

Wafangdian Bearing Company Limited

2007 Midyear Report Abstract (based on IAS)

§ 1. Important Notes

1.1 The board of directors , the supervisory committee ,the director ,the supervisor and the senior management guarantee there is no false record, false statement of misleading data or major omission, and take associated responsibilities to the truth, accuracy and integrity of the report.

This abstract comes from the midyear report, if the investors want to get the details, please read carefully the midyear report published <http://www.cninfo.com.cn>.

1.2 No directors ,supervisors and senior management don't guarantee and object to the truth , accuracy and integrity of the middle report .

1.3Independent director Mr. Li Yanxi and Mr.Wu Chunyou were absent from the board meeting because of busy work, and authorized independent director Miss. Zhang Li on their behalf.

1.4This midyear financial report is not audited.

1.5Chairman Mr. Wang Lushun, finance controller Mr. Zhang Xinghai and financial charger Ms. Yao Chunjuan guarantee the truth, completeness of the financial report in the midyear report.

1.6 The report is respectively compiled in duplicates in Chinese and English. Should any conflict arises between the two copies, the Chinese one is prevailing.

§ 2 Basic situation of the listed company

2.1 Brief Introduction to basic situation

Abbreviated name of the stock	Wazhou B	
Stock Code	200706	
Listing location of the stock	Shenzhen Stock Exchange	
	Secretary of the board of directors	Authorized Stock and Security Affairs Representative
Name	Zhang Xinghai	Su Shaoli
Correspondence address	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China	No. 1 Beigongji Street, Wafangdian City, Liaoning Province, China
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2.2 Main financial data and indicators

2.2.1 Main accounting data and financial indicators

Unit: RMB'000 Yuan

	At the end of the report period	At the end of last year	Increase/decrease (%)
Current assets	1,919,665	1,719,249	11.66%
Current liabilities	1,436,384	1,237,595	16.06%
Total assets	2,762,026	2,527,270	9.29%
Shareholders' equity (excluding minority interest)	1,169,637	1,133,608	3.18%
Net assets per share(yuan)	2.91	2.82	3.19%
	Report period (from January to June)	The same period of last year	Increase/decrease (%)
Net profits available for shareholders	47,548	30,326	56.79%
Gain per share(yuan)	0.12	0.09	33.33%
Gain ratio of net assets	4.07%	2.68%	1.39%
Net cash flow from operation activities per share(yuan)	-66,902	-4,378	1428.14%

2.2.2 Items of abnormal profit and loss

Applicable Not applicable

2.2.3 Difference between CAS and IAS

Applicable Not applicable

Unit: RMB'000 Yuan

	CAS	IAS
Net profit	47,548	47,548
Net assets	1,165,337	1,169,637
Difference explanation	The 4.3 million RMB yuan of discrepancy in net assets is due to the deferred tax assets of 2006 .	

§ 3 Information on equity changes and shareholders

3.1 Equity changes in the report period

Applicable Not applicable

3.2 Information on the first ten shareholders up to the end of the year:

unite: share

Total shareholders	10,848				
Top ten shareholders' status					
Name	Nature	Proportion	Total shares	Non-circulation	Impawned and

