

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

Quarterly report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2008

Transition report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

001-33960
(Commission file number)

SHINER INTERNATIONAL, INC.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

98-0507398
(IRS Employer
Identification No.)

**19/F, Didu Building, Pearl River Plaza,
No. 2 North Longkun Road
Haikou, Hainan Province
China 570125**

(Address of principal executive offices)

011-86-898-68581104
(Issuer's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On November 10, 2008, 24,650,000 shares of the registrant's common stock were outstanding.

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**SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET**

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

	September 30, 2008	December 31, 2007
<u>ASSETS</u>	(unaudited)	
CURRENT ASSETS:		
Cash & cash equivalents	\$ 2,610,137	\$ 4,607,434
Accounts receivable, net of allowance for doubtful accounts of \$144,049 and \$84,964	11,653,565	8,988,559
Advances to suppliers	2,659,604	2,514,681
Notes receivable	380,380	39,755
Inventory	8,764,445	6,411,267
Prepaid expense & other current assets	259,774	432,211
Total current assets	26,327,905	22,993,907
Property and equipment, net	15,211,527	5,457,961
Advance for purchase of equipment	-	3,409,721
Intangible assets	357,210	339,593
TOTAL ASSETS	\$ 41,896,642	\$ 32,201,182
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,855,739	\$ 4,545,629
Other payables	363,878	1,396,233
Unearned revenue	433,898	520,056
Accrued payroll	37,912	41,267
Short term loans	3,288,407	822,528
Dividend payable	63,141	65,110
Tax and welfare payable	147,575	924,137
Total current liabilities	11,190,550	8,314,960
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY:		
Common stock, par value \$0.001; 75,000,000 shares authorized, 24,650,000 and 24,650,000 shares issued and outstanding	24,650	24,650
Additional paid-in capital	11,174,179	11,153,503
Other comprehensive income	2,929,940	1,384,391
Statutory reserve	2,893,175	2,374,069
Retained earnings	13,684,148	8,949,609
Total stockholders' equity	30,706,092	23,886,222
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,896,642	\$ 32,201,182

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net Revenue	\$ 15,159,122	\$ 12,331,074	\$ 40,597,208	\$ 27,630,207
Cost of Revenue	12,312,144	10,559,937	32,391,728	22,996,228
Gross profit	2,846,978	1,771,137	8,205,480	4,633,979
Operating expenses				
Selling expenses	427,943	310,505	1,132,323	835,176
General and administrative expenses	765,306	312,934	1,886,346	1,190,893
Total operating expenses	1,193,249	623,439	3,018,669	2,026,069
Income from operations	1,653,729	1,147,698	5,186,811	2,607,910
Non-operating income (expense):				
Other income, net	464,488	236,310	589,520	496,692
Interest income	3,425	4,671	20,864	12,961
Interest expense	(41,104)	(22,458)	(59,815)	(62,013)
Exchange loss	(43,126)	(37,702)	11,659	(134,287)
Total non-operating income (expense)	383,683	180,821	562,228	313,353
Income before income tax	2,037,412	1,328,519	5,749,039	2,921,263
Income tax	173,915	98,347	495,394	245,979
Net income	1,863,497	1,230,172	5,253,645	2,675,284
Other comprehensive income				
Foreign currency translation gain	75,867	272,402	1,545,549	441,905
Comprehensive Income	1,939,364	1,502,574	6,799,194	3,117,189
Weighted average shares outstanding :				
Basic	24,650,000	19,987,500	24,650,000	17,675,275
Diluted	24,650,000	19,987,500	24,650,000	17,675,275
Earnings per share:				
Basic	0.08	0.06	0.21	0.15
Diluted	0.08	0.06	0.21	0.15

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock		Additional Paid in Capital	Other Comprehensive Income	Statutory Reserve	Retained Earnings	Total
	Shares	Amount					Stockholders' Equity
Balance December 31, 2007	24,650,000	\$ 24,650	\$11,153,503	\$1,384,391	\$2,374,069	\$8,949,609	\$23,886,222
Stock compensation expense for options issued to directors			119,676				119,676
Payment of stock offering costs			(99,000)				(99,000)
Change in foreign currency translation gain				1,545,549			1,545,549
Net income						5,253,645	5,253,645
Transfer to statutory reserve					519,106	(519,106)	
Balance September 30, 2008	24,650,000	\$ 24,650	11174179	2,929,940	2,893,175	13,684,148	30,706,092

