(2) Principal businesses by geographical location

Unit: Yuan Currency: RMB

Geographical location	Operating income	Increase/decrease in operating income compared over last year (%)
PRC	372,780,758.13	7.64
Outside PRC	8,268,138.87	-65.05

Analysis on the principal businesses by geographical location:

- (1) Impacted by European debt crisis, international market kept slumping which resulted in smaller number of orders leading a significant drop in the proportion of operating income from foreign markets as compared to the corresponding period of last year.

(III) ANALYSIS OF CORE COMPETITIVENESS

Printing machinery manufacturing technology of the Company is at the same level with international advanced technology. We possess tens of patents symbolizing the top technological standard of domestic printing machinery.

The Company has a country-wide marketing, sales and service network, which includes two sales networks, namely single sheet-fed press and web offset press. The Company owns over 60 sales agency branches, more than 40 installation and testing centers and nearly 100 spare parts sale centers across the country.

(IV) ANALYSIS OF INVESTMENT**1. General analysis of external investment in equity**

- (1) During the period, external investment of the Company increased by RMB1,000,000, which mainly because the supply of main product of printing business of the Company, i.e. high-grade single-fed two ply multi-colour offset machine, was mainly imported products with an annual import amount of RMB5.5 billion while the sales amount of domestically produced machine under same category was just RMB500 million. Thus, it exists a huge market for replacing imported equipment with domestically produced machine. In December 2009, four ministries and commissions, namely the PRC Ministry of Industry and Information Technology, the Ministry of Science and Technology, the Ministry of Finance and the State-owned Assets Supervision and Administration Commission of the State Council, jointly issued the 2009 version of "Three Guidance Catalogue of Self-relied Innovation of Major Technical Equipment", on which high-grade single-fed two ply multi-colour offset machine is listed for high concern and priority support. In September 2009, the State Council has promulgated the "Revitalization Plan for the Cultural Industry", in which "printing and photocopying" was listed as one of the nine major developments of cultural industry and indicated the government was intended to "increase its support, improve industry policy and realize leapfrog development". The Company's Digital Single Piece of Paper Split Polychrome Offset Machine Industry Project was proposed under such backdrop and became a key project of the Twelfth Five Year Plan, which was approved by National Development and Reform Commission and General Administration of Press and Publication of PRC at the beginning of 2011. For such purpose, the Company established Beijing Beiren Printing Equipment Co. Ltd. to accomplish Digital Single Piece of Paper Split Polychrome Offset Machine Industry Project.

Incorporated in February 2013, Beijing Beiren Printing Equipment Co. Ltd, with initial registered capital of RMB1,000,000.00, is a wholly-owned subsidiary of the Company. Upon establishing Beijing Beiren Printing Equipment Co. Ltd, the Company increased its capital to RMB637,979,600 in total. The company is mainly engaged in sales of printing machinery, design and technical development of printing machinery and leasing of industrial factories.

- (2) On 25 December 2012, Beiren Dipu Rui Printing Machinery Co., Ltd., with registered capital of RMB20,000,000 and paid-up capital of RMB6,193,400, was incorporated and registered with Beijing Municipal Administration for Industry and Commerce, Yanqing Branch. In January 2013, relevant certification documents, including an Organization Code Certificate and Taxation Registration Certificate, were granted.

2. Trust investment in non-financial entity and investment in diversities**(1) Trust Investment**

The Company did not entrust any entities to make investment during the year.

(2) Trust Loan

The Company did not have trust loan during the year.

3. Use of capital raised

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

4. Analysis of principal subsidiaries and joint stock companies

Unit: RMB

Company	Business nature	Major products or service	Registered capital	Asset value	Net asset value	Net profit
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Manufacturing of printing machinery	Form machinery	4,232.81	6,325.14	1,994.12	-147.94
Beijing Beiren Jingyan Printing Machinery Co., Ltd.	Manufacturing of components of printing machinery	Paper-feeding machine	2,105.00	2,461.45	1.28	-126.42
Shaanxi Beiren Printing Machinery Co., Ltd.	Manufacturing of printing machinery	Pressing machine	11,500.00	38,044.37	6,178.87	268.87
Beijing Monigraf Automations Co., Ltd.	Manufacturing	Ink color remote control system	1,500.00	2,251.11	1,838.44	-0.57

5. Investments not Financed by Proceeds from Fundraising Activities

During the reporting period, the Company did not have any investment not financed by proceeds from fundraising activities.

SECTION 4 REPORT OF DIRECTORS

II. PROPOSAL ON THE PROFIT APPROPRIATION OR TRANSFER OF CAPITAL RESERVE FUND

(1) Implementation of or adjustment to the proposal on the profit appropriation for the period

During the reporting period, the Company did not implement any proposal on the profit appropriation.

III. OTHER DISCLOSURES

(1) The Board and supervisory committee's explanation to "Non-Standard Auditors' Report".

The 2013 Interim Report has not been audited.

(2) 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.

(3) Taxation

1. The Main Taxation Category And Tax Rate

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

Corporate income tax rates for subsidiaries are as following:

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

2. Taxation Benefits and Approval

Shaanxi Beiren Printing Machinery Co., Ltd. (hereinafter called "Shaanxi Beiren") as the subsidiary of the Group was certified as High and New Technology Enterprise on 9th 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 corporate income tax.

3. Taxation

Unit: RMB

Item	January – June 2013	January – June 2012
Business tax for the current year	0.00	0.00
Deferred tax	0.00	0.00
Total	0.00	0.00

SECTION 4 REPORT OF DIRECTORS

(4) NET PROFIT

Unit: RMB

	2013 Jan-Jun	2012 Jan-Jun
Net profit attributable to shareholders of the listed company	-18,729,299.73	-31,968,668.99

(5) Dividends

No dividend was paid or proposed for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil), nor has any dividend been proposed since the end of the reporting period.

(6) Earnings per share

Unit: RMB

Items	Number	Jan-Jun 2013	Jan-Jun 2012
Net profit for equity holders of the parent company	1	-18,729,299.73	-31,968,668.99
Net profit of extraordinary items for equity holders of the parent company	2	1,958,954.04	1,429,334.61
Net profit for equity holders of the parent company after extraordinary items	3=1-2	-20,688,253.77	-33,398,003.60
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	$12=4+5+6 \times 7 \div 11$	422,000,000.00	422,000,000.00
	$-8 \times 9 \div 11 - 10$		
Basic earnings per share (I)	$13=1 \div 12$	-0.04	-0.08
Basic earnings per share (II)	$14=3 \div 12$	-0.05	-0.08
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)	$19=[1+(15-16) \times (1-17)] \div (12+18)$	-0.04	-0.08
Diluted earnings per share (II)	$19=[3+(15-16) \times (1-17)] \div (12+18)$	-0.05	-0.08



SECTION 4 REPORT OF DIRECTORS

(7) Share capital

	Unit: RMB
Registered, issued and fully paid:	
At 1 January 2012, 31 December 2012 and 30 June 2013	
332,000,000 A shares of RMB1 each	322,000,000
100,000,000 H shares of RMB1 each	100,000,000
	<hr/>
	422,000,000

(8) Contingent liabilities

As at 30 June 2013, the Company did not have any material contingent liabilities.

SECTION 5 IMPORTANT MATTERS

(I) MATERIAL LITIGATION, ARBITRATION AND MATTERS COMMONLY QUESTIONED BY MEDIA

The Company does not have material litigation, arbitration and matters questioned by media for the period.

(II) BANKRUPTCY AND RESTRUCTURING RELATED MATTER

The Company does not have bankruptcy and restructuring related matter for the period.

(III) EXCHANGE OF ASSETS AND MERGER OF COMPANIES MATTER

The Company does not have exchange of assets and merger of companies matter for the period.

(IV) COMPANY SHARE INCENTIVE AND ITS EFFECT

The Company does not have share incentive scheme for this year.

(V) MATERIAL CONNECTED TRANSACTION

(1) Connected transaction related to daily operation

1. *Matters disclosed in extraordinary announcements without progress or change in the follow-up implementation*

Summary of matter	Index for enquiry
1. A connected transaction in relation to the purchase of components from Beijing Monigraf, an associate of the Company, for a valid term of one year	Details please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) on 27 February 2013 as well as on Shanghai Securities News on 28 February 2013 in relation to connected transaction related to daily operation
2. A connected transaction in relation to casting process by Beijing Beijing, a joint stock company of the Company, for a valid term of one year	
3. Property Leasing Agreement entered into with Beijing Beijing, a joint stock company of the Company, in relation to leasing of the buildings and premises including offices and production plants of the Company located at No. 1 Nanhuan Road, Industrial Zone, Yinghai Village, Daxing District, Beijing, with a total site area of 62,000 square meters, to Beijing Beijing for office and production purposes for a valid term of one year	
4. Office and Factory Lease Agreement entered into between the Company and Beijing Jingcheng Nagano Construction Machinery Company Limited, a subsidiary of Jingcheng Holding, a controlling shareholder of the Company in relation to leasing of part of the production factories and office premises with total gross floor area of 10,443 sq.m. located at No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, to Beijing Jingcheng Nagano Construction Machinery Company Limited for office purpose for a valid term of one year	Details please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) on 26 April 2013 as well as on Shanghai Securities News on 27 April 2013 in relation to connected transaction related to daily operation
5. The Company has started purchase and supply as well as logistics cooperation with Beijing Jingcheng Industry Logistics Limited, a subsidiary of Jingcheng Holding, a controlling shareholder of the Company. The Company has been purchasing certain components from Beijing Jingcheng Industry Logistics Limited and signed "Purchase and Supply and Logistics Cooperation Framework Agreement". Valid term of these purchase and supply and logistics cooperation is three years.	Details please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) on 28 April 2011 as well as on Shanghai Securities News on 29 April 2011 in relation to connected transaction related to daily operation
6. The Company has used the trademark of Beiren Group, a subsidiary of Jingcheng Holding, the controlling shareholder, and the payment for using such trademark amounts to 1% sales revenue of the products the Company sold under such trademark, which shall be no less than RMB 15,000 per year and no more than RMB 6,000,000. Valid term of the contract is one year.	Details please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) on 25 July 2013 as well as on Shanghai Securities News on 26 July 2013 in relation to connected transaction related to daily operation
7. The Company acts as a sales agent for Beiren Group, a subsidiary of Jingcheng Holding, the controlling shareholder, to sell the equipment provided by Beiren Group globally and signed The Sales Agency Agreement with Beiren Group. The aggregate commission payable by Beiren Group shall not exceed RMB 3.9 million. Valid term of contract is one year.	Details please refer to the announcements published on the website of the SSE (http://www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) on 25 July 2013 as well as on Shanghai Securities News on 26 July 2013 in relation to connected transaction related to daily operation

SECTION 5 IMPORTANT MATTERS

Summary of matter

8. The Company had been leasing certain production plant to Beiren Group for the period from 1 January 2013 to 30 June 2013 (the "First Plant Lease") at an aggregate half-yearly rental of RMB625,000 which was below the de minimis threshold as stipulated in Rule 14A.33 of the Rules Governing the Listing of Securities on the Stock Exchange. On 25 July 2013, the Company and Beiren Group entered into an office and plant lease agreement with similar terms as stipulated in the First Plant Lease for a term of half year commencing from 1 July 2013 to 31 December 2013, pursuant to which the Company as the lessor and the Beiren Group as the lessee of certain office premises and production facilities at an aggregate half-yearly rental of RMB1,625,000. As a result, the aggregate annual rental payable for the office and plant lease will be RMB2,250,000 and will exceed the said de minimis threshold and will then be subject to reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under the Rules Governing the Listing of Securities on the Stock Exchange.

Index for enquiry

Details please refer to the announcements published on the websites of SSE (<http://www.sse.com.cn>) and the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) on 25 July 2013 as well as on Shanghai Securities News on 26 July 2013 in relation to connected transaction related to daily operation.

2. Matters which were not disclosed in announcement

Unit: RMB

Related party	Relationship	Type of connected transaction	Details of connected transaction	Pricing principle of connected transaction	Prices of connected transaction	Connected transaction amount	Proportion in amount of same type of transaction (%)	Connected transaction settlement method	Market price	Major reason for the difference between transaction price and market reference price
Beijing Monigraf Automations Co., Ltd.	Associated company	Water, electricity and gas and other utilities fees (sale)	Water and electricity	Negotiated price		7,712.00	0.09	Currency transaction		
Beiren Group Corporation	Wholly-owned subsidiary of parent	Other flow-in	Housing and water and electricity	Negotiated price		687,739.97	7.91	Currency transaction		

- (1) Such transactions are conducted in the ordinary course of the Company's operations and have warranted their necessity and continuity in the Company's operations.
- (2) The connected transactions will not affect the Company's independence.
- (3) Such transactions would in no way affect the independence of the Company and harm the interests of the Company and shareholders, especially minority shareholders.

(2) Related creditor's right and debt transactions

1. Matters which were not disclosed in announcement

Unit: RMB

Related party	Relationship with related party	Balance as of beginning of period	Occurred amount	Balance as of end of period	Balance as of beginning of period	Occurred amount	Balance as of end of period
Beiren Group Corporation	Wholly-owned subsidiary of parent company	0	624,551.50	624,551.50	2,229,827.98	7,945,219.96	10,175,047.94
Haimen Beiren Printing Machinery Company Limited	Controlling subsidiary of parent company				29,711.82	0	29,711.82
Total		0	624,551.50	624,551.50	2,259,539.80	7,945,219.96	10,204,759.76

During the reporting period, the occurred amount of funding provided by the Company to controlling shareholders and its subsidiaries (Yuan) 624,551.50

Balance of funding provided by the Company to controlling shareholders and its subsidiaries (Yuan) 624,551.50

Reasons for debts and liabilities

Leasing of property

Settlement of connected debts and liabilities

Fully repaid as of the date of disclosure of this report



(VI) CONTRACTS OF SIGNIFICANCE AND THEIR EXECUTION

(I) Trust, contract and lease matters

(1) Trust

There was no trust matter for the Company during reporting period.

(2) Contract

There was no contract matter for the Company during the year.