				shares	frozen shares
Wafangdian bearing company limited	State-owned shareholder	60.6%	244,000,000	244,000,000	None
AKTIEBOLAGET SKF	Foreign shareholder	19.7%	79,300,000	0	Unknown
FORTIS BANQUE LUXEMBOURG S.A.	Foreign shareholder	0.81%	3 , 273 , 499	0	Unknown
HANWHA DREAM & GREEN CHINA EQUITY FUND 1	Foreign shareholder	0.47%	1 , 881 , 129	0	Unknown
BOCI SECURITIES LIMITED	Foreign shareholder	0.19%	768 , 226	0	Unknown
MAN,KWAI WING 文贵荣	Foreign shareholder	0.17%	695 , 401	0	Unknown
Hong Kong Branch of Commercial Security	Foreign shareholder	0.16%	629 , 000	0	Unknown
DBS VICKERS (HONG KONG)LTD A/C CLIENTS	Foreign shareholder	0.15%	600 , 000	0	Unknown
KGI AISA LIMITED		0.10%	411 , 404	0	Unknown
Zhan Changcheng	Foreign shareholder	0.09%	376 , 820	0	Unknown
the shareholders' status of top 10					
Name	Circulation shares' amounts		Sort		
AKTIEBOLAGET SKF	79,300,000		B		
FORTIS BANQUE LUXEMBOURG S.A.	3 , 273 , 499		B		
HANWHA DREAM & GREEN CHINA EQUITY FUND 1	1 , 881 , 129		B		
BOCI SECURITIES LIMITED	768 , 226		B		
MAN,KWAI WING 文贵荣	695 , 401		B		
Hong Kong Branch of Commercial Security	629 , 000		B		
DBS VICKERS (HONG KONG)LTD A/C CLIENTS	600 , 000		B		
KGI AISA LIMITED	411 , 404		B		
Zhan Changcheng	376 , 820		B		
Cai Yugui	374 , 917		B		
The explanation on the relationship and consistent activities between above shareholders	There is no relationship and consistent activities between the first big shareholder and the top ten current shareholders in the major ten shareholders of the company , The relationship among other shareholders ,top ten current shareholders, top ten current shareholders and other shareholders is not clear.				

3.3 Changes of the holding shareholders and the actual controller

applicable Not applicable

§4 Information on equity changes and shareholders

4.1 Holding share changes of directors, supervisors and top management

applicable Not applicable

The number of stock , option , and restricted stock held by above people

applicable Not applicable

§5 Discussion and analysis of the senior management

5.1 The main business of industry and product

5.1.1 According to industry

Unit: RMB'000 Yuan

Order	industry	Main business income	Main business cost	Main business Gross profit	Increase/decrease of the main business income (%)	Increase/decrease of main business cost (%)	Increase/decrease of gross profit ratio (%)
	Domestic	854,003	712,985	16.51	16.01	22.18	-20.36
1	Traffic bearing	417,306	379,451	9.07	70.44	85.78	-45.30
2	Special- used bearing	193,051	184,235	4.57	-42.04	-36.86	-63.15
3	General –used bearings	243,646	149,299	38.72	54.02	70.56	-13.32
	Exporting	126,131	117,116	7.15	5.61	-0.50	396.53
	Total	980,134	830,101	15.31	14.56	18.37	-15.09

5.1.2 According to product

Unit: RMB'000 Yuan

Order	product	Main business income	Main business cost	Main business gross profit	Increase/decrease of the main business income (%)	Increase/decrease of main business cost (%)	Increase/decrease of gross profit ratio (%)
1	Bearings	980,133.91	830,101.56	15.31%	14.56%	18.37%	-2.73%
2	Accessories	58,749.52	37,714.44	35.80%	175.87%	83.28%	32.43%
	Total	1,038,883.43	867,816.00	16.47%	18.48%	20.22%	-1.21%

Notes :The related transactions which the company sold products and supplied labors to the holding shareholder and the subsidiaries in current period amounts to 32,630.00 RMB0000yuan .

5.2 Main business of regions

Unit: RMB Yuan

Region	Main business income	Increase/decrease if main business income compared with last year (%)
Product sales	980,133.91	14.56%
—Exporting	126,130.64	5.61%
—Domestic sales	854,003.27	16.01%
Northern	255,106.60	-17.99%
Southern	140,999.91	-11.51%

Eastern China	400,818.38	97.53%
Western	57,078.39	-9.14%
Semi -manufactured products and industrial service	58,749.52	175.87%
Total	1,038,883.43	18.48%

5.3 The explanation on big changes in main business and its structure

applicable Not applicable

5.4 Explanation on the major changes in profitability of main business (gross profit ratio) compared to the previous year

applicable not applicable

5.5 Analysis on major changes in profits' structure compared to previous year

applicable not applicable

5.6 Information on the application of B-share fund

5.6.1 The using of B-share fund

applicable not applicable

5.6.2 Information on changes

applicable not applicable

5.7 Operating and revising plan of board of directors in the second half of current year.

applicable not applicable

5.8 Warning and explanation on foreseeing the accumulated net profit may be loss from year-beginning to the next report period-end ,or changes too much compared with the same period of last year

applicable not applicable

5.9 Board of directors' explanation on the "non-standard opinions" offered by certified public accountants in the previous report period .