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September, 30	
	2008	2007
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,253,645	\$ 2,675,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	814,053	490,344
Amortization of land lease	5,099	4,645
Stock compensation expense for options issued to directors	119,676	-
(Increase) / decrease in assets:		
Accounts receivable	(2,019,719)	(436,192)
Inventory	1,883,856	1,959,974
Advances to suppliers	22,660	215,631
Other assets	193,681	86,828
Increase / (decrease) in current liabilities:		
Accounts payable	2,054,534	616,955
Unearned revenue	\$ (118,679)	\$ 744,938
Other payables	(1,310,057)	2,556,195
Accrued payroll	6,006	23,522
Tax and welfare payable	(821,866)	156,140
Net cash provided by operating activities	<u>\$ 2,303,165</u>	<u>\$ 5,174,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on (issuance of) on notes receivable	(331,185)	18,186
Acquisition of property and equipment	(6,446,892)	(223,526)
Cash acquired with acquisition of Cartan Holdings, Inc.	-	3610
Net cash used in investing activities	<u>(6,778,077)</u>	<u>(201,730)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term loan	3,184,857	-
Repayment of short -term loan	(822,528)	(3,604,422)
Dividend paid	(6,218)	(1,618,945)
Capital contribution	-	204,446
Payment of offering cost	(99,000)	-
Net cash provided by (used in) financing activities	<u>2,257,111</u>	<u>(5,018,921)</u>
Effect of exchange rate changes on cash and cash equivalents	220,504	37,951
NET DECREASE IN CASH & CASH EQUIVALENTS	<u>(1,997,297)</u>	<u>(8,384)</u>
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	<u>4,607,434</u>	<u>938,268</u>
CASH & CASH EQUIVALENTS, ENDING BALANCE	<u>2,610,137</u>	<u>929,884</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Loan interest paid	<u>60,980</u>	<u>42,786</u>
Note discount interest paid	<u>-</u>	<u>18,804</u>
Income taxes paid	<u>527,360</u>	<u>190,656</u>
Transfer from advances payment for equipment to property and equipment	<u>3,409,721</u>	<u>-</u>

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

Note 1 - Organization and Basis of Presentation

The unaudited consolidated financial statements have been prepared by Shiner International, Inc., a Nevada corporation formerly known as Cartan Holdings, Inc. (the “Company” or “Shiner”), pursuant to the rules and regulations of the Securities Exchange Commission (“SEC”). The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company’s Annual Report on Form 10-K filed with the SEC on March 28, 2008. The results for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year ending December 31, 2008.

Organization and Line of Business

Shiner was incorporated in the State of Nevada on November 12, 2003.

On July 23, 2007, the Company entered into a share exchange agreement and plan of reorganization with Sino Palace Holdings Limited., a corporation formed under the laws of the British Virgin Islands (“Sino Palace”). Pursuant to the agreement, the Company acquired from Sino Palace all of the issued and outstanding capital stock of each of Hainan Shiner Industrial Co., Ltd. (“Shiner Industrial”) and Hainan Shiny-day Color Printing Packaging Co., Ltd. (“Shiny-day”) as well as all of the issued and outstanding capital stock of their subsidiaries, Hainan Modern Hi-Tech Industrial Co., Ltd. (“Modern”) and Zhuhai Modern Huanuo Packaging Material Co., Ltd. (“Zhuhai”) in exchange for the issuance of an aggregate of 16,500,000 shares of the Company’s common stock to the shareholders of Sino Palace. Shiner Industrial, Shiny-day, Modern and Zhuhai are each Chinese corporations and are referred to collectively as the “Shiner Group.”

Concurrently with the closing of the transactions contemplated by the share exchange agreement and as a condition thereof, the Company entered into an agreement with Zubeda Mohamed-Lakhani, the Company’s sole director and chief executive officer, pursuant to which she returned 4,750,000 shares of the Company’s common stock for cancellation. Ms. Mohamed-Lakhani was not compensated in any way for the cancellation of her shares of the Company’s common stock. Upon completion of the foregoing transactions, the Company had an aggregate of 21,150,000 shares of common stock issued and outstanding.