(3) Lease

Unit: Yuan Currency: Renminbi

Name of lessor	Name of lessee	Details of lease of assets	Amount involved in lease of assets	Starting date of lease	Ending date of lease	Lease revenue	Defining base for lease revenue	Effect of lease revenue on the Company	Is it a connected transaction?	Relationship
The Company	Beijing Beijing Casting Co. Ltd.	Land and housing	73,146,925.90	1 January 2013	31 December 2013	2,203,532.34	Negotiated price	2,203,532.34	Yes	Subsidiary
The Company	Beiren Group Corporation	housing	10,035,189.44	1 January 2013	30 June 2013	624,551.50	Negotiated price	624,551.50	Yes	Wholly-owned subsidiary of parent company
The Company	Beijing Jingcheng Nagano Construction Machinery Company Limited	housing	18,651,097.92	1 January 2013	31 December 2013	2,959,947.30	Negotiated price	2,959,947.30	Yes	Wholly-owned subsidiary of parent company
The Company	Beiren Fuji	housing	8,434,535.49	1 January 2013	31 December 2013	1,067,422.50	Negotiated price	1,067,442.50	Yes	Controlling subsidiary

(II) Guarantee

There is no guarantee for the Company for the period.

(III) Other material contracts

During the period, there was no other material contract or transaction for the Company.

SECTION 5 IMPORTANT MATTERS

(VII) FULFILLMENT OF COMMITMENTS

The Company or its shareholders holding more than 5% of shares has no commitment during the reporting period or continued to the reporting period.

(VIII) APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Whether to appoint another accounting firm:

No

Current appointment

Name of accounting firm:

ShineWing Certified Public Accountants LLP

(IX) PUNISHMENT AND RECTIFICATION OF LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING MORE THAN 5% OF SHARES, BENEFICIAL CONTROLLER AND BUYER

During the reporting period, the Company and its directors, supervisors, senior management, shareholders holding more than 5% of shares and beneficial controller have not been checked by CSRC, have not received any administrative punishment, have not been the subject of notice of criticism and have not been openly criticized by stock exchange.

(X) 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, and established External Guarantees Management System.

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.

(XI) EXPLANATIONS FOR OTHER IMPORTANT MATTERS

1. The applicable enterprise income tax rate for the Company for the reporting period is 25%.
2. The unaudited 2013 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 Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on 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 Rules Governing the Listing of Securities on the Stock Exchange. 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 2013.
5. During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
6. On 19 July 2013, the Company was notified by CSRC that the vetting of the Company's application for merger and reorganisation has been resumed.
7. Description of changes in coverage of the consolidated statements as compared to the financial report for the previous year.

Beijing Beiren Printing Equipment Co., Ltd., which is a newly established company wholly-owned by the Company, is consolidated into the Company's account.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS



(I) CHANGES IN SHARE CAPITAL

(1) Statement of changes in shares

1. Statement of changes in shares

Unit: share

	Before change		Increase and decrease (+,-) in change					After change	
	Amount	Proportion (%)	Issuance of new shares	Bonus issue	Conversion from reserves	Other	Subtotal	Amount	Proportion (%)
(I) 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									
(II) 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									
(III) Total shares	422,000,000	100					422,000,000	100	

2. Explanation on the changes in shares

Beiren Group, the former controlling shareholder of the Company, transferred 201,620,000 shares of the Company it held to Jingcheng Holding at nil consideration and the transfer procedure was completed. Currently, Jingcheng Holding is the controlling shareholder and beneficial controller of the Company holding approximately 47.78% of the Company.

(2) Changes in shares subject to trading moratorium

During the reporting period, there is no change in shares subject to trading moratorium of the Company.

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

(II) SHAREHOLDERS AND BENEFICIAL CONTROLLERS

(1) Number of shareholders and their shareholdings

Unit: share

Total number of shareholders as at the end of the reporting period 15,294 (in which: 15,212 holders of A shares, 82 holders of H shares)

Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	State-owned legal-person	47.78	201,620,000	0	0	Nil
HKSCC NOMINEES LIMITED	Unknown	23.43	98,863,199	22,000	0	Unknown
China Construction Bank Corporation – Huashang Golden Age Growth Securities Investment Fund	Unknown	0.83	3,492,700	1,284,576	0	Unknown
Beijing Tonglong Investment Consulting Co., Ltd.	Unknown	0.59	2,507,250	2,507,250	0	Unknown
Peng Shu Gen	Unknown	0.27	1,135,300	161,900	0	Unknown
Xin Huai Bo	Unknown	0.23	965,611	965,611	0	Unknown
招商證券－交行－招商證券智遠內需集合資產管理計劃	Unknown	0.22	929,800	929,800	0	Unknown
Zhan Chun Xin	Unknown	0.21	900,000	0	0	Unknown
Shi Kui Yun	Unknown	0.20	864,600	864,600	0	Unknown
Wu Zhi Qiang	Unknown	0.20	826,049	6,000	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	Class and amount of shares
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	201,620,000	RMB ordinary shares 201,620,000
HKSCC NOMINEES LIMITED	98,863,199	Foreign shares listed overseas 98,863,199
Beijing Tonglong Investment Consulting Co., Ltd.	3,492,700	RMB ordinary shares 3,492,700
China Construction Bank Corporation – Huashang Golden Age Growth Securities Investment Fund	2,507,250	RMB ordinary shares 2,507,250
Peng Shu Gen	1,135,300	RMB ordinary shares 1,135,300
Xin Huai Bo	965,611	RMB ordinary shares 965,611
招商證券－交行－招商證券智遠內需集合資產管理計劃	929,800	RMB ordinary shares 929,800
Zhan Chun Xin	900,000	RMB ordinary shares 900,000
Shi Kui Yun	864,600	RMB ordinary shares 864,600
Wu Zhi Qiang	826,049	RMB ordinary shares 864,600

Explanation on the connected relationship of the shareholders and 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) Beijing Jingcheng Machinery Electric Holding Co., Ltd. is the controlling shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC Nominees Limited held shares on behalf of many 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 5% or more of the total share capital of the Company.
- (3) Save as disclosed above, as at 30 June 2013, 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 of 30 June 2013, the Company did not issue any convertible securities, options, warrants or any other similar right.

(II) CHANGES IN CONTROLLING SHAREHOLDERS AND BENEFICIAL CONTROLLER

During the reporting period, there was no change in controlling shareholders and beneficial controller of the Company.

SECTION 7 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) CHANGES IN SHAREHOLDINGS

Unit: share

Name	Position	Shareholdings at the beginning of the period	Shareholdings at the end of the period	Change in the amount of shareholdings in the periods	Reason for the change
Zhang Peiwu	Chairman	0	0	0	
Chen Bangshe	Executive Director and General Manager	0	0	0	
Teng Mingzhi	Non-executive Director	0	0	0	
Wu Dongbo	Non-executive Director	0	0	0	
Li Shenggao	Non-executive Director	0	0	0	
Wei Li	Non-executive Director	0	0	0	
Jiang Chi	Executive Director and Chief Accountant	0	0	0	
Zhang Shuangru	Independent Non-executive Director	0	0	0	
Wang Hui	Independent Non-executive Director	0	0	0	
Xie Bingguang	Independent Non-executive Director	0	0	0	
Wang Deyu	Independent Non-executive Director	0	0	0	
Wang Liansheng	Chairman of the Supervisory Committee	0	0	0	
Guo Xuan	Supervisor	0	0	0	
Wang Huiling	Supervisor	0	0	0	
Jiao Ruifang	Secretary to the Board of Directors	0	0	0	
Kong Dagang	Deputy General Manager	0	0	0	
Chen Changge	Deputy General Manager	0	0	0	
Xue Kexin	Deputy General Manager	0	0	0	
Cheng Tianming	Deputy General Manager	0	0	0	

Notes:

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2013, 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 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 2013.
- (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) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there was no change in directors, supervisors and senior management of the Company.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

30 June 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Assets:			
Cash and Bank	VII.1	103,503,646.24	181,154,277.96
Tradable Financial Assets			
Notes Receivable	VII.2	26,470,037.21	23,425,119.81
Accounts Receivable	VII.3	296,486,724.89	192,265,245.43
Advances to Suppliers	VII.4	19,105,487.40	15,824,817.72
Interests Receivable			
Dividends Receivable	VII.5	113,600.00	113,600.00
Other Accounts Receivable	VII.6	21,867,018.66	18,586,901.72
Inventory	VII.7	389,701,466.40	403,659,917.33
Non-current Assets Due Within One Year			
Other Current Assets			
Total Current Assets		857,247,980.80	835,029,879.97
Non-current Assets:			
Financial Assets Available For Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	VII.8	14,989,824.74	15,935,435.65
Investment Property	VII.9	6,462,360.74	6,556,479.32
Fixed Assets	VII.10	486,059,201.91	498,616,014.96
Construction in Progress	VII.11	8,575,308.46	8,068,949.59
Project Materials			
Disposal of Fixed Assets			
Intangible Assets	VII.12	100,210,055.47	101,464,670.47
Goodwill			
Long-term Prepayments	VII.13	9,367,320.00	9,367,320.00
Deferred Tax Assets	VII.14		
Other Non-current Assets			
Total Non-current Assets		625,664,071.32	640,008,869.99
Total Assets		1,482,912,052.12	1,475,038,749.96

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Liabilities:			
Short-term Loan	VII.16	314,968,603.70	313,029,820.99
Tradable Financial Liabilities			
Notes Payable	VII.17	26,500,000.00	24,200,000.00
Accounts Payable	VII.18	324,650,540.33	323,922,570.97
Advances from Customers	VII.19	98,005,433.68	64,992,309.32
Employee Benefit Payable	VII.20	40,434,247.85	54,343,369.05
Tax Payable	VII.21	9,247,248.83	-335,448.24
Interests Payable	VII.22	2,149,263.30	1,019,724.67
Dividends Payable			
Other Payables	VII.23	53,830,947.19	57,728,663.10
Non-current Assets Due Within One Year			
Other Current Liabilities	VII.24	100,100.28	1,250,200.56
Total Current Liabilities		869,886,385.16	840,151,210.42
Non-Current Liabilities:			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payable	VII.25	28,223,711.09	31,282,414.47
Estimated Liabilities	VII.26	542,407.38	542,407.38
Deferred Tax Liabilities			
Other Non-current Liabilities	VII.27	516,075.10	516,075.10
Total Non-current Liabilities		29,282,193.57	32,340,896.95
Total Liabilities		899,168,578.73	872,492,107.37
Shareholder's Equity:			
Share Capital	VII.28	422,000,000.00	422,000,000.00
Capital Reserves	VII.29	522,841,800.72	522,841,800.72
Less: Treasury Stock			
Special Reserves			
Surplus Reserves	VII.30	43,172,707.88	43,172,707.88
General Risk Reserves			
Undistributed Profit	VII.31	-418,755,503.53	-400,026,203.80
Converted Difference in Foreign Currency Statements			
Total Shareholder's Equity attributed to the Parent		569,259,005.07	587,988,304.80
Non-controlling Interests	VII.32	14,484,468.32	14,558,337.79
Total Shareholder's Equity		583,743,473.39	602,546,642.59
Total Liabilities and Shareholder's Equity		1,482,912,052.12	1,475,038,749.96

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE PARENT COMPANY

30 June 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Assets:			
Cash and Bank		75,700,977.68	150,192,182.81
Tradable Financial Assets			
Notes Receivable		14,584,731.00	17,884,090.19
Accounts Receivable	XVI.1	192,239,294.21	115,040,498.31
Advances to Suppliers		10,890,688.85	7,436,015.79
Interests Receivable		277,500.04	354,422.23
Dividends Receivable		113,500.00	113,600.00
Other Accounts Receivable	XVI.2	9,405,300.23	5,832,252.91
Inventory		256,114,716.93	267,067,042.82
Non-current Assets Due Within One Year			
Other Current Assets		90,000,000.00	90,000,000.00
Total Current Assets		649,326,808.94	653,920,105.06
Non-current Assets:			
Financial Assets Available For Sale			
Holding to Maturity Investment			
Long-term Accounts Receivable			
Long-term Equity Investment	XVI.3	165,852,524.00	165,798,134.91
Investment Property		6,462,360.74	6,556,479.32
Fixed Assets		373,386,496.87	383,247,331.04
Construction in Progress		6,069,386.21	5,801,005.87
Project Materials			
Disposal of Fixed Assets			
Intangible Assets		81,594,323.87	82,609,157.87
Goodwill			
Long-term Prepayment		9,367,320.00	9,367,320.00
Deferred Tax Assets			
Other Non-current Assets			
Total Non-current Assets		642,732,411.69	653,379,429.01
Total Assets		1,292,059,220.63	1,307,299,534.07

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

30 June 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Closing Balance	Opening Balance
Current Liabilities:			
Short-term Loan		300,000,000.00	300,000,000.00
Tradable Financial Liabilities			
Notes Payable			
Accounts Payable		189,193,689.69	188,703,531.09
Advances from Customers		28,273,593.31	14,403,680.35
Employee Benefit Payable		24,260,403.14	37,880,698.91
Taxes Payable		4,141,690.62	-1,755,384.69
Interests Payable		2,113,250.00	1,019,724.67
Dividends Payable			
Other Payables		65,363,896.79	68,726,711.62
Non-current Liabilities Due Within One Year			
Other Current Liabilities			1,050,000.00
Total Current Liabilities		613,346,523.55	610,028,961.95
Non-current Liabilities:			
Long-term Loan			
Bonds Payable			
Long-term Accounts Payable			
Special Payables		28,057,264.79	27,866,954.60
Estimated Liabilities		542,407.38	542,407.38
Deferred Tax Liabilities			
Other Non-current Liabilities			
Total Non-current Liabilities		28,599,672.17	28,409,361.98
Total Liabilities		641,946,195.72	638,438,323.93
Shareholder's Equity			
Share Capital		422,000,000.00	422,000,000.00
Capital Reserves		518,165,762.89	518,165,762.89
Less: Treasury Stock			
Special Reserve			
Surplus Reserves		38,071,282.24	38,071,282.24
General Risk Reserves			
Undistributed Profit		-328,124,020.22	-309,375,834.99
Total Shareholder's Equity		650,113,024.91	668,861,210.14
Total Liabilities and Shareholder's Equity		1,292,059,220.63	1,307,299,534.07