applicable not applicable

5.10 Board of directors' explanation on changes and processing of the related issues in the "non-standard opinions" offered by certified public accountants in the previous report period.

applicable not applicable

§6 Important events

6.1 Purchase assets , sell assets and assets reorganization

6.1.1 purchase/change-in assets

applicable not applicable

6.1.2 Sale of assets

applicable not applicable

**6.1.3 The processing , the effect on operating result and financial position in report period
After announcing of the Assets Restructure Report or Acquisition and Sales of Assets**applicable not applicable**6.2 Significant guarantee items**applicable not applicable**6.3 The business of non-operating associated obligation and claims**applicable not applicable**6.4 Major lawsuits and arbitration**applicable not applicable**6.5 Other important items and the influence , and the explanation on resolving proposal**applicable not applicable**6.5.1 Security investment**applicable not applicable**6.5.2 The situation of holding shares of other listed companies**applicable not applicable**6.5.3 The situation of holding the shares of unlisted companies or the companies intending to go publishing**applicable not applicable**6.6 The investigation , communication and interview ,etc. in the current period**

time	Site	Method	Object	Content and documents supplied
April 4 th ,2007	Office of secretary of board of directors	Spot investigation	The manager of Hai Futong fund management Co., Ltd.	The company's operating situation and the expansion strategic in the future

§7 Financial statement**7.1 Audit opinions**

Financial report	not audited	audited
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7.2 Consolidated statement**The consolidated balance sheet**

Compiling Unit: Wafangdian Bearing Co., Ltd.

2007.06.30

Unite :RMB000yuan

Items	Notes	2007.6.30	2006.12.31	+/- (%)
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Assets						
Non-current assets						
	Houses ,equipments	7	408,419	412,154		-0.91
	Constructions in process	8	188,466	124,669		51.17
	Intangible assets		150,931	170,624		-11.54
	Investment in affiliated Co.	9	75,996	83,259		-8.72
	Investment available for sale		2,000	2,000		0.00
	Assets of deferred tax		13,988	13,988		0.00
	Other non-current assets		2,561	1,327		92.99
Total non-current assets			842,361	808,021		4.25
Current assets						
	Stock	10	888,769	827,138		7.45
	Account receivable	10	777,732	700,279		11.06
	Bills receivable	10	89,982	36,032		149.73
	Prepaid expenses and other current assets	10	37,943	14,793		156.49
	Cash and cash equivalents	10	125,239	141,007		-11.18
Total current assets			1,919,665	1,719,249		11.66
Total assets			2,762,026	2,527,270		9.29
Equity and liabilities						
Capital and reserves						
	Capital stock	12	402,600	402,600		0.00
	Reserves	13	767,037	731,008		4.93
			1,180,137	1,133,608		4.10
Minority owner's equity			3,456	3,518		-1.76
Non-current liabilities						
	Loans due after 1 year	14	151,500	151,500		0.00
	Other long-term payables		100	100		0.00
	Liabilities of deferred tax	14	949	949		0.00
Total non-current liabilities			152,549	152,549		0.00
Current liabilities						
	Accounts payable	11	539,075	496,469		8.58
	Bills payable	11	74,100	27,804		166.51
	Accrued expenses and other payables	11	216,073	200,207		7.92

	Tax payable		1,684	816	106.37
	Loans due within 1	11	605,452	512,299	18.18
Total current liabilities			1,425,884	1,237,595	15.21
Total liabilities			1,578,433	1,390,144	13.54
Total equity and liabilities			2,762,026	2,527,270	9.29

Consolidated income statement

Compiling Unit: Wafangdian Bearing Co., Ltd.