The exchange of shares with the Shiner Group was accounted for as a reverse acquisition under the purchase method of accounting since the Shiner Group obtained control of the Company. On July 24, 2007, Cartan Holdings, Inc. changed its name to Shiner International, Inc. Accordingly, the merger of the Shiner Group into the Company were recorded as a recapitalization of the Shiner Group, the Shiner Group being treated as the continuing entities. The Shiner Group had common shareholders and common management. The historical financial statements presented are the combined financial statements of the Shiner Group. The share exchange agreement has been treated as a recapitalization and not as a business combination; therefore, no pro forma information is disclosed. At the date of this transaction, the net liabilities of the legal acquirer were \$34,867.

As a result of the reverse merger transactions described above the historical financial statements presented are those of the Shiner Group, the operating entities.

The Company is engaged in the research, manufacture, sale, and distribution of packaging film and color printing for the packaging industry.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Company’s functional currency is the Chinese Yuan

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Renminbi (“RMB”); however the accompanying consolidated financial statements have been translated and presented in United States Dollars (\$) or “USD”).

Foreign Currency Translation

The accounts of the Company were maintained, and their financial statements were expressed in the RMB. Such financial statements were translated into USD in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 52, “Foreign Currency Translation,” with the RMB as the functional currency. According to SFAS 52, all assets and liabilities were translated at the exchange rate on the balance sheet date, stockholder’s equity are translated at the historical rates and statement of operations items are translated at the weighted average exchange rate for the year. The resulting translation adjustments are reported under other comprehensive income in accordance with SFAS No. 130, “Reporting Comprehensive Income.” Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the income statement.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Advances to Suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured.

Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. Management compares the cost of inventories with this market value and allowance is made to write down inventories to market value, if lower.

Notes Receivable

Notes receivable consist of several notes that are due from third parties that bear no interest. The notes are generally due within six months from the date of issuance.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of:

Operating equipment	10 years
Vehicles	8 years
Office equipment	5 years
Buildings and improvements	20 years

The following are the details of the property and equipment:

	<u>September 30, 2008</u>	<u>December 31, 2007</u>
	(unaudited)	
Operating equipment	\$ 16,787,098	\$ 5,984,512
Vehicles	-	67,765
Office equipment	461,135	319,979
Buildings and improvements	<u>1,157,622</u>	<u>1,300,513</u>
	\$ 18,405,855	\$ 7,672,769
Less: Accumulated depreciation	<u>(3,194,328)</u>	<u>(2,214,808)</u>
	<u>\$ 15,211,527</u>	<u>\$ 5,457,961</u>

Depreciation expense was \$814,053 and \$490,344 for the nine months ended September 30, 2008 and 2007, respectively and \$309,220 and \$164,691 for the three months ended September 30, 2008 and 2007, respectively.

Advance for Purchase of Equipment

The Company had advanced \$ 0 and \$3,409,721 for the purchase of bi-axially oriented polypropylene ("BOPP") film at September 30, 2008 and December 31, 2007, respectively.

Long-Lived Assets

The Company applies the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of September 30, 2008 there were no significant impairments of its long-lived assets.

Intangible Assets

Intangible assets consist of rights to use land. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
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recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Fair Value of Financial Instruments

On January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follow:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of September 30, 2008, the Company did not identify any assets and liabilities that are required to be presented on the balance sheet at fair value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising Costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three and nine months ended September 30, 2008 and 2007 were not significant.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. There were 90,000 and zero options outstanding as of September 30, 2008 and 2007, respectively.

Income Taxes

The Company utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of Financial Accounting Standards Board (“FASB”) Interpretation No. (“FIN”) 48, “Accounting for Uncertainty in Income Taxes,” on January 1, 2007. As a result of the implementation of FIN 48, the Company (i) made a comprehensive review of its portfolio of tax positions in accordance with recognition standards established by FIN 48 and (ii) recognized no material adjustments to liabilities or stockholders’ equity. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest associated with unrecognized tax benefits are classified as interest expense and penalties are classified in selling, general and administrative expenses in the statements of income. The adoption of FIN 48 did not have a material impact on the Company’s financial statements.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with the SFAS No. 128, “Earnings Per Share”. Net earnings per share for all periods presented has been restated to reflect the adoption of SFAS 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There were 90,000 options and 970,050 warrants outstanding as of September 30, 2008. For the three and nine months ended September 30, 2008, the Company’s average stock price was not greater than any of the exercise prices.