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Total Operating Income		389,136,011.51	377,942,439.36
Operating Income	VII.33	389,136,011.51	377,942,439.36
2. Total Operating Cost		409,896,379.32	410,760,443.64
Operating Cost	VII.33	313,572,859.96	304,439,864.05
Tax and Additional Expense	VII.34	3,281,369.83	2,339,368.24
Sales Expense		26,488,004.23	28,022,250.73
Administration Expense		51,433,643.86	51,357,387.73
Financial Expense	VII.35	9,344,732.57	6,904,827.88
Assets Impairment Losses	VII.36	5,775,768.87	17,696,745.01
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	VII.37	-945,610.91	-265,049.66
Thereinto: Investment Income to Subsidiaries and Joint Venture		-303,972.92	-265,049.66
Exchange Gain and Loss (loss marked "-")			
3. Operating Profit (loss marked "-")		-21,705,978.72	-33,083,053.94
Add: Non-operating Income	VII.38	2,907,863.87	2,614,796.17
Less: Non-operating Expense	VII.39	5,054.35	1,001,237.07
Thereinto: Disposal lost of Non-current Assets		4,969.30	955,658.70
4. Total Profit (loss marked "-")		-18,803,169.20	-31,469,494.84
Less: Income Tax Expense			
5. Net Profit (loss marked "-")		-18,803,169.20	-31,469,494.84
Net Profit Attributed to the Parent's Shareholders		-18,729,299.73	-31,968,668.99
Non-controlling Interests		-73,869.47	499,174.15
6. Earnings per Share:			
(1) Basic Earnings per Share		-0.04	-0.08
(2) Diluted Earnings per Share		-0.04	-0.08
7. Other Comprehensive Income			
8. Total Comprehensive Income		-18,803,169.20	-31,469,494.84
Total Comprehensive Income of the Parent's Shareholders		-18,729,299.73	-31,968,668.99
Total Comprehensive Income of the Non-controlling Shareholders		-73,869.47	499,174.15

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

INCOME STATEMENT OF THE PARENT COMPANY

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Notes	Current Period	Prior Period
1. Total Operating Income	XVI.4	210,090,461.37	186,132,145.46
Less: Operating Cost	XVI.4	172,605,297.23	158,370,595.35
Tax and Additional Expense		1,884,989.95	1,488,646.67
Sales Expense		12,701,036.71	9,615,122.89
Administration Expense		29,496,453.23	29,184,999.88
Financial Expense		6,057,596.54	3,611,223.26
Assets Impairment Losses		5,866,010.87	16,761,630.01
Add: Income of Fair Value Change (loss marked "-")			
Investment Income (loss marked "-")	XVI.5	-945,610.91	-265,049.66
Thereinto: Disposal Loss of Non-current Assets		-303,972.92	-265,049.66
2. Operating Profit (loss marked "-")		-19,466,534.07	-33,165,122.26
Add: Non-operating Income		719,716.99	344,094.89
Less: Non-operating Expense		1,368.15	45,578.37
Thereinto: Disposal lost of Non-current Assets		1,368.15	
3. Total Profit (loss marked "-")		-18,748,185.23	-32,866,605.74
Less: Income Tax Expense			
4. Net Profit (loss marked "-")		-18,748,185.23	-32,866,605.74

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED CASH FLOW STATEMENT

Jan. to June, 2013

Prepared Company: 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		240,643,818.90	227,928,462.28
Receipts of taxes and levy refunds		1,156,073.10	361,600.63
Other Cash receipts in operating activities	VII.41	5,325,607.22	9,218,694.86
Subtotal Cash Inflow from Operating Activities		247,125,499.22	237,508,757.77
Cash payments for goods and services acquired		145,234,170.74	154,998,393.41
Cash payments to and on behalf of employees		115,713,816.33	102,750,527.11
Payments to taxes and levy		19,226,206.56	15,229,854.93
Other cash payments from operating activities	VII.41	27,768,686.91	31,586,207.79
Subtotal Cash Outflow from Operating Activities		307,942,880.54	304,564,983.24
Net Cash Flow from Operating Activities		-60,817,381.32	-67,056,225.47
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		1,134,530.00	1,320.00
Net cash receipts from disposal of subsidiaries and other business units			
Total Cash Inflow from Investing Activities		1,134,530.00	250,371.91
Cash payments to acquired fixed assets, intangible assets and other long-term assets		3,150,718.10	2,971,876.26
Cash payments for investment			
Other cash payments in investing activities			
Total Cash Outflow from Investing Activities		3,150,718.10	2,971,876.26
Net Cash Flow from Investing Activities		-2,016,188.10	-2,721,504.35
3. Cash Flow from Financing Activities			
Cash proceeds from absorbing investment			
Thereinto: Cash receipts from absorbing non-controlling shareholder's investment by subsidiary			
Cash receipts from borrowing		166,938,782.71	166,000,000.00
Other cash receipts in financing activities	VII.41		5,274,602.69
Total Cash Inflow from Financing Activities		166,938,782.71	171,274,602.69
Cash repayments of amount borrowed		165,000,000.00	167,000,000.00
Cash payments of distribution of dividends, profits or interest expenses		8,448,614.83	6,688,493.06
Thereinto: Subsidiary's payment for minority shareholder's interest and profit			
Other cash payments in financing activities	VII.41	10,813,000.00	1,816,809.87
Cash Outflow from Financing Activities		184,261,614.83	175,505,302.93
Net Cash Flow from Financing Activities		-17,322,832.12	-4,230,700.24
4. Effect of exchange rate change on cash and cash equivalent		-57,230.18	499.72
5. Net Increased Cash and Cash Equivalent	VII.41	-80,213,631.72	-74,007,930.34
Add: the Beginning Balance of Cash and Cash Equivalent	VII.41	172,904,277.96	156,591,748.37
6. The Ending Balance of Cash and Cash Equivalent	VII.41	92,690,646.24	82,583,818.03

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CASH FLOW STATEMENT OF THE PARENT COMPANY

Jan. to June, 2013

Prepared Company: 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		112,321,462.15	113,507,471.25
Receipts of taxes and levy refunds		867,450.62	15,981.49
Other Cash Receipts relating to operating activities		2,634,479.52	3,365,881.34
Subtotal Cash Inflow from Operating Activities		115,823,392.29	116,889,334.08
Cash payments for goods and services acquired		79,475,382.30	84,985,466.35
Cash payments to and on behalf of employees		70,973,628.59	62,289,120.46
Payments of taxes and levy		9,006,430.62	8,173,572.97
Other cash payments relating to Operating Activities		24,677,830.73	27,997,636.88
Subtotal Cash Outflow from Operating Activities		184,133,272.24	183,445,796.66
Net Cash Flow from Operating Activities		-68,309,879.95	-66,556,462.58
2. Cash Flow from Investing Activities			
Cash receipts from return of investments		90,000,000.00	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			1,134,530.00
Net Cash receipts from disposal of subsidiaries and other business units			
Other cash receipts in investing activities		2,857,207.77	2,992,590.83
Subtotal Cash Inflow from Investing Activities		93,991,737.77	98,241,642.74
Cash payments to acquired fixed assets, intangible assets and other long-term assets		1,158,520.10	1,360,977.26
Cash payments for investments		91,000,000.00	90,000,000.00
Net cash payments to acquired subsidiaries and other business units			
Other cash payments in investing activities			
Subtotal Cash Outflow from Investing Activities		92,158,520.10	91,360,977.26
Net Cash Flow from Investing Activities		1,833,217.67	6,880,665.48
3. Cash Flow from Financing Activities			
Cash proceeds from absorbing investment			
Cash receipts from borrowing		165,000,000.00	165,000,000.00
Other cash receipts in financing activities			
Total Cash Inflow from Financing Activities		165,000,000.00	165,000,000.00
Cash repayments of amount borrowed		165,000,000.00	165,000,000.00
Cash payments for distribution of dividends, profits or interest expenses		7,957,312.67	6,343,986.83
Other cash payments in financing activities			
Subtotal Cash Outflow from Financing Activities		172,957,312.67	171,343,986.83
Net Cash Flow from Financing Activities		-7,957,312.67	-6,343,986.83
4. Effect of exchange rate changes on cash and cash equivalent		-57,230.18	499.72
5. Net Increased in Cash and Cash Equivalent		-74,491,205.13	-66,019,284.21
Add: the Beginning Balance of Cash and Cash Equivalent		150,192,182.81	133,470,663.08
6. The Ending Balance of Cash and Cash Equivalent		75,700,977.68	67,451,378.87

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Current Period									
	Shareholder's Equity Attributed to Parent									
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserves	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others	Non-controlling interests	Total Shareholder's Equity
1. The ending balance of last year	422,000,000.00	522,841,800.72			43,172,707.88		-400,026,203.80		14,558,337.79	602,546,642.59
Add: Changes in Accounting Policy										
Correction for previous errors										
Others										
2. The beginning balance of this year	422,000,000.00	522,841,800.72			43,172,707.88		-400,026,203.80		14,558,337.79	602,546,642.59
3. Increase or decrease of current period (decrease represent as "-")										
(1) Net Profit							-18,729,299.73		-73,869.47	-18,803,169.20
(2) Other Comprehensive income							-18,729,299.73		-73,869.47	-18,803,169.20
Subtotal of (1) and (2)							-18,729,299.73		-73,869.47	-18,803,169.20
(3) Shareholder's investing and reducing of capital										
1. Shareholder's investing capital										
2. Shares payment in shareholder's equity										
3. Others										
(4) Profit Distribution ("-" states for decrease)										
1. Provision for surplus reserve										
2. Provision for business risk										
3. Distribution to 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 of current period	422,000,000.00	522,841,800.72			43,172,707.88		-418,755,503.53		14,484,468.32	583,743,473.39

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Prior Period								Non-controlling interests	Total Shareholder's Equity
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserves	Undistributed Profit	Others		
1. The ending balance of 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 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		-231,668,177.08		18,360,361.92	774,742,670.59
3. Increase or decrease of prior period (decrease represents as "-")										
(1) Net profit							-31,968,668.99		499,174.15	-31,469,494.84
(2) Other comprehensive income							-31,968,668.99		499,174.15	-31,469,494.84
Subtotal of (1) and (2)							-31,968,668.99		499,174.15	-31,469,494.84
(3) Shareholders investing and reducing of capital										
1. Shareholders investing capital										
2. Shares payment in shareholder's equity										
3. Others										
(4) Profit Distribution										
1. Provision for surplus reserve										
2. Provision for business risk										
3. Distribution to 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 of prior period	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 Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Items	Current Period							Total Shareholder's Equity
	Capital share	Capital Reserves	Less: Treasur Stock	Special Reserves	Surplus Reserves	Business Risk Reserves	Undistributed Profit	
1. The ending balance of last year	422,000,000.00	518,165,762.89			38,071,282.24		-309,375,834.99	668,861,210.14
Add: Changes in accounting balance								
Corrections for previous errors								
Others								
2. The beginning balance of this year	422,000,000.00	518,165,762.89			38,071,282.24		-309,375,834.99	668,861,210.14
3. Increase or decrease of current period (decrement represents as "-")								
(1) Net profit							-18,748,185.23	-18,748,185.23
(2) Other comprehensive income							-18,748,185.23	-18,748,185.23
Subtotal of (1) and (2)							-18,748,185.23	-18,748,185.23
(3) Shareholders investing and reducing of capital								
1. Shareholders investing capital								
2. Shares payment in shareholder's equity								
3. Others								
(4) Profit Distribution								
1. Provision for surplus reserve								
2. Provision for business risk								
3. Distribution to 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 of current period	422,000,000.00	518,165,762.89			38,071,282.24		-328,124,020.22	650,113,024.91

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT COMPANY (CONTINUED)

Jan. to June, 2013

Prepared Company: Beiren Printing Machinery Holding Limited

Unit: RMB

Item	Prior Period						Undistributed Profit	Total Shareholder's Equity
	Capital Share	Capital Reserves	Less: Treasury Stock	Special Reserve	Surplus Reserves	Business Risk Reserve		
1. The ending balance of 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 of prior period (decrease/ment 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 for 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 of prior period	422,000,000.00	518,165,762.89			38,071,282.24		-194,802,565.00	783,434,480.13

Legal Representative: Zhangpeiwu

Accounting Director: Jiangchi

Accounting Manager: Chengdeyou

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

I. GENERAL INFORMATION

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

Upon the approval of General Shareholders' Meeting on 16 May 2001 and 11 June 2002 as well as the approval of document Zheng Jian Fa Xing Zi [2002] No. 133 issued by China Securities Regulatory Commission ('CSRC') in 2002, during the period from 26 Dec 2002 to 7 Jan. 2003, the Company issued 22,000,000 additional A Shares in the Shanghai Stock Exchange, with par value of RMB1 Yuan per share. After the additional issues, the total shares of the Company are added up to 422,000,000 shares, among which 250,000,000 shares are state-owned institutional shares, 72,000,000 shares are inland public shares, and 100,000,000 shares are offshore public issues. All shares are with par value RMB1 Yuan per share.

In accordance with the 'Decision on the share right reformation of Beiren Printing Machinery Holdings Limited', Jing Guo Zi Quan Zi No.25 (2006), issued by the Committee of State-owned Assets Supervision and Administration of Beijing Government, Beiren Group Corporation as the sole non-floating shareholder transferred the original 27,360,000 state-owned shares to the A share holders through the bonus issue on 10 for 3.8 shares, 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 and 7 January 2010 respectively. On 2 December 2010, Beiren Group Corporation has sold 20,000 unconditioned tradable shares to public, which accounts for 4.98% of total share rights held by the Company. Up to 31 December 2011, Beiren Group Corporation holds the state-owned institutional shares 201,620,000, as 47.78% of total share rights, which are all unconditioned floating shares; 120,380,000 shares which are 28.52% of the total share rights are unconditioned inland public shares and unconditioned offshore public shares are 100,000,000 shares as 23.70% of the total share rights.

The Company's controlling shareholder Beiren Group Corporation signed the contract 'Free Transfer of State Owned Stocks between Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd and Beiren Group Corporation' with the actual controller Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd (Jingcheng Holding) on 16 June 2012. Beiren Group Corporation transferred 201,620,000 shares of its A shares to Jingcheng Holding at no cost. After the transfer, the total share capital of the Company was unchanged, while Jingcheng Holding holds 201,620,000 shares, which was 47.78% of its total share capital. Jingcheng Holding was the actually controlling shareholder of the Company. The share transfer without costs was approved by State-owned Assets Supervision and Administration Commission of the State Council on 1 September, 2012. The Group received 'China Securities Depository and Clearing Co., Ltd Shanghai Branch Transfer Registration Confirmation' on 7 December 2012. The procedure to transfer the share rights was completed.

The Company 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.

The Company's ultimate parent company is Beijing Jingcheng Mechanical & Electrical Holdings Co. Ltd. The Shareholders' Meeting, as the authority of the Company, 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; the Management is responsible for implementation of events resolved by the Shareholders' Meeting and the Board of Directors, and presides over the operational management of the Company.

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 in accordance to 'Corporations Accounting Standards — Fundamental Principal' and 38 specific accounting standards released by Ministry of Financial on 15 February 2006, subsequent released the Application Guide of Corporations Accounting Standard, Corporations Accounting Standard interpretation and other related rules and regulations (referred as the Accounting Standards), and 'Rules for Information Disclosure by Companies Offering Securities to the Public No.15 — General Rules on Financial Reporting (2010 revised)' issued by China Securities Regulatory Commission (CSRC).

