



北人印刷機械股份有限公司

BEIREN PRINTING MACHINERY HOLDINGS LIMITED

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

(Stock code: 187)

2008 THIRD QUARTERLY REPORT

1 IMPORTANT NOTICES

- 1.1 The board of directors (the “Board”), supervisory committee (the “Supervisory Committee”) and the directors (the “Directors”), supervisors and senior management of the Company warrant that this report does not contain any false information, misleading statements or material omission and that they severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.
- 1.2 All Directors of the Company attended the Board meeting.
- 1.3 The financial statements of the third quarterly report have not been audited.
- 1.4 Mr. Wang Guohua, the Legal Representative of the Company, Mr. Zhang Peiwu, the General Manager, and Mr. Duan Yuangang, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in this quarterly report.

2 BASIC CORPORATE INFORMATION

2.1 Major accounting data and financial indices

	<i>Unit: RMB</i>		
	By the end of the reporting period	By the end of last year	Increase (+)/decrease (-)(%)
Total assets	2,155,196,314.41	2,216,816,579.29	-2.78
Equity interests of owners (or shareholders' equity interests):	1,083,548,938.01	1,161,039,825.84	-6.67
Net assets per share attributable to shareholders of the Company	2.57	2.75	-6.55
	From the beginning of the year to the end of the reporting period (January–September)		Increase (+)/decrease (-)(%)
Net cash flow from operating activities		6,650,286.02	212.46
Net cash flow per share from operating activities		0.016	220.00
	For the reporting period (July–September)	From the beginning of the year to the end of the reporting period (January–September)	Increase (+)/decrease (-)(%)
Net profit attributable to shareholders of the Company	-51,052,762.82	-73,850,412.75	-780.67
Basic earnings per share	-0.121	-0.175	-773.08
Basic earnings per share after extraordinary items		-0.183	
Diluted earnings per share	-0.121	-0.175	-773.08
Return on net assets on fully diluted basis (%)	-4.71	-6.82	Decreased by 7.75 percentage points
Return on net assets on fully diluted basis after extraordinary items (%)	-4.72	-7.14	Decreased by 7.81 percentage points

	Amount for the period from the beginning of the year to the end of the reporting period (January to September)
Extraordinary items	Manner of deduction: combined deduction
Profit (loss) from disposal of non-current assets	2,886,771.93
Government subsidies credited into current profit and loss (exclusive of government subsidies which are closely related to the operations of the Company and entitled pursuant to the State standard quota or amount)	627,550.00
Other net non-operating income/expenses save for the above	1,101,453.51
The aggregate amount after deduction of minority shareholders' profit(loss) and income tax	-1,064,718.31
Total	3,551,057.13

2.2 Total number of shareholders and shareholding of top ten shareholders of shares not subject to trading moratorium at the end of reporting period

Unit: share

Total number of shareholders at the end of the reporting period	32,156 (including: 32,064 A share holders, 92 H share holders)
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SHAREHOLDING OF TOP TEN SHAREHOLDERS OF CIRCULATING SHARES NOT SUBJECT TO TRADING MORATORIUM

Name of shareholder (Full name)	Number of circulating shares not subject to trading moratorium held at the end of the period	Class of shares
HKSCC NOMINEES LIMITED	98,835,199	Overseas listed foreign shares
Beiren Group Corporation	42,200,000	Renminbi ordinary shares
Wu Zhiqiang	820,000	Renminbi ordinary shares
Xie Xuhong	800,000	Renminbi ordinary shares
Su Guorong	750,000	Renminbi ordinary shares
Beijing BBEF Electronics	722,100	Renminbi ordinary shares
Liao Jingqiu	647,400	Renminbi ordinary shares
Xu Yihan	524,800	Renminbi ordinary shares
Jian Yongjian	400,051	Renminbi ordinary shares
Qu Yongde	393,000	Renminbi ordinary shares

3 SIGNIFICANT EVENTS

3.1 Details and reasons for material changes in major items of accounting statement and financial indicators of the Company

✓Applicable ☐ Not Applicable

The explanation of financial data with a fluctuation of over 30%:

Cash and cash balances decreased by 33.43% as compared to that of the beginning of the year, mainly due to the decrease in sales revenue and the recovery amount of cash.