The following is a reconciliation of the number of shares (denominator) used in the basic and diluted earnings per share computations for the three and nine months ended September 30:

	Three Months Ended September 30,			
	2008		2007	
	Shares	Per Share Amount	Shares	Per Share Amount
Basic earnings per share	24,650,000	\$ 0.08	19,987,500	\$ 0.06
Effect of dilutive stock options and warrants	-	-	-	-
Diluted earnings per share	24,650,000	0.08	19,987,500	0.06

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

	Nine Months Ended September 30,			
	2008		2007	
	Shares	Per Share Amount	Shares	Per Share Amount
Basic earnings per share	24,650,000	\$ 0.21	17,675,275	\$ 0.15
Effect of dilutive stock options and warrants	-	-	-	-
Diluted earnings per share	24,650,000	\$ 0.21	17,675,275	\$ 0.15

Foreign Currency Transactions and Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company is Chinese Renminbi. The unit of Renminbi is in Yuan. Translation gains of \$2,929,940 and \$1,384,391 at September 30, 2008 and December 31, 2007, respectively, are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet. During the nine months ended September 30, 2008 and 2007, other comprehensive income in the consolidated statements of income and other comprehensive income included translation gains of \$1,545,549 and \$411,905, respectively and during the three months ended September 30, 2008 and 2007, other comprehensive income in the consolidated statements of income and other comprehensive income included translation gains of \$75,867 and \$272,402, respectively.

Statement of Cash Flows

In accordance with SFAS No. 95, "Statement of Cash Flows," cash flows from the Company's operations are calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

Segment Reporting

SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company has determined that it has two reportable segments (See Note 12).

Recent Accounting Pronouncements

In February 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS 159 on its financial position and results of its operations.

In June 2007, FASB issued FASB Staff Position No. EITF 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services Received for use in Future Research and Development Activities" ("FSP EITF 07-3"), which addresses whether nonrefundable advance payments for goods or services that used or rendered for research and development activities should be expensed when the advance payment is made or when the research and development activity has been performed. Management is currently evaluating the effect of this pronouncement on financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
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In December 2007, FASB issued SFAS No. 141 (Revised 2007), "Business Combinations." SFAS No. 141R changes how a reporting enterprise accounts for the acquisition of a business. SFAS 141R requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value, with limited exceptions, and applies to a wider range of transactions or events. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008 and early adoption and retrospective application is prohibited. This pronouncement will likely have a material impact on business acquisitions made after January 1, 2009.

In December 2007, FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements", which is an amendment of Accounting Research Bulletin ("ARB") No. 51. SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 changes the way the consolidated income statement is presented, thus requiring consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest. SFAS 160 is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Based on current conditions, the Company does not expect the adoption of SFAS 160 to have a significant impact on its results of operations or financial position.

In March 2008, FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133." SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Based on current conditions, the Company does not expect the adoption of SFAS 161 to have a significant impact on its results of operations or financial position.

In May 2008, FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). SFAS 162 will not have an impact on the Company's financial statements.

In May 2008, FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts, an interpretation of FASB Statement No. 60." The scope of SFAS 163 is limited to financial guarantee insurance (and reinsurance) contracts, as described in this Statement, issued by enterprises included within the scope of Statement 60. Accordingly, SFAS 163 does not apply to financial guarantee contracts issued by enterprises excluded from the scope of Statement 60 or to some insurance contracts that seem similar to financial guarantee insurance contracts issued by insurance enterprises (such as mortgage guaranty insurance or credit insurance on trade receivables). SFAS 163 also does not apply to financial guarantee insurance contracts that are derivative instruments included within the scope of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 163 will not have an impact on the Company's financial statements.

Note 3 - Inventory

The inventory as of September 30, 2008 and December 31, 2007, respectively, consisted of the following:

	<u>September 30, 2008</u>	<u>December 31, 2007</u>
	(unaudited)	
Raw Material	\$ 5,031,320	\$ 3,569,017
Work in process	1,025,524	676,476
Finished goods	2,707,601	2,241,507
	<u>8,764,445</u>	<u>6,487,000</u>
Less: Obsolescence Reserve	-	(75,733)
Net Inventory	<u>\$ 8,764,445</u>	<u>\$ 6,411,267</u>

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Note 4 - Intangible Assets

Intangible assets at September 30, 2008 and December 31, 2007, respectively, were as follows:

	September 30, 2008	December 31, 2007
	<u>(unaudited)</u>	<u></u>
Rights to use land	\$ 390,312	\$ 365,735
Less: Accumulated amortization	<u>(33,102)</u>	<u>(26,142)</u>
Net Intangible Assets	<u>\$ 357,210</u>	<u>\$ 339,593</u>

Per the People's Republic of China's ("PRC") governmental regulations, the PRC Government owns all land. The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over the period the Company has use of the land which range from 54 to 57 years.