Besides, the financial statements also follow the disclosure requirements of Companies Ordinance of Hong Kong and The Stock Exchange of Hong Kong Limited.

III. ANNOUNCEMENT

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

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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.

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.

(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.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

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.

(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 and measurement 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;

The Group applies below policies for the gain or loss resulted from the change of fair value on financial assets and financial liabilities except for hedgings:

- 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. The change is recognized as "investment income" in the income statement when the financial asset is derecognized.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

7. Financial Instruments (Continued)

(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.

(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; or the Group neither transfers nor retains the rights of risk and rewards, but transfers 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 recognize bad debts for account receivables when any of the following circumstances occur:

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.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

8. Accounts receivable (Continued)

(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
Over 3 years	100

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

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

9. Inventory

The inventory of the Group covers goods in transit, raw material, work in process, finished goods, low-valued consumables, self-made semi-products, and outsourcing 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. The weighted average method is applied for the actual costing. Low-valued consumables and packing materials are amortized in full.

At the end of period, inventory is measured at the 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.

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

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.

(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 long-term equity investment through non-common control business combination, 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 goodwill. When the cost of long-term equity investment is less than the fair value of the identifiable net assets of a subsidiary, the cost and the fair value of the identifiable net assets of the subsidiary should be reviewed first. After the review, if the cost is still less than the identifiable net assets of the subsidiary, the difference should be accounted into the current profit and loss.

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.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

10. Long-term equity investment (Continued)

(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 marked, as financial assets available-for-sale.

Under cost method, the cost of the long-term equity investment is adjusted when the long-term equity investment is increased subsequently or withdrawn. The cash dividend or profits distributed by the investee is recognized as the investment income of the current period.

Under 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. When other equity investments impair, the difference between the present value of future discounted cash flows calculated by the market return rate in similar financial assets market and the book value of the equity investment is recognized as the investment loss in the current period, and a provision for the long-term equity investment impairment is recognized. The above provision is not allowed to be reversed in the following periods.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

11. Investment property

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

The investment property is recognized at its cost. The cost of an investment property 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 property before it reaches condition of ready for use. The subsequent expenditure related to the investment property is recognized as the cost of the investment property when the related economic benefits are probably to inflow into the Group and the cost can be recorded reliably. Otherwise the expenditure is recognized into the profit and loss of current period.

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 replaced part is derecognized from the account at the same time. All the subsequent expenditures are recorded into current profit and loss when occurring.

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

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

12. Fixed assets (Continued)

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.

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 transferred to fixed assets at an estimated cost on the basis of the project budgeting, pricing and actual cost when completing and achieving estimated usage status. Depreciation starts from the following month after transferring. After clearing for completion of the project, the originally estimated cost of fixed assets will be adjusted on the basis of the actual cost, no adjustment is required to depreciation already accounted.

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 capitalization amount for the general borrowing is calculated as weighted average of the general borrowing (excluding any specific borrowings for qualified asset) times the weighted average of the interest rate of the general borrowing. The capitalization rate should be determined by 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 fixed assets 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 abnormally 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.

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.

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

15. Intangible assets (Continued)

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.

When the recoverable amount of intangible assets is lower than its book value, the book value is reduced to the recoverable amount. The impairment loss of intangible assets shall not be reversed in subsequent accounting periods once confirmed.

16. Research and development expense

Research and development expense is classified as expense in Research Stage and Development Stage in accordance with nature of the expense and the possibility of becoming into intangible asset.

Expenses in development stage are accounted to the current period profit and loss when occurred.

Expenses in development stage 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 expended 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, investment property accounted in cost method, fixed assets, construction in progress and intangible assets with useful life on each balance sheet date.

The group conducts impairment test on impaired assets if below impairment indication exists:

- (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. Assets' 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.

SECTION 8 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 fulfilment 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 increase in the book value of contingent liabilities due to the reduction of discount value caused by timing should be recognized as interest expense.

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, the Group doesn't hold continuing management rights or effective control rights of goods, the relevant economic benefits may flow into the Group, and the amount of this relevant revenue and the costs occurred or to be occurred can be measured reliably.
- (2) The revenue from rendering service will be recognized when the total income and cost of service can be measured reliable, 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 time and method based on time and method determined by the contracts or agreements, when the economic benefits related to transactions may flow into the Group, and the amount of this relevant revenue can be measured reliably.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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 obtains the government subsidy.

If a government subsidy is a monetary asset, it is measured in the light of the received amount. As for the government subsidy obtained on a certain amount, it is measured in the light of the 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 (RMB1 Yuan).

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 a recognized government subsidy is needed to be returned, the balance of deferred income is written-off and any exceeded portion is accounted into current profit and loss. If the returned subsidy doesn't constitute as deferred income then it is accounted into current profit and loss directly.

23. Deferred tax assets and deferred tax liability

Deferred tax assets and deferred tax liability are recognized at the differences (temporary tax differences) between the tax base of an asset or liability and its book value. Temporary difference arising from future deductible tax losses and relate on tax as per tax law is recognized as deferred tax asset. As for the temporary difference arising from the initial recognition of goodwill, deferred tax liability should not be recognized. As for the temporary difference arising from the initial recognition of assets and liabilities other than the merger of enterprises, which influences neither the accounting profit nor the amount of the taxable income, no deferred tax assets and deferred tax liability should be recognized. On the balance sheet date, deferred tax assets and deferred tax liability are measured at applicable tax rate for the period which asset and liability are settled.

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 financing lease and the operating lease.

The financing 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 financing 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 lessee, accounts the rental income into current period by straight line method during the term of the lease. The initial direct costs should be capitalized and periodically accounted into current profits and losses at the basis of recognition of rental income during the whole term of lease. The contingent rental should be recorded into current profits and losses when actually takes place.

The Group, as a lessor, accounts the rental income into current period by straight line method during the term of the lease. The initial direct costs with big amount should be capitalized and periodically accounted into current profits and losses at the basis of recognition of rental income, during the whole term of lease. The contingent rental should be recorded into current profits and losses when actually takes place.

SECTION 8 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 management is responsible for making the judgments for the future uncertainty of the effects at the balance date. There may be a difference between the fact and the estimation. They are also responsible for the implementing for the hypothesis and uncertainty. Changes of accounting estimation that only affects current period are reflected in current period; those changes affects both current and the future period are reflected in current and future period.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

V. TAXATION

1. The Main Taxation Category and Tax Rate

Categories	Tax Base	Tax rate
VAT	Goods sales revenue	17%
Business Tax	Taxable revenue	5%
Urban Construction & Maintenance Tax	VAT or Business tax payable	5%-7%
Education Surcharges	VAT 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.

VI. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries information

Company	Nature	Registration Location	Operating 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 (%)	Legal Representative	Company code	Consolidated (Yes/No)	Amount for Written-off Income/ Loss in Minority Interest
Subsidiaries acquired under non-common control														
Shaanxi Beiren Printing Machinery Co., Ltd	Limited company	Weinan City, Shanxi Province	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	Chen Bang she	709915814	Yes	369,964.13
Other acquired Subsidiaries														
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Sino-Foreign Equity Joint Venture Enterprise	Chaoyang District, Beijing City	Chaoyang District, Beijing City	Manufacture	USD 510	Manufacture printing machine, selling self-manufactured products	2,963.27	0.00	70.00	70.00	Xue Ke xin	600040254	Yes	443,833.60
Beijing Beiren Jingyan Printing Machinery Factory	Joint stock company	Yanqing County, Beijing City	Yanqing County, Beijing City	Manufacture	2,105	Manufacturing printing machine and relevant components, providing relevant technical consulting services	2,105.00	0.00	100.00	100.00	Kong Da gang	103047696	Yes	0.00
Beijing Beiren Printing Machinery Co., Ltd.	Limited company	Yizhuang develop district, Beijing city	Yizhuang develop district, Beijing city	Service	100	Selling printing machine, designing printing machine, technology development, building leasing	100.00	0.00	100.00	100.00	Zhang Peiwu	06280520-X	Yes	0.00

2. The change of the scope of consolidated financial statements

Company name	Reason	Share holding (%)	Net asset at the end of the year	Net profit for current period
Beijing Beiren Printing Machinery Co., Ltd.	New funding	100.00	1,000,000.00	0.00

SECTION 8 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 2013, “the end of the period” refers to 30 June 2013, “this period” refers to the year from 1 January 2013 to 30 June 2013, “last period” refers to the year from 1 January 2012 to 30 June 2012, and the monetary unit is CNY.

1. Monetary Fund

Item	30 June 2013			1 Jan. 2013		
	Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
Cash on hand			12,896.12			9,579.69
Inc. CHY	12,751.57		12,751.57	9,514.60		9,514.60
USD	12.86	6.1790	79.46	0.00	6.2855	0.00
JPY	1,039.78	0.0626	65.09	891.00	0.0730	65.09
Cash in bank			92,677,750.12			172,894,698.27
Inc. CHY	92,474,787.39		92,474,787.39	172,681,361.52		172,681,361.52
USD	15,759.50	6.1790	97,376.02	16,943.93	6.2855	106,501.07
HKD	76,431.27	0.7966	60,885.15	76,410.51	0.8108	61,953.64
JPY	712,743.13	0.0626	44,617.72	613,627.67	0.0730	44,794.82
EUR	10.41	8.0536	83.84	10.49	8.3176	87.22
Other			10,813,000.00			8,250,000.00
CHY	10,813,000.00		10,813,000.00	8,250,000.00		8,250,000.00
Total	-	-	103,503,646.24	-	-	181,154,277.96

As at 30 June 2013, the majority part of other monetary funds is bank acceptance notes

2. Notes receivable

(1) Categories of notes receivable

Category	30 June 2013	1 Jan. 2013
Bank acceptance notes	26,470,037.21	23,425,119.81

(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) Significant notes has endorsed to the other party but not yet due

Category	Issuing Company	Issuing date	Maturity date	Amount
Bank acceptance notes	Nanjing Tianchou Trading Co.,Ltd.	2013.03.26	2013.09.26	3,200,000.00
Bank acceptance notes	Nanjing Tianchou Trading Co.,Ltd.	2013.04.28	2013.10.28	2,000,000.00
Bank acceptance notes	Jiangxi Lanhai international Trading Co.,Ltd.	2013.03.21	2013.09.21	1,380,000.00
Bank acceptance notes	Tianjin Jinnan Shengda industrial Co.,Ltd.	2013.03.08	2013.09.08	1,300,000.00
Bank acceptance notes	Foshan Tianyuan Huibang decorative Material Co.,Ltd	2013.03.07	2013.09.07	1,300,000.00
Total				9,180,000.00

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

3. Account receivable

(1) Classification for accounts receivable

Item	30 June 2013				1 Jan. 2013			
	Book value Amount	Percent (%)	Bad debts Amount	Percent (%)	Book value Amount	Percent (%)	Bad debts Amount	Percent (%)
Individual receivables above significant level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables for which provision of bad debts made on basis of combinations	-	-	-	-	-	-	-	-
Combination based on age accounts	384,301,011.27	97.02	97,438,598.72	25.35	284,847,912.55	96.88	99,576,840.72	34.96
Individual receivables below significant level	11,792,553.74	2.98	2,168,241.40	18.39	9,162,415.00	3.12	2,168,241.40	23.66
Total	396,093,565.01	100.00	99,606,840.12	-	294,010,327.55	100.00	101,745,082.12	-

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

Item	30 June 2013		1 Jan. 2013	
	Amount	Percent (%)	Amount	Percent (%)
Within 1 year	262,578,404.51	68.33	0.00	0.00
1-2 years	28,738,327.19	7.48	8,621,498.16	10.09
2-3 years	10,417,947.53	2.71	6,250,768.52	3.65
Over 3 years	82,566,332.04	21.48	84,704,574.04	29.74
Total	384,301,011.27	100.00	97,438,598.72	100.00

2) Receivables individually significant, or individually insignificant but tested for impairment at the end of the period.

Company Name	Amount	Bad debts provision	Rate (%)	Reason for bad debts provision
Note 1	5,234,706.73	2,168,241.40	41.42	Difficult to collect partially
Note 2	6,557,847.01	0.00	0.00	
Total	11,792,553.74	2,168,241.40		

Note 1: An amount of RMB5,234,706.73 accounts receivable comprising 15 long-aged items, is judged as long aged and difficult to recover and the bad debts provision amounted RMB2,168,241.40 is made correspondingly by method of individual identification.

Note 2: An amount of RMB6,557,847.01 was from several long-term customers are in frequent transactions with the Group and adopt the order trade, those accounting receivable are in shorter ages. No provision for bad debts is made for these receivables.

(2) There is no reversal of bad debts prepared during this period.