Bills receivable decreased by 77.98% as compared to that of the beginning of the year, mainly due to the fact that most of the bills received were transferred by the Company to pay for the goods purchased.

Bills payable decreased by 61.76% as compared to that of the beginning of the year, mainly due to the decrease of bills payable issued to suppliers during the year.

Tax payable increased by 103.25% as compared to that of the beginning of the year, mainly due to the increase of outstanding tax payable at the end of this quarter.

Other current liabilities increased by 34.85% as compared to that of the beginning of the year, mainly due to the provision of expenses (such as rental payment and water and electricity fee) which has been provided but not paid.

Operating income decreased by 30.85% as compared to that of the corresponding period last year, mainly due to the significant decline in sales of printing machines in the domestic market.

Business tax and surcharge decreased by 54.12% as compared to that of the corresponding period last year, mainly due to the significant decrease in value added tax payable as a result of the significant decline of sales and purchases.

Financial expenses increased by 51.3% as compared to that of the corresponding period last year, mainly due to the increase in financing cost as a result of the interest adjustments.

Impairment loss on assets increased by 214.9% as compared to that of the corresponding period last year, mainly due to the provision for inventory obsolescence caused by the on-going impairment of inventories and sales returns as a result of collecting accounts receivable.

Investment income increased by 117.08% as compared to that of the corresponding period last year, mainly due to the decrease of losses from the Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.

Non-operating expenses increased by 74.04% as compared to that of the corresponding period last year, mainly due to the losses caused by disposal of non-current assets and making donations.

3.2 The progress and impact of significant events and the analysis and explanation for the solutions

☐ Applicable ☒ Not Applicable

3.3 Status of fulfillment of commitments undertaken by the Company, shareholders and the actual controller

☒ Applicable ☐ Not Applicable

The sole holder of non-circulating shares of the Company undertakes that it will not trade or transfer the non-circulating shares held by it within 12 months from the date of implementation of the Share Segregation Reform Proposal; within 12 and 24 months subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange will not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company; and within the aforesaid period, the selling price of such shares subsequently listed on the stock exchange will not be lower than 110% (RMB4.29/share) of the weighted average price of the circulating A shares of 30 trading days before the announcement of the Share Segregation Reform Proposal. Any dividend payment, bonus issue and capital reserve fund conversion to share capital which constitutes ex-rights or ex-dividend events between the date of implementation of the Share Segregation Reform Proposal and the disposal of shares, the price thereof shall be treated as ex-right basis.

During the reporting period, the sole holder of non-circulating shares of the Company has been in strict compliance of its commitments concerning the Share Segregation Reform.

3.4 Forecast of a possible loss in respect of the accumulated net profit from the beginning of the year to the end of the next reporting period or warning in respect of any significant changes of profit as compared with that of the corresponding period of last year and the reasons.

☒ Applicable ☐ Not Applicable

The results of Company for the year ended 31 December 2008 are expected to record significant loss, the specific reasons for which are set out in the *Announcement In Respect Of Estimated Loss For 2008* issued by the Company.

3.5 Investment in securities

☐ Applicable ☒ Not Applicable

Beiren Printing Machinery Holdings Limited
Wang Guohua
Legal representative

30 October 2008

As at the date of the announcement, the Company's Board of Directors comprises Mr. Wang Guohua, Mr. Deng Gang, Mr. Bai Fan and Mr. Yu Baogui as non-executive directors, Mr. Zhang Peiwu, Mr. Yang Zhendong as executive directors and Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.

4 APPENDIX

4.1 COMBINED BALANCE SHEET

As at 30 September 2008

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash balances	72,161,288.86	108,403,575.44
Settlement reserves		
Placements with banks and other financial institutions		
Financial assets held for trading		
Bills receivable	8,132,408.32	36,936,053.79
Accounts receivable	372,318,861.87	416,639,166.10
Prepayments	29,798,828.82	32,341,619.65
Premium receivable		
Reinsurance receivables		
Reinsurance contract reserve receivables		
Interest receivable		
Dividend receivable		
Other receivables	37,550,902.66	33,920,379.26
Financial assets purchased under agreements to resell		
Inventories	763,751,309.63	683,335,578.50
Non-current assets due within 1 year		
Other current assets		
Total current assets	<u>1,283,713,600.16</u>	<u>1,311,576,372.74</u>