Amortization expense for the Company's intangible assets for the nine months ended September 30, 2008 and 2007 amounted to \$5,099 and \$4,645, respectively, and for the three months ended September 30, 2008 and 2007 amounted to \$1,729 and \$1,571, respectively.

Note 5 - Short-term loans

Short-term loans at September 30, 2008 and December 31, 2007 consist of the following:

	September 30, 2008	December 31, 2007
	<u>(unaudited)</u>	<u></u>
The term of the loan is from August 15, 2007 to February 15, 2008 with an interest rate of 7.227%. The loan is collateralized by buildings land use rights and machines. This loan was repaid in February 2008.	\$ -	\$ 822,528
The term of the loan is from March 3, 2008 to March 3, 2009 with an interest rate at the standard rate times 1.1 (8.12% at September 30, 2008). The loan is collateralized by a one-year time deposit.	399,104	-
The term of the loan is from April 24, 2008 to April 24, 2009 with an interest rate of 8.049%. The loan is collateralized by a one-year time deposit.	255,903	-
The term of the loan is from May 30, 2008 to May 30, 2009 with an interest rate of 7.8435%. The loan is collateralized by buildings land use rights and machines.	1,463,000	-
The term of the loan is from July 10, 2008 to May 30, 2009 with an interest rate of 7.844%. The loan is collateralized by buildings, land use rights and machines.	731,500	-

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The term of the loan is from August 15, 2008 to May 30, 2009 with an interest rate of 7.844%. The loan is collateralized by buildings, land use rights and machines.

	438,900
\$	\$
3,288,407	822,528

Note 6 – Stock Options and Warrants

Stock Options

Following is a summary of the stock option activity:

	Options Outstanding		Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2007	90,000	\$	7.00	-
Granted	-		-	-
Forfeited	-		-	-
Exercised	-		-	-
Outstanding as of September 30, 2008	90,000	\$	7.00	-

Warrants

Following is a summary of the warrant activity:

Outstanding as of December 31, 2007	970,050
Granted	-
Forfeited	-
Exercised	-
Outstanding as of September 30, 2008	970,050

Note 7 - Income Taxes

Local PRC Income Tax

Pursuant to the tax laws of the PRC, general enterprises are subject to income tax at an effective rate of 25%. The Company currently has a 15% tax rate because of its location in a privileged economic zone. In addition, it also enjoys a 50% reduction (50% of 15%) for the dates specified below.

A reconciliation of tax at United States federal statutory rate to provision for income tax recorded in the financial statements is as follows:

	For the Three Months Ended September 30,	
	2008	2007
Tax provision at statutory rate	34%	34%
Foreign tax rate difference	(9%)	(9%)
Effect of tax holiday	(16%)	(18%)

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	9%	7%
For the Nine Months Ended September 30,		
	2008	2007
Tax provision at statutory rate	34%	34%
Foreign tax rate difference	(9%)	(9%)
Effect of tax holiday	(16%)	(17%)
	9%	8%

The Company operates in a privileged economic zone which entitles it to certain tax benefits (tax holiday) as follows:

- Shiny-day - 50% exemption from federal tax from January 1, 2007 to December 31, 2009.
- Shiner Industrial - 50% exemption from federal tax from January 1, 2006 to December 31, 2008.

According to the new PRC income tax law, for those enterprises to which the 15% tax rate was applicable previously, the applicable rates shall be as follows over the next five years:

Year	Tax rate	Income tax rate- Shiny-day	Income tax rate- Shiner Industrial
2007	15%	7.5%	7.5%
2008	18%	9%	9%
2009	20%	10%	20%
2010	22%	22%	22%
2011	24%	24%	24%
2012	25%	25%	25%

If the Company had not been exempt from paying income taxes due to operating in a privileged economic zone, net income for the three months ended September 30, 2008 and 2007 would have been lower by approximately \$519,000 and \$353,000, respectively. The net effect on earnings per share had income tax been applied would have decreased basic and diluted earnings per share from \$0.08 to \$0.05 and from \$0.06 to \$0.04 for the three months ended September 30, 2008 and 2007, respectively. For the nine months ended September 30, 2008 and 2007 income would have been lower by approximately \$1,459,000 and \$747,000, respectively. The net effect on earnings per share had income tax been applied would have decreased basic and diluted earnings per share from \$0.21 to \$0.15 and from \$0.15 to \$0.11 for the nine months ended September 30, 2008 and 2007, respectively.