(3) Accounts receivable written off during this period amounted to RMB2,048,000.00

Company Name	Nature	Amount	Reason	Related transaction
Shunyi Xinghua Metal doors and windows factory	Payment for goods	50,000.00	Difficult to collect	No
The county of Samsung Electrical Distribution Department	Payment for goods	25,000.00	Difficult to collect	No
Zhangjiakou City Boiler Factory	Payment for goods	60,000.00	Difficult to collect	No
Shijiazhuang aircraft manufacturing company	Payment for goods	32,000.00	Difficult to collect	No
Qingdao automobile factory refit factory	Payment for goods	781,000.00	Difficult to collect	No
Taishan Moon Group	Payment for goods	1,100,000.00	Difficult to collect	No
Total		2,048,000.00		

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

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

3. Account receivable (Continued)

(5) The top five accounts receivable:

Company Name	Relationship	Amount	Age	Receivable (%)
Taian Daily	Customer	15,168,000.00	1-2 years	3.83
Gansu Xinhua Bookstore Group Culture Communication Co., Ltd.	Customer	13,656,000.00	Within 1 year	3.45
Yunnan newspaper media (Group) Co., Ltd.	Customer	9,160,000.00	Within 1 year	2.31
Linyi Daily	Customer	7,285,000.00	6,905,000.00 1-2 years 380,000.00 2-3 years	1.84
Fujian daily (Quanzhou) Printing Co., Ltd.	Customer	7,060,000.00	Within 1 year	1.78
Total		52,329,000.00		13.21

(6) The balance of accounts receivable from related parties:

Company Name	Relationship with the Group	Amount	Ratio (%)
Beijing Beiyong Casting Co. Ltd.	Other related party	3,305,298.51	0.83

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

Foreign currency	30 June 2013			1 Jan. 2013		
	Foreign currency amount	Exchange rate	Amount (RMB)	Foreign currency amount	Exchange rate	Amount (RMB)
USD	1,140,497.92	6.1790	7,047,136.63	1,327,677.49	6.2855	8,345,116.88

4. Advance to suppliers

(1) Aging of advances to suppliers

Item	30 June 2013		1 Jan. 2013	
	Amounts	Percentage (%)	Amounts	Percentage (%)
Within 1 year	15,960,053.07	83.54	12,768,533.39	80.69
1-2 years	2,972,919.58	15.56	2,883,769.58	18.22
2-3 years	0.00	0.00	54,500.00	0.34
Over 3 years	172,514.75	0.90	118,014.75	0.75
Total	19,105,487.40	100.00	15,824,817.72	100.00

(2) The major advance to suppliers

Name	Relationship within the Company	Amount	Aging	Reasons for pending
Begala international industrial automation (Shanghai) Co. Ltd.	Suppliers	849,696.29	1-2 year	Not completed
The fourth construction company in Shaanxi province eighth Project Office	Suppliers	789,000.00	Within a year	Not completed
Weinan Sanxin printing and packaging machinery development Service Corporation	Suppliers	744,746.60	1-2 year	Not completed
The energy transfer Tianchen (Beijing) Environmental Protection Technology Co., Ltd.	Suppliers	700,000.00	Within a year	Not completed
Gao Deke (Shanghai) Trading Co., Ltd.	Suppliers	547,250.00	Within a year	Not completed
Total	-	3,630,692.89	-	-

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

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

5. Dividends receivable

Items	1 Jan. 2013	Increase	Decrease	30 June 2013	Reason	Impairment
Within a year	0.00	0.00	0.00	0.00		
Over a year	113,600.00	0.00	0.00	113,600.00	Fund shortage	NA
Including: Beijing Beiyong Casting Co., LTD	113,600.00	0.00	0.00	113,600.00	Fund shortage	NA
Total	113,600.00	0.00	0.00	113,600.00		

6. Other Receivables

(1) Classification

Item	30 June 2013				1 Jan. 2013			
	Book value		Bad debts		Book value		Bad debts	
	Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)	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	34,319,370.42	100.00	12,452,351.76	36.28	31,039,253.48	100.00	12,452,351.76	40.12
Total	34,319,370.42	100.00	12,452,351.76	-	31,039,253.48	100.00	12,452,351.76	-

(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	17,996,338.71	12,452,351.76	69.19	Difficult to collect partial receivables
Note 2	16,323,031.71	0.00	0.00	
Total	34,319,370.42	12,452,351.76		

Note 1: The Group made bad debts provision amounted RMB12,452,351.76 on 24 items of other receivables amounting to RMB17,996,338.71 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 RMB16,323,031.71; there are no corresponding provisions for bad debts made.

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

(4) There is no other receivables written off in this period

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

(6) The major other receivables:

Company Name	Relationship	Amount	Age	Proportion in accounts receivable	Nature
Southeast Asia	Customer	9,088,241.00	Over 3 years	26.48	Note 1
China Huarong Asset Management Corporation Xi'an Branch	Minority shareholders of subsidiary	6,328,000.00	Within one year 1-2 year Over 3 years	18.44	Note 2
Total		15,416,241.00		44.92	

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

6. Other Receivables (Continued)

(6) The major other receivables: (Continued)

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

Note 2: Other receivables from China Huarong Asset Management Corporation Xi'an Branch are repurchasing of equity. China Huarong Asset Management Corporation acquired shares by debt-to-equity swap and it is allowed to quit by transferring, replacement or repurchasing in accordance with company constitutions of Shaanxi Beiren. The repurchasing of equity should be completed before the end of 2006 in equal amount each year; and China Huarong Asset Management Corporation Xi'an Branch made debt-to-equity swap of RMB15,820,000 and completed in five years. RMB6,328,000 was returned in 2003 and 2004 and didn't write-off its investment as a result of exiting investment

(7) Amount receivable from related parties at the end of the year.

Company Name	Relationship	Amount	Percent (%)
BeijingMonigraf Automations Co. Ltd.	Associated company	141,834.59	0.41
Beiren Group company	Under the same control	624,551.50	1.82
Total		766,386.09	2.23

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

Foreign currency	30 June 2013			1 Jan. 2013		
	Foreign currency	Exchange rate	Converted to RMB	Foreign currency	Exchange rate	Converted to RMB
HKD	11,408,788.60	0.7966	9,088,241.00	10,305,296.52	0.8108	9,088,241.00
USD	3112.08	6.1790	19,229.54	0.00	6.2855	0.00
JPY	772,448.88	0.0626	48,355.30	0.00	0.0730	0.00
Total	-	-	9,155,825.84	-	-	9,088,241.00

7. Inventory

(1) Categories

Item	30 June 2013			1 Jan. 2013		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Raw materials	75,344,163.27	4,890,957.02	70,453,206.25	75,464,046.67	4,890,957.02	70,573,089.65
Work in progress	276,922,098.63	51,033,584.99	225,888,513.64	266,065,647.76	51,368,232.81	214,697,414.95
Finished goods	90,118,308.69	16,217,405.29	73,900,903.40	120,409,593.07	19,665,440.55	100,744,152.52
Low-value	3,195,971.75	0.00	3,195,971.75	3,235,188.12	0.00	3,235,188.12
Self made semi-finished goods	8,926,578.25	0.00	8,926,578.25	8,899,896.26	0.00	8,899,896.26
Work in process-outsourced	7,336,293.11	0.00	7,336,293.11	5,510,175.83	0.00	5,510,175.83
Total	461,843,413.70	72,141,947.30	389,701,466.40	479,584,547.71	75,924,630.38	403,659,917.33

(2) Provision for inventory impairment

Item	1 Jan. 2013	Increase	Decrease in this year		30 June 2013
			Reversal	Transferred out	
Raw materials	4,890,957.02	0.00	0.00	0.00	4,890,957.02
Work in progress	51,368,232.81	0.00	0.00	334,647.82	51,033,584.99
Storage goods	19,665,440.55	5,866,010.87	0.00	9,314,046.13	16,217,405.29
Total	75,924,630.38	5,866,010.87	0.00	9,648,693.95	72,141,947.30

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

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

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

8. Long-term equity investments

(1) Categories

Item	30 June 2013	1 Jan. 2013
Accounted in cost method	6,031,447.52	1,243,400.00
Accounted in equity method	9,008,377.22	14,742,035.65
Joint venture	0.00	0.00
Associated company	9,008,377.22	14,742,035.65
Total	15,039,824.74	15,985,435.65
Less: provision for impairment on long-term equity investments	50,000.00	50,000.00
Net book value	14,989,824.74	15,935,435.65

(2) Accounted in cost and equity method

Name of invested companies	Share holding %	Voting right%	Original amounts	1 Jan. 2013	Increase or Decrease	Adjustment	Cash dividend for the year	Other changes in equity	30 June 2013	Provision for impairment	Provision for impairment of this period
In cost method											
Ying Shen Associated Co., Ltd.			50,000.00	50,000.00	0.00	Not applicable	Not applicable	Not applicable	50,000.00	50,000.00	0.00
Beiren Di Purul	6	6	1,193,400.00	1,193,400.00	0.00	Not applicable	Not applicable	Not applicable	1,193,400.00	0.00	0.00
Beijing Beiren Printing Machinery Co., Ltd. (Note 1)	17.01	17.01	4,788,047.52	0.00	4,788,047.52	Not applicable	Not applicable	Not applicable	4,788,047.52	0.00	0.00
Sub-total			6,031,447.52	1,243,400.00	4,788,047.52				6,031,447.52	50,000.00	0.00
In equity method											
Beijing Monigraf Automations Co. Ltd.	49	49	3,675,000.00	9,011,147.47	0.00	-2,770.25	0.00	0.00	9,008,377.22	0.00	0.00
Beijing Beiyong Moulding Co., Ltd.	20	20	1,136,000.00	5,730,888.18	-5,429,685.51	-301,202.67	0.00	0.00	0.00	0.00	0.00
Beijing Mitsubishi Heavy Industries Co., Ltd. (Note 2)	49	49	22,540,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total			27,351,000.00	14,742,035.65	-5,429,685.51	-303,972.92	0.00	0.00	9,008,377.22	0.00	0.00
Total			33,382,447.52	15,985,435.65	-641,637.99	-303,972.92	0.00	0.00	15,039,824.74	50,000.00	0.00

Note 1: On 3 April 2013, the Company's joint venture Beijing Beijing Casting Co. Ltd received the investment from new shareholders, the increased registered capital RMB1,000,000.00, was from new shareholders. The proportion of the Company was diluted from 20% before to 17.01%, the accounting method shall be changed to cost method from equity method at the end of the period.

Note 2: An approval for Application of termination the Contract with Beijing Mitsubishi Heavy industries Beiren Printing Machinery Co. Ltd issued by Beijing Economic and Technology Development Zone on 8th March 2011 has agreed the Company's joint venture Beijing Mitsubishi Heavy industries Beiren Printing Machinery Co. Ltd to terminate joint venture contract and company's constitution, and start liquidation process and de-registration of company's business registration. This joint venture has completed its liquidation as at 30th June 2013.

(3) Investment in associated companies

Name of invested company	Nature	Registration	Legal representative	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

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

Company	1 Jan. 2013	Increase	Decrease	30 June 2013	Reason
Ying Shen Associated Company CO., LTD.	50,000.00	0.00	0.00	50,000.00	Expected to be unrecoverable

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

9. Investment property

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Original cost				
Buildings, constructions	7,986,177.80	0.00	0.00	7,986,177.80
Accumulated depreciation				
Buildings, constructions	1,429,698.48	94,118.58	0.00	1,523,817.06
Net amount				
Buildings, constructions	6,556,479.32	-	-	6,462,360.74
Impairment provision				
Buildings, constructions	0.00	0.00	0.00	0.00
Book value				
Buildings, constructions	6,556,479.32	-	-	6,462,360.74

10. Fixed assets

(1) Breakdowns

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Original cost	1,069,730,055.03	2,476,146.23	5,464,616.85	1,066,741,584.41
Buildings, constructions	547,909,718.01	24,000.00	0.00	547,933,718.01
Machinery	458,693,290.10	956,594.65	5,352,345.07	454,297,539.68
Transportation facilities	14,432,391.04	1,451,502.00	112,271.78	15,771,621.26
Office equipment	47,219,766.41	44,049.58	0.00	47,263,815.99
Others	1,474,889.47	0.00	0.00	1,474,889.47
Accumulated depreciation	550,615,427.40	14,626,131.79	4,656,013.70	560,585,545.49
Buildings, constructions	152,817,350.40	6,839,229.45	0.00	159,656,579.85
Machinery	342,450,142.18	7,134,646.59	4,547,110.07	345,037,678.70
Transportation facilities	10,446,263.13	374,334.77	108,903.63	10,711,694.27
Office equipment	43,986,483.71	260,092.10	0.00	44,246,575.81
Others	915,187.98	17,828.88	0.00	933,016.86
Carrying amount	519,114,627.63	-	-	506,156,038.92
Buildings, constructions	395,092,367.61	-	-	388,277,138.16
Machinery	116,243,147.92	-	-	109,259,860.98
Transportation facilities	3,986,127.91	-	-	5,059,926.99
Office equipment	3,233,282.70	-	-	3,017,240.18
Others	559,701.49	-	-	541,872.61
Impairment provision	20,498,612.67	0.00	401,775.66	20,096,837.01
Buildings, constructions	0.00	0.00	0.00	0.00
Machinery	20,380,095.55	0.00	401,775.66	19,978,319.89
Transportation facilities	115,000.00	0.00	0.00	115,000.00
Office equipment	3,517.12	0.00	0.00	3,517.12
Others	0.00	0.00	0.00	0.00
Net book value	498,616,014.96	-	-	486,059,201.91
Buildings, constructions	395,092,367.61	-	-	388,277,138.16
Machinery	95,863,052.37	-	-	89,281,541.09
Transportation facilities	3,871,127.91	-	-	4,944,926.99
Office equipment	3,229,765.58	-	-	3,013,723.06
Others	559,701.49	-	-	541,872.61

- 1) With the total increase of the accumulated depreciation, current year depreciation is RMB14,626,31.79.
- 2) The buildings, which are collateral to the bank as a short-term loan guarantee, has the original cost of RMB54,663,501.99 and net book value of RMB 21,883,284.41.

SECTION 8 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	102,226,668.28

- (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 June 2013		1 Jan. 2013			
	Book value	Provision	Book balance	Provision		
Construction	2,505,922.25	0.00	2,505,922.25	2,258,710.00	0.00	2,258,710.00
Equipments in installation	3,381,578.57	0.00	3,381,578.57	3,370,890.54	0.00	3,370,890.54
Others	2,687,807.64	0.00	2,687,807.64	2,439,349.05	0.00	2,439,349.05
Total	8,575,308.46	0.00	8,575,308.46	8,068,949.59	0.00	8,068,949.59

12. Intangible assets

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Original cost	127,550,315.77	0.00	0.00	127,550,315.77
Land use right	127,419,815.77	0.00	0.00	127,419,815.77
Software	130,500.00	0.00	0.00	130,500.00
Accumulated depreciation	26,085,645.30	1,254,615.00	0.00	27,340,260.30
Land use right	26,083,470.30	1,241,565.00	0.00	27,325,035.30
Software	2,175.00	13,050.00	0.00	15,225.00
Net book value	101,464,670.47	-	-	100,210,055.47
Land use right	101,336,345.47	-	-	100,094,780.47
Software	128,325.00	-	-	115,275.00
Impairment provision	0.00	0.00	0.00	0.00
Land use right	0.00	0.00	0.00	0.00
Software	0.00	0.00	0.00	0.00
Book value	101,464,670.47	-	-	100,210,055.47
Land use right	101,336,345.47	-	-	100,094,780.47
Software	128,325.00	-	-	115,275.00

- (1) The increase of accumulated amortization of this year is RMB1,254,615.00.
- (2) The land use right which is collateral to the bank as a guarantee for issuing bank acceptance notes, was the original cost of RMB6,660,629.23 and net book value of RMB5,674,410.48.