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Non-current assets:		
Granted loans and advances		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	24,850,001.68	24,191,198.13
Investment Property	16,355,791.81	16,996,936.80
Fixed assets	675,943,973.15	704,278,788.60
Projects in construction	8,561,292.98	11,363,808.87
Engineering material		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	130,522,937.72	133,379,306.24
Development expenditure		
Goodwill		
Long-term unamortised expenses	12,280,840.10	12,062,291.10
Deferred income tax assets	2,967,876.81	2,967,876.81
Other non-current assets		
Total non-current assets	871,482,714.25	905,240,206.55
Total assets	2,155,196,314.41	2,216,816,579.29

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-tem borrowings	351,557,750.00	365,079,750.00
Borrowings from central bank		
Deposits and due to banks and other financial institutions		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Bills payables	16,700,000.00	43,674,009.30
Accounts payable	389,831,512.87	345,116,144.28
Receipts in advance	99,899,415.75	77,570,563.28
Financial assets sold under agreement to repurchase		
Handling charges and commission payable		
Wage payable	48,221,328.93	53,824,488.63
Tax payable	7,027,001.98	3,457,259.94
Interest payable		
Dividend payable		
Other payables	52,428,590.54	56,569,045.82
Reinsurance payables		
Insurance contract reserves		
Customer deposits		
Amount payables under security underwriting		
Non-current liabilities due within 1 year	29,550,000.00	29,550,000.00
Other current liabilities	2,288,600.48	1,697,174.93
	<hr/>	<hr/>
Total current liabilities	<u>997,504,200.55</u>	<u>976,538,436.18</u>

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Non-current liabilities:		
Long-term borrowings	27,000,000.00	29,000,000.00
Bonds payable		
Long-term payables		
Specific purpose accounts payable		
Estimated liabilities	266,891.98	266,891.98
Deferred income tax liabilities		
Other non-current liabilities	4,325,145.86	4,325,145.86
	<hr/>	<hr/>
Total non-current liabilities	31,592,037.84	33,592,037.84
	<hr/>	<hr/>
Total liabilities	1,029,096,238.39	1,010,130,474.02
	<hr/>	<hr/>
Equity interests of owners (or shareholders' equity interests):		
Paid-in capital (share capital)	422,000,000.00	422,000,000.00
Capital reserves	523,020,271.06	523,020,271.06
Less: treasury stock		
Surplus reserve	198,928,288.88	198,928,288.88
General risk provision		
Undistributed profit	-57,790,259.08	16,060,153.67
Foreign exchange difference	-2,609,362.85	1,031,112.23
Total owners' equity attributable to parent company	1,083,548,938.01	1,161,039,825.84
Minority interests	42,551,138.01	45,646,279.43
	<hr/>	<hr/>
Total owners' equity interests	1,126,100,076.02	1,206,686,105.27
	<hr/>	<hr/>
Total liabilities and owners' equity interests	2,155,196,314.41	2,216,816,579.29
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Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang

BALANCE SHEET OF THE PARENT COMPANY

As at 30 September 2008

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Current assets:		
Cash and cash balances	41,676,308.18	76,686,356.44
Financial assets held for trading		
Bills receivable	6,378,000.00	26,497,521.72
Accounts receivable	291,358,707.66	351,006,504.84
Prepayments	10,204,595.36	23,202,943.68
Interest receivable		
Dividend receivable		
Other receivables	13,685,182.81	22,104,134.29
Inventories	522,970,488.38	454,309,722.76
Non-current assets due within 1 year		
Other current assets		
Total current assets	<u>886,273,282.39</u>	<u>953,807,183.73</u>
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	227,444,700.94	226,785,897.39
Investment Property	16,355,791.81	16,996,936.80
Fixed assets	510,700,508.52	533,297,825.16
Projects in construction	4,389,526.57	3,060,762.30
Engineering material		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	104,836,039.84	106,837,801.21
Development expenditure		
Goodwill		
Long-term unamortised expenses	12,012,791.10	12,062,291.10
Deferred income tax assets		
Other non-current assets		
Total non-current assets	<u>875,739,358.78</u>	<u>899,041,513.96</u>
Total assets	<u>1,762,012,641.17</u>	<u>1,852,848,697.69</u>