Note 8 - Employee Welfare Plans

The Company has established its own employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to the employee welfare plan. The total expense for the welfare plan was \$36,775 and \$20,797 for the nine months ended September 30, 2008 and 2007, respectively. The Company has recorded welfare payable of \$686 and \$0 at September 30, 2008 and December 31, 2007, respectively.

Note 9 - Statutory Common Welfare Fund

As stipulated by the Company Law of the PRC, net income after taxation can only be distributed as dividends after appropriation has been made for the following:

- i. Making up cumulative prior years' losses, if any;

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- ii. Allocations to the “Statutory surplus reserve” of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company’s registered capital;
- iii. Allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to the Company’s “Statutory common welfare fund” which is established for the purpose of providing employee facilities and other collective benefits to the Company’s employees; and
- iv. Allocations to the discretionary surplus reserve, if approved in the stockholders’ general meeting.

Pursuant to the new Corporate Law effective on January 1, 2006, there is now only one “Statutory surplus reserve” requirement. The reserve is 10 percent of income after tax, not to exceed 50 percent of registered capital.

The Company appropriated \$519,106 and \$300,748 as reserve for the Statutory surplus reserve and Statutory common welfare fund for the nine months ended September 30, 2008 and 2007, respectively and \$193,163 and \$120,247 as reserve for the Statutory surplus reserve and Statutory common welfare fund for the three months ended September 30, 2008 and 2007, respectively .

Note 10 - Current Vulnerability Due to Certain Concentrations

Two vendors provided 9% and 5% of the Company’s raw materials for the nine months ended September 30, 2008. One vendor provided 11% of the Company’s raw materials for the nine months ended September 30, 2007.

Two customers accounted for 18% and 8% of the Company’s sales for the nine months ended September 30, 2008. One customer accounted for 33% of the Company’s sales for the nine months ended September 30, 2007.

The Company’s operations are carried out in the PRC. Accordingly, the Company’s business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC and by the general state of the PRC’s economy. The Company’s business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Note 11 - Contingent Liabilities

At September 30, 2008, the Company is contingently liable to banks for discounted notes receivable and to vendors for endorsed notes receivable amounting to \$1,278,486.

Note 12 – Segment Information

The Company’s business segments are in packaging film and color printing. The following tables summarize the Company’s segment information for the three and nine months ended September 30, 2008 and 2007:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues from unrelated entities				
Color Printing	\$ 3,009,476	\$ 1,379,042	\$ 8,748,918	\$ 10,122,121
Packaging	12,149,646	10,952,032	31,848,290	17,508,086
	15,159,122	\$ 12,331,074	\$ 40,597,208	\$ 27,630,207

Intersegment revenues

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Color Printing	\$ 205,113	\$ 44	\$ 479,814	\$ 5,959
Packaging	<u>1,059,190</u>	<u>603,129</u>	<u>5,477,601</u>	<u>986,285</u>
	<u>1,264,304</u>	<u>\$ 603,173</u>	<u>\$ 5,957,416</u>	<u>\$ 992,244</u>
Total Revenues				
Color Printing	\$ 3,214,589	\$ 1,373,127	\$ 9,228,732	\$ 10,122,121
Packaging	13,208,836	11,561,120	37,325,891	18,500,330
Less Intersegment revenues	<u>(1,264,304)</u>	<u>(603,173)</u>	<u>(5,957,416)</u>	<u>(992,244)</u>
	<u>\$ 15,159,122</u>	<u>\$ 12,331,074</u>	<u>\$ 40,597,208</u>	<u>\$ 27,630,207</u>
Income from operations				
Color Printing	\$ (71,343)	\$ 278,169	\$ 351,004	\$ 505,096
Packaging	2,128,741	845,456	5,283,362	2,078,741
Holding Company	<u>(403,669)</u>	<u>24,073</u>	<u>(447,555)</u>	<u>24,073</u>
	<u>\$ 1,653,729</u>	<u>\$ 1,147,698</u>	<u>\$ 5,186,811</u>	<u>\$ 2,607,910</u>
Interest income				
Color Printing	\$ 715	\$ 380	\$ 1,761	\$ 1,117
Packaging	2,562	4,291	16,076	11,844
Holding Company	<u>148</u>	<u>-</u>	<u>3,027</u>	<u>-</u>
	<u>\$ 3,425</u>	<u>\$ 4,671</u>	<u>\$ 20,864</u>	<u>\$ 12,961</u>
Interest Expense				
Color Printing	\$ -	\$ 23	\$ -	\$ 3,158
Packaging	41,104	22,435	59,815	58,855
Holding Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 41,104</u>	<u>\$ 22,458</u>	<u>\$ 59,815</u>	<u>\$ 62,013</u>
Income tax expense (benefit)				
Color Printing	\$ (3,401)	\$ 25,736	\$ 39,427	\$ 43,594
Packaging	177,316	72,611	455,967	202,385
Holding Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 173,915</u>	<u>\$ 98,347</u>	<u>\$ 495,394</u>	<u>\$ 245,979</u>
Net Income				
Color Printing	\$ (573,268)	\$ 268,070	\$ (181,612)	\$ 537,652
Packaging	2,206,430	963,153	5,435,256	2,138,683
Holding Company	<u>230,334</u>	<u>(1,051)</u>	<u>-</u>	<u>(1,051)</u>
	<u>\$ 1,863,497</u>	<u>\$ 1,230,172</u>	<u>\$ 5,253,645</u>	<u>\$ 2,675,284</u>
Provision for depreciation				
Color Printing	\$ 136,112	\$ 56,495	\$ 177,708	\$ 114,137
Packaging	173,108	108,196	636,345	376,207
Holding Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 309,220</u>	<u>\$ 164,691</u>	<u>\$ 814,053</u>	<u>\$ 490,344</u>