13. Long-term prepayments

Item	1 Jan. 2013	Increase	Decrease	Other decrease	30 June 2013
The land development fee	9,367,320.00	0.00	0.00	0.00	9,367,320.00

SECTION 8 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 June 2013	1 Jan. 2013
Deferred tax asset		
Provision for assets	0.00	0.00

(2) The details of not recognized deferred tax assets

Item	30 June 2013	1 Jan. 2013
Asset impairment	204,347,976.19	210,670,676.93
Deductible loss	444,992,565.71	444,992,565.71
Total	649,340,541.90	655,663,242.64

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

Item	30 June 2013
2013	133,813,242.84
2014	168,868,795.78
2015	12,192,889.89
2016	2,234,124.46
2017	127,883,512.74
Total	444,992,565.71

15. Provision for impairment of assets:

Item	1 Jan. 2013	Increase	Decrease		30 June 2013
			Returning	Other transfers out	
Provision for bad debts	114,197,433.88	-90,242.00	0.00	2,048,000.00	112,059,191.88
Provision for impairment of inventory	75,924,630.38	5,866,010.87	0.00	9,648,693.95	72,141,947.30
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	401,775.66	20,096,837.01
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	210,670,676.93	5,775,768.87	0.00	12,098,469.61	204,347,976.19

16. Short-term loans

Type	30 June 2013	1 Jan. 2013
Guaranteed loans – due within one year	14,968,603.70	13,029,820.99
Credit loans – due within one year	300,000,000.00	300,000,000.00
Total	314,968,603.70	313,029,820.99

- (1) The closing balance of guaranteed loans contain RMB 10,000,000.00, as borrowings from Bank of Beijing Jinyun Branch and RMB4,968,603.70 borrowings from Gangda bank of China, both are guaranteed by Beiren Group company. Applicable rate for bank of Beijing Jinyun Branch is 6.6%, and Gangda bank of China is 6.9%.
- (2) The closing balance of credit loans is a loan of RMB30 million borrowed from Bank of Beijing Jinyun Branch and entrusted by Beijing National Capital Mechanical And Electrical Holding Company Limited at an interest rate of 6.0%

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

17. Notes payable

Type of note	30 June 2013	1 Jan. 2013
Bank acceptance note	26,500,000.00	24,200,000.00

18. Accounts payable

(1) Accounts payable

Item	30 June 2013	1 Jan. 2013
Total	324,650,540.33	323,922,570.97
More than 1 year	77,013,733.49	74,122,557.40

(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

19. Advance from customers

(1) Advance from customers

Item	30 June 2013	1 Jan. 2013
Total	98,005,433.68	64,992,309.32
More than 1 year	5,791,591.28	2,744,827.85

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 June 2013			1 Jan. 2013		
	USD	Exchange rate	RMB	USD	Exchange rate	RMB
USD	356,222.98	6.1790	2,201,101.78	942,766.68	6.2855	5,925,759.97

20. Employee benefit payable

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Salary (Including bonus and allowance)	5,504,893.82	61,511,506.27	67,016,400.09	0.00
Welfare	0.00	3,039,303.66	3,039,303.66	0.00
Social insurance	16,076,108.47	24,307,430.30	25,545,095.18	14,838,443.59
Including:				
Medical insurance	2,654,612.83	8,458,663.15	10,978,252.69	135,023.29
Basic endowment insurance	12,130,446.01	14,151,465.04	13,057,512.07	13,224,398.98
Unemployment insurance	969,370.73	740,331.30	485,293.20	1,224,408.83
Industrial injury insurance	177,708.38	524,768.13	597,571.78	104,904.73
Fertility insurance	143,970.52	432,202.68	426,465.44	149,707.76
Housing fund	1,314,071.20	4,656,143.00	4,644,787.00	1,325,427.20
Labour union expenditure and employee education expenditure	2,723,920.98	1,520,489.18	1,305,161.60	2,939,248.56
Non-monetary welfare	0.00	4,594,423.90	4,594,423.90	0.00
Estimated expense for employee retirement in advance	28,508,521.58	1,128,741.06	8,521,987.14	21,115,275.50
Other welfare	215,853.00	1,046,657.76	1,046,657.76	215,853.00
Total	54,343,369.05	101,804,695.13	115,713,816.33	40,434,247.85

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

21. Tax payable

Tax category	30 June 2013	1 Jan. 2013
Value added tax	7,311,748.29	-1,429,262.68
Business tax	275,119.81	274,990.88
Enterprise income tax	0.00	0.00
Individual tax	35,789.07	178,586.87
Urban maintenance and construction tax	558,422.58	29,518.98
Property tax	0.00	0.00
Land usage tax	0.00	0.00
Educational surcharge	398,873.28	21,985.36
Stamp tax	51,125.00	106,511.81
Water conservancy fund	616,170.80	482,220.54
Total	9,247,248.83	-335,448.24

22. Interest payable

Items	30 June 2013	1 Jan. 2013
Short-term borrowings interest payable	2,149,263.30	1,019,724.67

23. Other payables

(1) Other payables

Items	30 June 2013	1 Jan. 2013
Total	53,830,947.19	57,728,663.10
Include more than 1 year	24,388,277.18	24,584,625.66

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

(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 June 2013, 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 June 2013	1 Jan. 2013
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	0.00	0.00
Other accrued expenses	0.00	1,050,000.00
Total	100,100.28	1,250,200.56

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

25. Specific payables

Items	1 Jan. 2012	Increase	Decrease	30 June 2012	Notes
Medium newspaper printing machine core unit technology and half-way commercial product	4,927,019.97	0.00	0.00	4,927,019.97	Note 1
Folio single paper print machine series with multiple colours-new style 1050	5,417,630.42	0.00	0.00	5,417,630.42	Note 2
Digital single piece of paper split polychrome offset machine industry project	5,472,304.21	190,310.19	0.00	5,662,614.40	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	3,143,377.30	0.00	2,976,931.00	166,446.30	Note 5
Relocation compensation	1,150,000.00	0.00	0.00	1,150,000.00	Note 6
Specialty working station	272,082.57	866,800.00	1,138,882.57	0.00	
Total	31,282,414.47	1,057,110.19	4,115,813.57	28,223,711.09	

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. 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: The Company received RMB1,150,000.00 as research and development fund on hi-tech projects in packing industry according to Beijing Finance Ministry notice on Central Government Supporting Fund for Packing industry Hi-tech Projects for the Year 2012.

26. Estimated liabilities

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Employee Compensation for Dismission	542,407.38	0.00	0.00	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.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

27. Other non-current liabilities

Items	30 June 2013	1 Jan. 2013
Interest discount of advanced flexo printing machine technology transformation project	323,887.15	323,887.15
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	192,187.95	192,187.95
Total	516,075.10	516,075.10

(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 RMB516,075.10.

(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	323,887.15	57,836.99	57,836.99	-	-
Shaanxi Packaging & Printing Machinery Engineering Technology Research Centre	192,187.95	42,263.29	42,263.29	-	-
Total	516,075.10	100,100.28	100,100.28	-	-

28. Share capital

Unit: RMB'000

Shareholder's Name/Regimentation	1 Jan. 2012		Current changes				30 June 2012	
	Amount	Ratio (%)	Issue new stock	Amount	Ratio (%)	Issue new stock	Amount	Amount
Conditioning Stock								
State-owned Holdings	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
Un-conditioning Stock								
Common Stock(RMB)	322,000.00	76.30	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	100,000.00	23.70
Subtotal	422,000.00	100.00	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	422,000.00	100.00

29. Capital reserve

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Capital premium	517,269,501.78	0.00	0.00	517,269,501.78
Other capital reserve	5,572,298.94	0.00	0.00	5,572,298.94
Total	522,841,800.72	0.00	0.00	522,841,800.72

30. Surplus reserve

Item	1 Jan. 2013	Increase	Decrease	30 June 2013
Statutory surplus reserve	43,172,707.88	0.00	0.00	43,172,707.88

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

31. Undistributed profits

Item	Amount	%
Undistributed Profits at The Last period End	-400,026,203.80	
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	-400,026,203.80	
Add: net profit attributable to parent company this period	-18,729,299.73	
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	-418,755,503.53	

32. Minority interest

Name of Subsidiary	Proportion of Minority Interest (%)	30 June 2013	1 Jan. 2013
Beiren Fuji print machinery Co., Ltd.	30.00	5,982,349.54	6,426,183.14
Shaanxi Beiren printing machinery Co., Ltd.	13.76	8,502,118.78	8,132,154.65
Total		14,484,468.32	14,558,337.79

33. Operating income and operating costs

Items	Jan.-June 2013	Jan.-June 2012
Main operating income	381,048,897.00	369,969,854.86
Other operating income	8,087,114.51	7,972,584.50
Total	389,136,011.51	377,942,439.36
Main operating income	310,796,248.55	299,767,319.10
Other operating income	2,776,611.41	4,672,544.95
Total	313,572,859.96	304,439,864.05

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

Item	Jan.-June 2012		Jan.-June 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of hectograph machine	198,043,529.85	166,566,406.73	176,194,363.54	152,358,746.02
Sales of intaglio printing machine	162,894,646.63	126,450,256.91	159,745,230.08	120,517,474.99
Sales of form machinery	5,051,365.76	4,798,666.92	26,716,746.81	21,824,726.29
Others	15,059,354.76	12,980,917.99	7,313,514.43	5,066,371.80
Total	381,048,897.00	310,796,248.55	369,969,854.86	299,767,319.10

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

Item	Current period		Last period	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Domestic sales	372,780,758.13	304,579,066.28	346,313,929.08	284,377,650.37
Overseas sales	8,268,138.87	6,217,182.27	23,655,925.78	15,389,668.73
Total	381,048,897.00	310,796,248.55	369,969,854.86	299,767,319.10

(3) The total sales income from the Company's top five clients is RMB63, 025,641.02, accounted 16.20% of the total sales income of the period.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)



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

34. Business tax

Items	Current period	Last period	Tax rate (%)
Business tax	548,955.77	365,838.58	Taxable income*5%/3%
Urban maintenance and construction tax	1,574,342.06	1,245,889.82	Turnover tax*5%/7%
Educational surcharge	1,124,530.05	694,097.89	Turnover tax*3%/5%
Real estate tax	33,541.95	33,541.95	Original value of real estate *70%*1.2%
Total	3,281,369.83	2,339,368.24	

35. Financial expense

Items	Current period	Last period
Interest payment	9,768,462.98	7,076,138.55
less: interest income	649,210.52	343,934.71
add: exchange loss	57,230.18	25,680.00
add: other payment	168,249.93	146,944.04
Total	9,344,732.57	6,904,827.88

36. Impairment loss of assets

Items	Current period	Last period
Bad debt	-90,242.00	6,403,609.62
Inventory Impairment	5,866,010.87	11,293,135.39
Total	5,775,768.87	17,696,745.01

37. Investment income

(1) Resources of investment income

Item	Current period	Last period
Long term equity investment income by Equity method	-303,972.92	-265,049.66
Disposal of long term equity investment income	-641,637.99	0.00
Total	-945,610.91	-265,049.66

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

(2) Long term equity investment income by Equity method

Item	Current period	Last period	Reason of changes
Total	-303,972.92	-265,049.66	
Including:			
Beijing Beiyong Casting Co., Ltd.	-301,202.67	-269,525.25	Decrease of profit
Beijing Monigraf Automations Co., Ltd.	-2,770.25	4,475.59	Decrease of profit

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

38. Non-operating income

(1) Breakdowns

Item	Current period	Last period	Accounted into non-operating gains & loss
Gains from disposal of non-current assets	697,151.58	0.00	
In which: Gains from disposal of fixed asset	697,151.58	0.00	
Government subsidy	2,208,765.69	2,215,600.28	
Gain from debt restructure	0.00	0.00	
Others	1,946.60	399,195.89	
Total	2,907,863.87	2,614,796.17	

(2) Government subsidy

Item	Current period	Last period	Reasons
Weinan enterprise technology innovation and creation of famous brand	0.00	2,115,500.00	WCBJ[2012]No.19
Subsidy for innovative science and technology project	600,000.00	0.00	SKJF[2012]2No.204(Award for the innovation of technology)
Research & Development Fund of advanced and new technology in packaging industry	560,000.00	0.00	SCBQ[2012]No.125 [R&D Funds for advanced and new technology in packaging industry]
Subsidy for pay tax corporation	50,000.00	0.00	Award to taxpayer with large amount of tax paid,
Incentive from Weinan Gaoxin human resource leader group office for awesome talents	866,800.00	0.00	Incentive from Weinan Gaoxin human resource leader group office for awesome talents
Subsidy for disable workers	10,000.00	0.00	
Tax Exemption for sales of 62 equipments	21,865.41	0.00	
Interest discount of advanced printing machine technology transformation project	57,836.99	57,836.99	SanFaGai Investment[2006] No.1278
Shanxi Packaging & Printing Machinery Engineering Technical Research Centre	42,263.29	42,263.29	YanZhengZhuanZi[2009] No.25 "ShanXi" Province "13115" Science Technology Innovation Engineer Plan Project Verification Certificate
Total	2,208,765.69	2,215,600.28	

39. Non-operating expenses

Item	Current period	Last period	Accounted into non-operating gains & loss
Loss from disposal of non-current Asset	4,969.30	955,658.70	4,969.30
In which: loss from disposal of fixed asset	4,969.30	955,658.70	4,969.30
Compensation	0.00	0.00	0.00
Others	85.05	45,578.37	85.05
Total	5,054.35	1,001,237.07	5,054.35

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

40. The calculation procedure for basic EPS and diluted EPS

Item	Number	Current period	Last period
Net profit for shareholders of parent company	1	-18,729,299.73	-31,968,668.99
Net profit of extraordinary items for equity holders of the Company	2	1,958,954.04	1,429,334.61
Net profit for shareholders of parent company after extraordinary items	3=1-2	-20,688,253.77	-33,398,003.60
No. of shares at the 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 (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 months between a month after share decreased and the end of the 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)	$13=1\div12$	-0.04	-0.08
Basic EPS (II)	$14=3\div12$	-0.05	-0.08
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)	$19=[1+(15-16)\times(1-17)]\div(12+18)$	-0.04	-0.08
Diluted EPS (II)	$19=[3+(15-16)\times(1-17)]\div(12+18)$	-0.05	-0.08

41. Cash flow statement items

(1) Cash received/paid from other operating/investing/financing activities

1) Cash received from other operation activity

Item	Amount
Government subsidy	2,231,800.00
Return of advances by	1,423,845.38
Interest income	649,210.52
Refund of guarantee payment	430,000.00
Refund of social insurance	390,958.91
Beijing Jingcheng Holding Co. Ltd. vocational education and preschool education subsidy for the period from June to December 2011	106,008.00
Others	74,289.84
Subsidy for disabled employment	10,000.00
Sales of material	9,494.57
Total	5,325,607.22

2) Cash payment to other operation activity

Item	Amount
Office, conference and travelling fee	7,291,818.68
Freight and Installation charges, customer service fee.	4,370,467.86
Payment on behalf of others	3,506,251.53
Advertisement and exhibition fee	3,093,662.44
Restructuring expense	2,457,701.62
Agency fee	2,203,253.09
Retirement fee	1,702,333.25
Usage of patent fee	1,311,683.89
Other expense	1,060,464.62
Guarantee	410,000.00
Advertisement expense	192,800.00
Bank charges	168,249.93
Total	27,768,686.91