2007.06.30

Unite :RMB000yuan

	Notes	2007.1.1—6.30	2006.1.1—6.30	+/- (%)
Income	3	1,000,433	844,287	18.49
Sale cost		-835,163	-693,401	20.44
Gross profit		165,270	150,886	9.53
Other operating income		18,899	3,904	384.09
Sales expenses		-68,370	-56,803	20.36
Administrative expenses		-50,088	-46,150	8.53
Operating profits		65,711	51,837	26.76
Net finance costs		-22,444	-20,744	8.20
Profits occupied in associated unites		9012	9,766	-7.72
Profits before tax	4	52,279	40,859	27.95
tax	5	-4,793	-10,388	-53.86
Profits after tax		47,486	30,471	55.84
Minority owner's equity		62	-145	-142.76
Profits available for shareholder		47,548	30,326	56.79
Dividends				
Earnings per share	6	RMB 0.1181yuan	RMB 0.0919yuan	RMB 0.0262yuan

The annotations form an integral part of the consolidated financial statements

Consolidated cash flow statement

Compiling Unit: Wafangdian Bearing Co., Ltd.

2007.06.30

Unite :RMB000yuan

	2007.01-06	2006.01-06	+/-
Profits before tax	52,279	40,859	27.95
Adjustment :			
Incomes occupied in the associated unites	-9,612	-9,766	-1.58
Interests income	-825	-542	52.21
Interests expenses	17,602	17,418	1.06
depreciation of Property, plant and equipment	30,259	28,527	6.07
Bad debt provision for A/R		702	0.00
Loss on debt restructure	96	569	-83.12
Gains on debt restructure		-234	0.00
Provision for depreciation of stocks	13,000		
Gains on disposal of property , buildings and equipment	-473	-539	-12.24
Cash flow of operation business before operation capital changed	102,326	76,994	32.90
Stocks(increase)/decrease	-33,631	-33,891	-0.77
Account receivable(increase)/decrease	-137,268	-69,215	98.32
Account payable increase/(decrease)	21,036	41,623	-49.46
Net cash flow from operation	-47,537	15,511	-406.47
Income tax paid	-1,763	-2,471	-28.65
Interest paid	-17,602	-17,418	1.06
Net cash form operation	-66,902	-4,378	1428.14
	<u>2007.1.1-6.30</u>	<u>2006.1.1-6.30</u>	+/- (%)
Net cash form operation	-66,902	-4,378	1428.14
Investment			
Interests received	380	542	-29.89
Earnings from sale of property, plant and equipment	109		
Payment on buying property ,buildings and	-77,504	-43,134	79.68

equipment			
Increase of restricted loans	13,500	10,367	30.22
Net cash form investment	-63,515	-32,225	97.10
Financing			
Dividends interests paid to shareholders		-	-
Repayment on other liabilities		-	-
New bank loans	358,100	287,100	24.73
Repayment on bank loans	-273,640	-287,130	-4.70
Net cash in financing	84,460	-30	281633.33
Increase of cash and cash equivalents	-45,957	-36,633	25.45
cash and cash equivalents in year-beginning	141,006	123,232	14.42
cash and cash equivalents in year-end	95,049	86,599	9.76

Consolidated owner's equity changes

Compiling Unit: Wafangdian Bearing Co., Ltd.

2007.06.30

Unite :RMB000yuan

	Capital stock	Capital surplus	Statutory surplus public reserves	Accumulated surplus	Minority owner's equity	Total equity
2007.06.30						
Balance in 2007.06.01	402,600	489,521	57,152	184,335	3,518	1,137,126
China statutory statement adjustment	-	-	-	-	-	-
Profits occupied by shareholders	-	-11,519	-	47,548	-62	35,967
Distribution	-	-	-	-	-	-
Balance in 2007.06.30	402,600	478,002	57,152	231,883	3,456	1,173,093

7.3 Notes to the accounting statements

7.3.1 Explanations on contents , reasons and the influences if the accounting policies and accounting estimates change or the accounting mistakes are corrected .

applicable not applicable

In this report period , no accounting policy and accounting estimates changed or the accounting mistake was corrected.

7.3.2 Explanation on the reason and influence if significant changes exist in the consolidated scope of the financial statement .

applicable not applicable

7.3.3 Relevant annotations for the involved items should be showed if be suffered to non-standard and non-reserved suggestions .