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	As of September 30, 2007
Total Assets	
Color Printing	\$ 7,760,946
Packaging	32,117,455
Holding Company	2,018,241
	<u>\$ 41,896,642</u>

Note 13 - Geographical Sales

Geographical distribution of sales is as follows:

Geographical Areas	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Chinese Main Land	\$ 11,808,486	\$ 10,010,396	\$ 32,158,174	\$ 21,064,720
Asia (outside Main Land China)	1,615,058	954,747	4,240,289	3,448,411
Africa	260,955	210,635	587,853	437,107
Australia	420,116	415,374	1,087,257	911,124
USA	470,111	356,682	794,328	670,348
South America	90,782	93,068	600,330	301,535
Europe	493,614	290,172	1,128,977	796,962
	<u>\$ 15,159,122</u>	<u>12,331,074</u>	<u>\$ 40,597,208</u>	<u>27,630,207</u>

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those listed under the heading "Risk Factors" and those listed in our other SEC filings. The following discussion should be read in conjunction with our Financial Statements and related Notes thereto included elsewhere in this Quarterly Report. Throughout this Quarterly Report we will refer to Shiner International, Inc., together with its subsidiaries, as "Shiner," the "Company," "we," "us," and "our."

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We develop, manufacture and distribute packaging film and color printed packaging through our operating subsidiaries. Our products include coated film, shrink-wrap film, common film, anti-counterfeit laser holographic film and color printed packaging materials. All of our operations are based in the PRC and each of our subsidiaries was formed under the laws of the PRC.

We currently conduct our business through the following four operating subsidiaries in the PRC:

- Shiner Industrial located in Haikou, Hainan Province;
- Shiny-day also located in Haikou, Hainan Province;
- Zhuhai located in Zhuhai, Guangdong Province; and
- Modern located in Haikou, Hainan Province.

We operate in several markets within the packaging film segment: BOPP based film, coated film, anti-counterfeit film and color printed packaging. For the nine months ended September 30, 2008, color printed packaging products made up 21.6% of our revenue, BOPP tobacco film made up 32.2% of our revenue, coated film accounted for 23.9% of our revenue and anti-counterfeit film sales equaled 22.3% of our revenue.

Our current production capacity consists of:

- Three coated film lines with total capacity of 6,000 tons a year;
- One BOPP tobacco film production line with total capacity of 3,500 tons a year;
- One BOPP film production line with capacity of 7,000 tons a year;
- Three color printing lines; and
- Three anti-counterfeit film lines.

We are targeting growth through four main channels: (i) the continuation of our efforts to gain international market share in coated film through better pricing and excellent after-sale service; (ii) the expansion of our sales in anti-counterfeit film, especially to high-end brand spirits and cigarette manufacturers; (iii) the development of "next generation" films, and (iv) the possible acquisition of an anti-counterfeit technology company.