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

41. Cash flow statement items (Continued)

(1) Cash received/paid from other operating/investing/financing activities (Continued)

3) Cash payment to other financing activity

Item	Amount
Bank bill and commercial bank financing guarantee	10,813,000.00

(2) Supplement information of consolidated cash flow statement

Item	Current period	Last period
1. Cash flow from operating activities		
Net profit	-18,803,169.20	-31,469,494.84
Add: provision on impairment of assets	5,775,768.87	17,696,745.01
Depreciation of fixed assets	14,720,250.37	16,004,136.71
Amortization of intangible assets	1,254,615.00	1,242,684.93
Amortization of long term prepaid expense	0.00	0.00
Loss on disposal of fixed assets, intangible and other long term assets ("-"if Gain)	-692,182.28	955,658.70
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)	9,768,462.98	7,076,138.55
Investment loss ("-"if Gain)	945,610.91	265,049.66
Decrease in deferred tax assets ("-"if increase)	0.00	0.00
Increase in deferred tax liabilities ("-"if decrease)	0.00	0.00
Decrease in inventory ("-" if increase)	17,741,134.01	-20,078,376.81
Decrease of account receivable ("-"if increase)	-111,688,941.48	-91,020,028.37
Increase of account payable ("-"if decrease)	20,161,069.50	32,271,260.99
Others		
Net cash flow from operation activity	-60,817,381.32	-67,056,225.47
2. Cash flow from financing activity:		
Debts transferred into capital	0.00	0.00
Corporation debenture with maturity less than 1year	0.00	0.00
Financing leased fixed asset	0.00	0.00
3. Changes in cash and cash equivalent:		
Closing balance of cash	92,690,646.24	82,583,818.03
Less: opening balance of cash	172,904,277.96	156,591,748.37
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	-80,213,631.72	-74,007,930.34

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

(4) Cash and cash equivalent

Item	Current period	Last period
Cash	92,690,646.24	82,583,818.03
Including: cash on hand	12,896.12	11,251.30
Bank deposit available to make payment	92,677,750.12	82,572,566.73
Cash equivalent	0.00	0.00
Closing balance of cash equivalent	92,690,646.24	82,583,818.03
Including: limited use of cash and cash equivalent for parent and subsidiary inside the Company	0.00	0.00

SECTION 8 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
Beijing Jingcheng 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) Charges on Registered capital of parent company (RMB0,000)

Parent	Opening balance	Increase	Decrease	Closing balance
Beijing Jingcheng Holding Co. Ltd.	169,558.71	0.00	0.00	169,558.71

3) Shareholdings of parent company (RMB0,000)

Parent	Amount of shareholding		Percentage of shareholding (%)	
	Closing	Opening	Closing	Opening
Beijing Jingcheng Holding Co. Ltd.	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	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	Bangshe Chen	709915814
Beijing Beiren Fuji Printing Machinery Co. Ltd	Sino-foreign Equity Joint Venture Enterprise	Chaoyang, Beijing	Manufacture printing machines and sale self-manufactured machines	Kexin Xue	600040954
Beijing Beiren Jingyan Printing Machinery factory	Limited liability	Yanqing, Beijing	Manufacture printing machines and relevant components provide relevant technical consulting services.	Dagang, Kong	103047696
Beijing Beiren Printing Machinery Co.	Limited liability	Yizhuang, Beijing	Design and sale of Printing Machinery, Technology Innovation and Lease of factory.	Peiwei Zhang	06280520-X

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
Beijing Beiren Printing Machinery Co.	0.00	1,000,000.00	0.00	1,000,000.00

3) Shareholdings in subsidiaries and charges

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	21,050,000.00	21,050,000.00	100.00	100.00
Beijing Beiren Printing Machinery Co.	1,000,000.00	0.00	100.00	0.00

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

1. Related parties relationship (Continued)

(3) Associated and joint companies and joint ventures

Name	Owner-ship	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

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	Beiren Corporation Group	Goods sales Site lease	10110132-9
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
Other related parties	Beijing Beiyong Casting Co. Ltd.	Goods sales Site lease	802866623

2. Related party transactions

(1) Purchase of goods or receiving service

Name	Current period		Last period	
	Amount	(%)	Amount	(%)
Other related parties				
Beijing Beiyong Casting Co. Ltd. Association company	4,690,101.69	9.01	5,727,362.36	8.76
Beijing Monigraf Automation Co. Ltd	2,821,965.67	5.42	3,370,717.92	5.16
Under the same parent company				
Beijing Jingcheng Industry Logistics Co., Ltd.	6,194,464.17	11.90	15,335,169.16	23.45
Beiren Corporation Group	13,146,879.15	25.25	21,548.54	0.21
Total	26,853,410.68		24,454,797.98	

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 and joint venture				
Beijing Monigraf Automation Co. Ltd	7,712.00	0.09	0.00	0.00
Other related party				
Beijing Beiyong Casting Co. Ltd.	2,203,532.34	25.35	0.00	0.00
Under the same parent company				
Beijing Jingcheng Changye construction machinery Co. Ltd	3,080,781.76	35.44	0.00	0.00
Beiren Corporation Group	687,739.97	7.91	0.00	0.00
Total	5,979,766.07		0.00	

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

(3) Leasing with related parties

Lessor	Lessee	Leasing Assets	Start date	Expire date	Leasing income	Basis of income	Impact to parent company
The Company	Beijing Beiyong Casting Co. Ltd.	Housing, Land	2013-01-01	2013-12-31	2,203,532.34	Agreement price	2,203,532.34
The Company	Beiren Corporation Group	Housing	2013-01-01	2013-06-30	624,551.50	Agreement price	624,551.50
The Company	Beijing Jingcheng Changye Construction Machinery Co. Ltd	Housing	2013-01-01	2013-12-31	2,959,947.30	Agreement price	2,959,947.30

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

2. Related party transactions (Continued)

(4) Entrust loans with related parties

Name	Amount	Start date	Expire date	Index
Beijing Jingcheng Holding Co.Ltd.	35,500,000.00	2013-01-29	2014-01-29	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	44,500,000.00	2013-01-31	2014-01-31	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	55,000,000.00	2013-01-30	2014-01-30	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	45,000,000.00	2012-09-14	2013-09-13	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	30,000,000.00	2013-04-12	2014-04-11	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	40,000,000.00	2012-11-29	2013-11-29	See VII. 16
Beijing Jingcheng Holding Co.Ltd.	50,000,000.00	2012-12-28	2013-12-27	See VII. 16

(5) Key management personnel remunerations

Item	Current period	Last period
Key management personnel remunerations	2,134,497.27	1,627,958.92

Item	Current period	Last period
Fees	282,070.00	250,749.00
Salaries and other benefits	1,782,144.71	1,316,143.36
Retirement benefits scheme contributions	70,282.56	61,066.56
Total	2,134,497.27	1,627,958.92

Analysis Key management personnel remunerations:

Jan.-June 2013				
Name and post	Fees	Salary and other benefits	Retirement benefits scheme contributions	Total
Executive directors:				
Zhang Pei-Wu (board director)	44,970.00	291,627.21	7,124.40	343,721.61
Chen Bang-she(manager)	44,970.00	178,810.21	7,124.40	230,904.61
Non-executive Directors:	32,130.00	144,597.21	7,124.40	183,851.61
Teng Ming-Zhi				
Wu dongbo	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:				
Wang Hui	40,000.00	0.00	0.00	40,000.00
Xie Bingguang	40,000.00	0.00	0.00	40,000.00
Wang De-Yu	40,000.00	0.00	0.00	40,000.00
Zhang shuangru	40,000.00	0.00	0.00	40,000.00
Supervisors:				
Wang Lian-Sheng	0.00	193,761.21	7,124.40	200,885.61
Guo Xuan	0.00	0.00	0.00	0.00
Wang Hui-Ling	0.00	52,516.10	6,727.68	59,243.78
Other key management				
Jiao Rui-Fang(Secretary of Board)	0.00	192,701.21	7,124.40	199,825.61
Kong Da-Gang(Deputy general manager)	0.00	182,343.21	7,124.40	189,467.61
Cheng Chang-Ge (Deputy general manager)	0.00	177,267.21	7,124.40	184,391.61
Xue Ke-Xin (Deputy general manager)	0.00	174,819.93	6,559.68	181,379.61
Cheng Tian-Ming(Deputy general manager)	0.00	193,701.21	7,124.40	200,825.61
Total	282,070.00	1,782,144.71	70,282.56	2,134,497.27

(6) Group's Employees' Remuneration

The Group's top eight individuals with the highest remunerations, were the key management personnel and whose remunerations are included in note VIII 2) 5.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

3. Amount due to/from related parties

(1) Account Receivable from related parties

Item	Closing balance	Opening balance
Other related party		
Beijing Beijing Casting Co. Ltd.	3,305,298.51	1,101,766.17
Total	3,305,298.51	1,101,766.17
Less: Provision for bad debts	0.00	0.00
Total	3,305,298.51	1,101,766.17

(2) Other Account Receivable from related parties

Item	Closing balance	Opening balance
Associated companies and joint venture		
Beijing Monigraf Automations Co. Ltd	141,834.59	141,834.59
Company under common control		
Beiren Corporation Group	624,551.50	0.00
Total	766,386.09	141,834.59
Less: Provision for Bad Debt	0.00	0.00
Total	766,386.09	141,834.59

(3) Accounts payable to related parties

Item	Closing balance	Opening balance
Associated companies		
Beijing Monigraf Automations Co. Ltd	3,774,921.11	4,308,214.25
Other related party		
Beijing Beijing Casting Co. Ltd.	1,979,917.44	2,330,860.25
Company under common control		
Includes: Beijing Jingcheng Industry Logistics Co., Ltd	13,022,281.69	25,341,472.83
Beiren Corporation Group	8,586,998.08	910,174.84
Total	27,364,118.32	32,890,722.17

(4) Other payables to related parties

Item	Closing balance	Opening balance
Company under common control		
Beijing Jingcheng Changye Construction Machinery Co. Ltd	994,826.00	718,198.00
Beiren Corporation Group	1,588,049.86	1,319,653.14
Total	2,582,875.86	2,037,851.14

(5) Allowance from related parties

Item	Closing balance	Opening balance
Company under common control		
Haimen Beiren printing machinery co., Ltd	29,711.82	29,711.82

(6) Entrusted loans with related parties

Item	Closing balance	Opening balance
Parent company		
Beijing National Capital Mechanical and Electrical Holding Company Limited	300,000,000.00	300,000,000.00

(7) Specific payables

Item	Closing balance	Opening balance
Parent company		
Beijing National Capital Mechanical and Electrical Holding Company Limited	16,007,264.79	15,816,954.60

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

IX. SHARE-BASED PAYMENT

As of 30 June 2013, the Group has no share-based payment.

X. CONTINGENT LIABILITY

As of 30 June 2013, the Group has no other significant contingent event.

XI. COMMITMENTS

As of 30 June 2013, the Group has no other significant commitments.

XII. SUBSEQUENT EVENTS

1. As of 30 June 2013 the Company has no other significant issues happened besides for these commitments above.

According to the proposal related to increase of registered capital of Beiren Fuji Printing Machinery Co. Ltd., which was approved at the 9th board of director (7th session) meeting, the registered capital of Beiren Fuji Printing Machinery Co. Ltd. is increased by RMB 636,979,600. This amount consists of RMB 190,393,900 cash, which is paid by Beijing Jingcheng Holding Co.Ltd as the entrusted loan contract between Beijing Jingcheng Holding Co.Ltd and the Company; the rest RMB 446,585,700 is contributed as the appraised value of the Company's right to use land and building located in Yizhuang. After this capital injection, the registered capital of Beiren Fuji Printing Machinery Co. Ltd. is RMB 637,979,600

Abovetangible asset has been appraised by Beijing dazheng state-owned assets appraisal Co., Ltd. The appraisal result has been verified by Approval from Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission to the Request of Beiren Fuji Printing Machinery Co. Ltd. for Appraising the Company's Building and Land Located in Yizhuang as Contribute for New Company. The above capital contribution has not been verified. (Beijing state-owned assets property rights (2013)No.8.)

2. Except for the above-mentioned event, there are no other significant events after the balance date.

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 June 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 out assets (As lessor of Operating Lease)

Types of operating leased assets	Closing Balance	Opening Balance
Land	15,753,546.68	15,937,798.64
Housing and Building	102,226,668.28	107,922,562.27
Total	117,980,214.96	123,860,360.91

4 Other significant events

The Company's significant assets replacement, which involved related party transaction, had been audited by the audit committee for public company restructuring of CSRC (China Securities Regulatory Commission) on Jan. 21, 2013, and the Company was approved unconditionally. On Jan. 25, 2013, The Company was informed by CSRC that the audit of the Company's significant assets replacement was suspended because that there is illegal issue during the audit process. On July 19, 2013, it was informed that CSFC resumed auditing the Company's application of acquisition and restructuring.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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:

The corporation management team manages and monitors the risk exposure in order to ensure that the risk mentioned above is controlled in a limited scope.

1. Financial risk management target and policy

The purposes of the corporation group to do risk management is to balance risk and return, to lower the negative effect that risk may bring on company's operation income to the lowest point, and to maximize profit for the stockholders and stakeholders. Based on these risk management purposes, the corporation group's fundamental strategy is to identify and analyze the risk that the corporation group may encounter in the future, set up appropriate risk exposure bottom line, and monitor risk stably and timely, so that the risk can be controlled within limited scope.

(1) Market risk

1) Foreign exchange risk management

Foreign exchange risk is the risk of variation in the rate of exchange used. The group exposed to USD, except some subsidiaries adopt USD in the purchases and sales, other operating activities of the Group are accounted in RMB.

As at 30 June 2013, except for the following assets and liabilities balances in USD, EUR and HKD in, the Group's assets and liabilities balances are in RMB. Those balances in foreign currencies may have impact on the Group's operating results, which is caused by foreign exchange risk.