Unit: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
Current liabilities:		
Short-term borrowings	263,607,750.00	285,579,750.00
Financial liabilities held for trading		
Bills payable		24,674,009.30
Accounts payable	252,187,814.82	239,238,492.05
Receipts in advance	54,963,526.83	37,956,490.37
Wage payable	24,198,949.15	29,981,327.84
Tax payable	1,784,263.68	-1,042,929.85
Interest payable		
Dividend payable		
Other payables	61,979,911.11	66,660,372.80
Non-current liabilities due within 1 year		
Other current liabilities	50,000.00	1,350,000.00
Total current liabilities	<u>658,772,215.59</u>	<u>684,397,512.51</u>
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Special purpose accounts payable		
Estimated liabilities	266,891.98	266,891.98
Deferred income tax liabilities		
Other non-current liabilities	3,284,080.03	3,284,080.03
Total non-current liabilities	<u>3,550,972.01</u>	<u>3,550,972.01</u>
Total liabilities	<u>662,323,187.60</u>	<u>687,948,484.52</u>
Equity interests of owners (or shareholders' equity interest):		
Paid-in capital (share capital)	422,000,000.00	422,000,000.00
Capital reserves	517,456,262.71	517,456,262.71
Less: treasury stock		
Surplus reserve	193,826,863.24	193,826,863.24
Undistributed profit	-33,593,672.38	31,617,087.22
Total owners' equity interests (or shareholders' equity interests)	<u>1,099,689,453.57</u>	<u>1,164,900,213.17</u>
Total liabilities and owners' equity interests (or shareholders' equity interests)	<u>1,762,012,641.17</u>	<u>1,852,848,697.69</u>

Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang

4.2 COMBINED INCOME STATEMENT

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Amount for the current period (July-September)	Amount for the prior period (July-September)	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
1. Total operating income	154,898,102.07	246,633,551.97	554,518,548.24	801,934,340.80
Including: Operating income	154,898,102.07	246,633,551.97	554,518,548.24	801,934,340.80
Interest income				
Premium income				
Handling charges and commission income				
2. Total operating cost	206,889,481.52	245,902,706.68	636,432,865.17	791,459,043.85
Including: Operating cost	137,751,753.61	193,308,139.34	456,968,851.84	624,907,478.36
Interest expenses				
Handling charges and commission expenses				
Payment of Surrenders				
Net claim expenses				
Net provision for insurance contracts reserve				
Policyholder dividends expenses				
Expenses for reinsurance accepted				
Business tax and surcharge	988,018.11	665,904.56	1,941,496.55	4,231,848.98
Sales expenses	13,392,905.26	19,683,174.45	46,367,490.96	52,210,393.13
Administrative expenses	29,795,097.99	30,998,455.44	81,867,489.17	87,670,547.23
Financial expenses	6,304,775.01	4,314,796.90	19,765,431.00	13,063,833.97
Impairment loss on assets	18,656,931.54	-3,067,764.01	29,522,105.65	9,374,942.18
Add: gain from change in fair value (loss expressed with “-”)				
Gain from investment (loss expressed with “-”)	-1,099,603.12	-2,343,734.84	658,803.55	-3,857,332.66
Including: Gain from investments in associates and joint ventures	-1,099,603.12	-2,343,734.84	658,803.55	-5,451,842.00
Gains from exchange (loss expressed with “-”)				

Unit: RMB (Unaudited)

Items	Amount for the current period (July-September)	Amount for the prior period (July-September)	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
3. Operating profit				
(loss expressed with “-”)	-53,090,982.57	-1,612,889.55	-81,255,513.38	6,617,964.29
Add: Non-operating income	62,166.68	3,146,222.48	5,178,493.75	5,258,126.79
Less: Non-operating expenses	59,387.59	120,714.15	688,386.85	395,526.39
Including: Net loss on disposal of non-current assets				
4. Total profit				
(total loss expressed with “-”)	-53,088,203.48	1,412,618.78	-76,765,406.48	11,480,564.69
Less: Income tax expenses	259,632.52	225,638.75	180,147.69	-341,262.40
5. Net profit				
(net loss expressed with “-”)	-53,347,836.00	1,186,980.03	-76,945,554.17	11,821,827.09
Net profit attributable to owners of parent company	-51,052,762.82	-371,619.96	-73,850,412.75	10,849,605.00
Minority interests	-2,295,073.18	1,558,599.99	-3,095,141.42	972,222.09
6. Earnings per share:				
(1) Basic earnings per share	-0.121	-0.001	-0.175	0.026
(2) Diluted earnings per share	-0.121	-0.001	-0.175	0.026

Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang

INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Amount for the current period (July-September)	Amount for the prior period (July-September)	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
1. Operating income	77,848,947.53	161,436,378.38	319,002,110.69	575,023,683.93
Less: Operating cost	68,573,448.89	125,943,003.33	267,096,856.71	454,644,071.83
Business tax and surcharge	861,065.86	408,170.78	1,366,558.02	3,600,224.86
Sales expenses	6,754,591.62	13,167,972.31	27,902,158.11	31,981,155.64
Administrative expenses	16,965,308.55	21,426,219.16	47,399,075.19	57,009,870.30
Financial expenses	3,584,609.53	3,036,360.32	11,928,334.41	8,962,298.07
Impairment loss on assets	19,952,845.30	-304,934.00	28,872,105.65	8,002,191.36
Add: gain from change in fair value (loss expressed with “-”)				
Gain from investment (loss expressed with “-”)	-1,099,603.12	-2,343,734.84	658,803.55	-3,857,332.66
Including: gains from investments in associates and joint ventures	-1,099,603.12	-2,343,734.84	658,803.55	-5,451,842.00
2. Operating profit (loss expressed with “-”)	-39,942,525.34	-4,584,148.36	-64,904,173.85	6,966,539.21
Add: Non-operating income	520.00	-597,537.91	263,510.00	167,144.06
Less: Non-operating expenses	5,240.95	5,949.23	570,095.75	5,949.23
Including: Net loss on disposal of non-current assets	4,037.29	414,997.07		
3. Total profit (total loss expressed with “-”)	-39,947,246.29	-5,187,635.50	-65,210,759.60	7,127,734.04
Less: Income tax expenses		71,647.38		79,869.19
4. Net profit (net loss expressed with “-”)	-39,947,246.29	-5,259,282.88	-65,210,759.60	7,047,864.85

Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang

4.3 COMBINED CASH FLOW STATEMENT

For the nine months ended 30 September 2008

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
1. Cash flow generated from operating activities:		
Cash received from sales of goods and rendering of services	639,603,816.89	845,855,759.34
Net increase in customer deposits and due to banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from insurance policy premium		
Net cash received from reinsurance		
Net increase in policyholder deposit and investments		
Net increase from disposal of financial assets held for trading		
Cash received from interests, handling charges and commission		
Net increase in placements from banks and other financial institutions		
Net increase in capital from repurchase		
Refund of taxes and surcharges received	743,623.58	58,300.00
Other cash received relating to operating activities	12,822,128.26	36,342,696.77
Subtotal of cash inflows from operating activities	653,169,568.73	882,256,756.11
Cash paid for goods and services	412,852,891.09	580,790,728.82
Net increase in customers' loans and advances		
Net increase in placements with central bank, banks and other financial institutions		
Cash paid for insurance contract claims		
Cash paid for interests, handling charges and commission		
Cash paid for policyholder dividend		
Cash paid to and on behalf of employees	145,547,007.34	141,344,392.48
Taxes and surcharges paid	18,455,003.39	58,057,519.90
Other cash paid relating to operating activities	69,664,380.89	99,935,774.55
Subtotal of cash outflows from operating activities	646,519,282.71	880,128,415.75
Net cash flow from operating activities	6,650,286.02	2,128,340.36

Unit: RMB (Unaudited)