Item	Closing Balance		Opening Balance	
	Foreign currency	RMB	Foreign currency	RMB
Cash		203,107.28		213,401.84
USD	15,772.36	97,455.48	16,943.93	106,501.07
EUR	10.41	83.84	10.49	87.22
JPY	713,782.91	44,682.81	614,518.67	44,859.91
HKD	76,431.27	60,885.15	76,410.51	61,953.64
Accounts Receivables		7,047,136.63		8,345,116.88
USD	1,140,497.92	7,047,136.63	1,327,677.49	8,345,116.88
Other Accounts Receivables		9,155,825.84		9,088,241.00
HKD	11,408,788.60	9,088,241.00	10,305,296.52	9,088,241.00
USD	3,112.08	19,229.54	0.00	0.00
JPY	772,448.88	48,355.30	0.00	0.00
Prepayment		0.00		0.00
JPY	0.00	0.00	0.00	0.00
Received in advance		2,201,101.78		5,925,759.97
USD	356,222.98	2,201,101.78	942,766.68	5,925,759.97
EUR	0.00	0.00	0.00	0.00
Total		18,607,171.53		23,572,519.69

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, HSX and newspapers and periodicals fees. The changes on foreign exchange 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 end of the period, the credit risk exposed to the Group is that financial asset loss caused by another party in a contract unable to fulfil its obligations.

In order to reduce the credit risk, the Group established a team, which 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 Group management 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 year end, 6.89%(3.08% last year) and 13.21%(12.55% last year) of accounts receivables are due from the largest client and the top five clients of the Group.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

XV. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

1. Financial risk management target and policy (Continued)

(3) Cash flow risk management

The Group states that the sufficient amount of cash and cash equivalent can reduce the impact of cash flow fluctuations. The management is responsible of monitoring the borrowings and following the agreements.

Borrowings from banks are the main resource of cash. As of 30 June, 2013 the unused borrowing limit is RMB59,851,400 while at the beginning of the year is RMB51,770,200.

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 EUR exchange rates can lightly influence on 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.

XVI. NOTES TO THE MAIN ITEM 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	265,073,029.68	95.75	84,610,857.32	31.92	192,125,766.12	95.25	86,658,857.32	45.11
Individual receivables below significant level	11,777,121.85	4.25	0.00	0.00	9,573,589.51	4.75	0.00	0.00
Total	276,850,151.53	100.00	84,610,857.32	-	201,699,355.63	100.00	86,658,857.32	-

1) Receivables for which provision of bad debts made on the aging analysis

Item	Closing balance			Opening Balance		
	Amount	Percent (%)	Provision for bad debt	Amount	Percent (%)	Provision for bad debt
Within 1 year	156,178,164.31	58.92	0.00	81,182,900.75	42.26	0.00
1-2 year	28,738,327.19	10.84	8,621,498.15	28,738,327.19	14.96	8,621,498.15
2-3 years	10,417,947.53	3.93	6,250,768.52	10,417,947.53	5.42	6,250,768.52
Above 3 years	69,738,590.65	26.31	69,738,590.65	71,786,590.65	37.36	71,786,590.65
Total	265,073,029.68	100.00	84,610,857.32	192,125,766.12	100.00	86,658,857.32

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

1. Account receivable (Continued)

(1) Classification for accounts receivables (Continued)

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	11,777,121.85	0.00	0.00	

Note 1: The Company did not make bad debts provisions on accounts receivables from related party amounting to RMB11,777,121.85.

(2) There is no reversal of bad debts provisions for the period.

(3) The actual written-off of accounts receivable is amounted to RMB2,048,000.00.

Name	Relationship	Amount	Reason of write-off	Whether due to related party transactions
Shunyi Xinghua Metal Door and Window Plant	Customer	50,000.00	Expected to be uncollectible	No
Tongxian Sanxing Mechanical & Electrical Distribution Department	Customer	25,000.00	Expected to be uncollectible	No
Zhangjiakou Boiler Making Factory	Customer	60,000.00	Expected to be uncollectible	No
Shijiazhuang Aircraft Manufacturing Company	Customer	32,000.00	Expected to be uncollectible	No
Qingdao Automobile Manufacture Co.,Ltd	Customer	781,000.00	Expected to be uncollectible	No
Taishan Lunar Landing Group	Customer	1,100,000.00	Expected to be uncollectible	No
Total		2,048,000.00		

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

(5) Top five accounts receivables

Name	Relationship	Amount	Age	Proportion in accounts receivable (%)
Taian Daily Magazine Agency	Client	15,168,000.00	1-2 years	5.48
Gansu Xinhua Bookstore Group Culture Communication Co. Ltd	Client	13,656,000.00	Within 1 year	4.93
Yunnan Daily Press Group Co. Ltd	Client	9,160,000.00	Within 1 year	3.31
Linyi Daily Magazine	Client	7,285,000.00	6,905,000.00 1-2 years 380,000.00 2-3 years	2.63
Fujian Daily (Quanzhou) Printing Co. Ltd	Client	7,060,000.00	Within 1 year	2.55
Total		52,329,000.00		18.90

(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	3.06
Beijing Beiyong Casting Co. Ltd.	Other related party	3,305,298.51	1.19
Total		11,777,121.85	4.25

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

2. Other account receivable

(1) Classification

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	19,367,073.39	100.00	9,961,773.16	51.44	15,794,026.07	100.00	9,961,773.16	63.07
Total	19,367,073.39	100.00	9,961,773.16	-	15,794,026.07	100.00	9,961,773.16	-

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	9,961,773.16	9,961,773.16	100.00	Difficult to collect
Note 2	9,405,300.23	0.00	0.00	
Total	19,367,073.39	9,961,773.16		

Note 1: The Company made provision on twenty-six other receivables amounting to RMB 9,961,773.16 which has long age and difficulties to collect.

Note 2: The Company did not make bad debts provision for staff imprest and receivables from related parties with total amount of RMB9,405,300.23.

(2) There is no reversal for bad debts provision within the year.

(3) There is no written-off for other receivable.

(4) There is no other receivable from the shareholdings over 5% (incl. 5%) of the Company

(5) The top 3 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	Over 3 years	46.93	Note 1
Rent receivable	Client	2,757,457.88	1-2 years	14.24	Note 2
Salary and depreciation expense	Subsidiary	1,022,089.75	1-2 years	5.28	Note 3
Total		-	-	66.45	-

Note 1: Receivable from Southeast Asia is the amount paid for the investment in Hongkong Southeast Asia Group Investment and Development Co. Ltd in the previous years. The Group acts proactively in clearing the receivable, but because Southeast Asia does not operate well, it is expected that the possibility to collect the receivable is limited. Accordingly, the Group made the bad debts in the full amount.

Note 2: Rent receivable is rent and utility expense receivable from Beiren Fuji and Beijing Xiaoyuan.

Note 3: Salary and depreciation expense receivable is the payment paid on behalf of Beiren Jingyan for salary and depreciation expense.

(6) Accounts receivable from related parties

Name	Relationship with the Company	Amount	Proportion of total amount (%)
Beijing Beiren Jingyan Printing Machinery Co. Ltd	Subsidiary	1,022,089.75	5.28
Beijing Beiren Fuji Printing Machinery Co. Ltd	Subsidiary	1,067,442.50	5.51
Beijing Monigraf Automations Co., Ltd	Joint venture	141,834.59	0.73
Beiren Group Corporation	Other enterprise under the scope of same control	624,551.50	3.22
Total		2,855,918.34	14.74

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

2. Other account receivable (Continued)

(7) Other account receivable in foreign currencies

Foreign currency	Closing balance			Opening balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
HKD	11,408,788.60	0.7966	9,088,241.00	10,305,296.52	0.8108	9,088,241.00

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Closing balance	Opening balance
Long-term equity investment under cost method	156,844,146.78	151,056,099.26
Long-term equity investment under equity method	9,008,377.22	14,742,035.65
Associates	0.00	0.00
Joint Ventures	9,008,377.22	14,742,035.65
Total Long-term equity investment	165,852,524.00	165,798,134.91
Less: provide of impairment for long term equity investment	0.00	0.00
Net value of long-term equity investment	165,852,524.00	165,798,134.91

(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	100.00	100.00	21,050,000.00	21,050,000.00	0.00	0.00	21,050,000.00	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
Beiren Dipurui	6	6	1,193,400.00	1,193,400.00	0.00	0.00	1,193,400.00	0.00
Beiren Printing Machinery Co.(Note 1)	100	100	1,000,000.00	0.00	1,000,000.00	0.00	1,000,000.00	0.00
Beijing beiyang Casting Co. Ltd.	17.01	17.01	4,788,047.52	0.00	4,788,047.52	0.00	4,788,047.52	0.00
Sub-total			156,844,146.78	151,056,099.26	5,788,047.52	0.00	156,844,146.78	0.00
Equity method								
Beijing Monigraf Automations Co. Ltd	49	49	3,675,000.00	9,011,147.47	0.00	2,770.25	9,008,377.22	0.00
Beijing Beiyang Casting Co. Ltd	20	20	1,136,000.00	5,730,888.18	-5,429,685.51	301,202.67	0.00	0.00
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co. Ltd (Note 2)	49	49	22,540,000.00	0.00	0.00	0.00	0.00	0.00
Sub-total			27,351,000.00	14,742,035.65	-5,429,685.51	303,972.92	9,008,377.22	0.00
Total			184,195,146.78	165,798,134.91	358,362.01	303,972.92	165,852,524.00	0.00

Note 1: The company set up Beijing Beiren Printing Machinery Co., Ltd.(Beiren Printing Machinery) on 19th February 2013,with cash injection of RMB1,000,000.00, represents 100% of the registered capital. Beiren Printing Machinery obtained the business licence with the number of 110302015632080 from Beijing Municipal Bureau of Industrial and Business Administration. The registered capital is RMB1,000,000.00,legal representative is Zhang Peiwu, registered address is Beijing economic and Technological Development Zone in Beijing Rongchang Street No. 6 Building 1 room 6605.This investment is accounted as cost method, subsequent replenishment procedures still in process.

Note 2: An approval for Application of termination the Contract with Beijing Mitsubishi Heavy industries Beiren Printing Machinery Co.Ltd issued by Beijing Economic and Technology Development Zone on 8th March 2011 has agreed the Company's joint venture Beijing Mitsubishi Heavy industries Beiren Printing Machinery Co.Ltd to terminate joint venture contract and company's constitution,and start liquidation process and de-registration of company's business registration.This joint venture has completed its liquidation as at 30 June 2013.

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

4. Operating income and cost

Item	Current period	Last period
Main Operating income	201,397,088.88	178,192,036.21
Other Non-operating income	8,693,372.49	7,940,109.25
Total	210,090,461.37	186,132,145.46
Main Operating cost	170,269,307.11	153,706,632.60
Other Non-operating cost	2,335,990.12	4,663,962.75
Total	172,605,297.23	158,370,595.35

(1) Operating income/cost-classified by products

Item	Current period		Last period	
	Operating income	Operating cost	Operating income	Operating cost
Sales of Printing machine	198,682,623.90	168,272,943.28	176,194,363.54	152,358,746.02
Others	2,714,464.98	1,996,363.83	1,997,672.67	1,347,886.58
Total	201,397,088.88	170,269,307.11	178,192,036.21	153,706,632.60

(2) The total income from top 5 customers was RMB63,025,641.02, representing 30% of total income.

5. Investment income

(1) Sources of investment income

Item	Current period	Last period
Investment income of long-term shareholding under equity method	-303,972.92	-265,049.66
Disposal of long-term shareholding income	-641,637.99	0.00
Total	-945,610.91	-265,049.66

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	-303,972.92	-265,049.66	
Among the total:			
Beijing Beiyong Casting Co. Ltd	-301,202.67	-269,525.25	Decrease of profit
Beijing Monigraf Automation Co. Ltd.	-2,770.25	4,475.59	Decrease of profit

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

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

6. Parents income statements supplementary information for parent cash flow statement

Item	Current period	Last period
1. Consolidated Net profit into Cash flow From Operating Activities:		
Net profit	-18,748,185.23	-32,866,605.74
Add: Asset impairment	5,866,010.87	16,761,630.01
Depreciation for fixed assets	11,040,763.79	12,195,220.82
Amortization for Intangible assets	1,014,834.00	1,014,834.00
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 "-")	-695,783.43	0.00
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 "-")	7,957,312.67	6,343,986.83
Loss on investment(earnings show as "-")	945,610.91	265,049.66
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 "-")	14,223,378.46	-10,597,006.65
Decrease on operating receivables(increases show as "-")	-78,879,157.09	-76,517,836.68
Increase on operating payables(decreases show as "-")	-11,034,664.90	16,844,265.17
Others	0.00	0.00
Net value on cash flow from operating activities	-68,309,879.95	-66,556,462.58
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	75,700,977.68	67,451,378.87
Less: opening balance of cash	150,192,182.81	133,470,663.08
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	-74,491,205.13	-66,019,284.21

XVII.SUPPLEMENTARY INFORMATION

1. Non-operating gain or loss statement

Item	Current period	Last period	Note
Gain or loss on non-current assets	692,182.28	-955,658.70	VII 38, 39
Government subsidies in current profit and loss	2,208,765.69	2,215,600.28	VII 38
Gains and losses from debt restructuring	0.00	0.00	VII 38
Impairment reversal on individually tested receivables	0.00	0.00	
Gain or loss on transfer of holding long-term equity investment	0.00	0.00	
Loss from transferred long-term equity investment	-641,637.99	0.00	VII.37
Other non-operating income and expenses	1,861.55	353,617.52	VII 38, 39
Sub-total	2,261,171.53	1,613,559.10	
Income tax effect	0.00	0.00	
Minority interest effect (after tax)	302,217.49	184,224.49	
Total	1,958,954.04	1,429,334.61	

SECTION 8 FINANCIAL STATEMENTS (UNAUDITED)

XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

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:	-18,803	-31,469	583,743	602,547
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	-18,803	-31,469	583,743	602,547

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 shareholders of the parent company	-3.24	-0.04	-0.04
Net profit for shareholders of the parent company after extraordinary items	-3.58	-0.05	-0.05

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	198,043,529.85	176,194,363.54
Sales of intaglio printing machine	162,894,646.63	159,745,230.08
Sales of form machinery	5,051,365.76	26,716,746.81
Sales of spare parts	8,514,440.06	6,780,181.53
Others	6,544,914.70	533,332.90
Sales revenue	381,048,897.00	369,969,854.86
Less: tax and other expenses	3,281,369.83	2,339,368.24
Total	377,767,527.17	367,630,486.62

2. Taxation

Item	Current period	Last period
Corporate income tax	0.00	0.00
Deferred tax	0.00	0.00
Total	0.00	0.00

3. Dividend

From January to June of 2013, there is either no dividend paid nor declared dividend. During the reporting period, no dividend is declared by the board. (No dividend in 2012).

XVIII. APPROVAL OF FINANCIAL STATEMENT

The Company's financial statements were issued with the approval of the board of directors of the Company on 25 July 2013.

Beiren Printing Machinery Holding Limited
25 July 2013



SECTION 9 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, the website of Shanghai Stock Exchange and the website "HKExnews" of The Hong Kong Exchanges and Clearing Limited;
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
25 July 2013