Items	Amount for the period from the beginning of the year to the end of the reporting period (January- September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
2. Cash flow generated from investing activities:		
Cash received from investment recovered	94,847.59	56,961.13
Cash received from investment gains		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,271,410.00	10,551,420.78
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities		0
Subtotal of cash inflows from investing activities	5,366,257.59	10,608,381.91
Cash paid for acquiring fixed assets, intangible assets and other long- term assets	7,216,879.37	40,475,088.68
Cash paid for investments		
Net increase in pledged loans		
Net cash received from subsidiaries and other operating units		
Other cash paid relating to investing activities	67,563.68	
Subtotal of cash outflows from investing activities	7,284,443.05	40,475,088.68
Net cash flows from investing activities	-1,918,185.46	-29,866,706.77
3. Cash flows generated from financing activities:		
Cash received from investments		
Including: Cash received from minority investments in subsidiaries		
Cash received from borrowings	313,950,000.00	361,150,000.00
Cash received from issue of bonds		
Other cash received relating to financing activities	137,985.62	1,161,206.92
Subtotal of cash inflows from financing activities	314,087,985.62	362,311,206.92
Cash paid for repayments of debts	335,579,500.00	327,170,000.00
Cash paid for distribution of dividends or profits or reimbursing interest	18,115,933.11	13,009,321.56
Including: dividend, profit paid by subsidiaries to minority shareholders		
Other cash paid relating to financing activities	865,963.79	327,493.56
Subtotal of cash outflows from financing activities	354,561,396.90	340,506,815.12
Net cash flows from financing activities	-40,473,411.28	21,804,391.80
4. Effect of exchange rate changes on cash and cash equivalents	-500,975.86	-95,874.76
5. Net increase in cash and cash equivalents	-36,242,286.58	-6,029,849.37
Add: Balance of cash and cash equivalents at the beginning of the period	108,403,575.44	82,861,309.46
6. Balance of cash and cash equivalents at the end of the period	72,161,288.86	76,831,460.09

Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang

CASH FLOWS STATEMENT OF THE PARENT COMPANY

For the nine months ended 30 September 2008

Prepared by: Beiren Printing Machinery Holdings Limited

Unit: RMB (Unaudited)

Items	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
1. Cash flow generated from operating activities:		
Cash received from sales of goods and rendering of services	351,744,246.43	580,131,500.11
Refund of taxes and surcharges received	743,623.58	
Other cash received relating to operating activities	9,144,562.34	19,610,775.94
Subtotal of cash inflows from operating activities	361,632,432.35	599,742,276.05
Cash paid for goods and services	207,761,711.83	404,705,204.00
Cash paid to and on behalf of employees	101,492,162.74	98,013,346.94
Taxes and surcharges paid	9,890,958.29	42,878,749.58
Other cash paid relating to operating activities	38,132,633.65	57,563,688.14
Subtotal of cash outflows from operating activities	357,277,466.51	603,160,988.66
Net cash flow from operating activities	4,354,965.84	-3,418,712.61
2. Cash flows generated from investing activities:		
Cash received from investment recovered	44,847.59	56,961.13
Cash received from investment gains		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	350.00	203,790.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities		0
Subtotal of cash inflows from investing activities	45,197.59	260,751.13
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	2,016,005.80	13,504,385.55
Cash paid for investments		
Net cash received from subsidiaries and other operating units		
Other cash paid relating to investing activities	17,563.68	
Subtotal of cash outflows from investing activities	2,033,569.48	13,504,385.55
Net cash flows from investing activities	-1,988,371.89	-13,243,634.42

Unit: RMB (Unaudited)

Items	Amount for the period from the beginning of the year to the end of the reporting period (January-September)	Amount for the period from the beginning of last year to the end of the reporting period (January-September)
3. Cash flows generated from financing activities:		
Cash received from investments		
Cash received from borrowings	220,000,000.00	225,000,000.00
Other cash received relating to financing activities		0
Subtotal of cash inflows from financing activities	220,000,000.00	225,000,000.00
Cash paid for repayments of debts	246,179,500.00	200,000,000.00
Cash paid for distribution of dividends, profits or reimbursing interest	11,032,047.40	8,959,020.10
Other cash paid relating to financing activities	124,803.00	
Subtotal of cash outflows from financing activities	257,336,350.40	208,959,020.10
Net cash flows from financing activities	-37,336,350.40	16,040,979.90
4. Effect of exchange rate changes on cash and cash equivalents	-40,291.81	-95,874.76
5. Net increase in cash and cash equivalents	-35,010,048.26	-717,241.89
Add: Balance of cash and cash equivalents at the beginning of the period	76,686,356.44	42,636,228.02
6. Balance of cash and cash equivalents at the end of the period	41,676,308.18	41,918,986.13

Legal representative:

General Manager:

Chief Accountant:

Wang Guohua

Zhang Peiwu

Duan Yuangang