Results of Operations

Results of Operations for the Three Months Ended September 30, 2008 Compared to the Three Months Ended September 30, 2007:

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	\$ Change	% Change
Revenues	\$ 15,159,122	\$ 12,331,074	\$ 2,828,048	22.9%
Cost of Goods Sold	12,312,144	10,559,937	1,752,207	16.6%
Gross Profits	2,846,978	1,771,137	1,075,841	60.7%
Selling, General and Administrative Expenses	1,193,249	623,439	569,810	91.4%
Interest Expense (net)	(37,679)	17,787	(19,892)	(111.8%)
Other Income, net	464,488	236,310	228,178	96.6%
Income Tax Expense	173,915	98,347	75,568	76.8%
Net Income	1,863,497	1,230,172	633,325	51.5%

Revenues

Our revenues for the three months ended September 30, 2008 increased by 22.9% or \$2,828,048 compared to the same period last year. Higher revenues resulted from a 27.8% increase in tobacco BOPP sales and 933.7% increase in the sales of anti-counterfeit film. The increase in revenues was due to higher sales volumes and increases in the average unit prices. For BOPP products, we derived a gain of \$303,478 due to higher unit prices and \$598,891 due to an increase in sales volume. Anti-counterfeit film sales grew by \$ 179,182 due to higher unit prices and \$3,637,141 due to higher sales volumes.

International sales for the three months ended September 30, 2008 totaled \$3,350,636 accounting for approximately 22.0% of total revenues in comparison to \$2,320,678 or 18.9% for the three months ended September 30, 2007 which is a 44.4% or \$1,029,958 increase in international sales.

Cost of Goods Sold

Our cost of goods sold during the three months ended September 30, 2008 were 81.2% of revenues as compared to 85.6% of revenues during the three months ended September 30, 2007. Lower costs were due to product structure adjustments and technical improvements.

Gross Profit

Our gross profit during the three months ended September 30, 2008 was \$2,846,978, representing a gross margin of 18.8%, an increase of 4.4% from a gross margin of 14.4% that we experienced during the three months ended September 30, 2007. The increase in gross margin is due to product structure adjustment and technical improvement.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased by 91.4% or \$569,810 to \$1,193,249 for the three months ended September 30, 2008 compared to \$623,439 for the three months ended September 30, 2007. General and administrative expenses include rent, management and staff salaries, general insurance, marketing, accounting and legal expenses. Selling expenses for the three months ended September 30, 2008 increased by 37.8% to \$427,943 in comparison to the same period in 2007 due to increased transportation costs. General and administrative expenses for the three months ended September 30, 2008 increased by 144.6% to \$765,306 in comparison to the same period in 2007. The increase in general and administrative expense is due in part to an increase in professional fees.

Interest Expense

Interest expense in the three months ended September 30, 2008 increased by 83.0% from the same period in 2007. This increase is mainly attributable to the increase in our outstanding short-term debt.

Other Income (Expense)

The increase in other income was due in large part to an increase in waste materials that can be sold.

Income Tax Expense

Our effective tax rate for the three months ended September 30, 2008 was 8.5% as opposed to 7.4% for the three months ended September 30, 2007. Since we operate in a privileged economic zone, we will continue to enjoy certain tax privileges as a result of a reduced rate.

Net Income

The increase in our net income for the three months ended September 30, 2008 as compared to the same period for 2007 was the result of higher sales, combined with a slightly higher gross margin percentage offset by higher operating expenses.

Results of Operations for the Nine Months Ended September 30, 2008 Compared to the Nine Months Ended September 30, 2007:

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	\$ Change	% Change
Revenues	\$ 40,597,208	\$ 27,630,207	\$ 12,967,001	46.9%
Cost of Goods Sold	32,391,728	22,996,228	9,395,500	40.9%
Gross Profits	8,205,480	4,633,979	3,571,501	77.1%
Selling, General and Administrative Expenses	3,018,669	2,026,069	992,600	49.0%
Interest Expense (net)	(38,951)	(49,052)	10,101	20.6%
Other Income, net	589,520	496,692	92,828	18.7%
Income Tax Expense	495,394	245,979	249,415	101.4%
Net Income	5,253,645	2,675,284	2,578,361	96.4%

Revenues

Our revenues for the nine months ended September 30, 2008 increased by 46.9% or \$12,967,001 compared to the same period last year. Higher revenues resulted from a 4.5% increase in the sales of coated film, 85.8% increase in tobacco BOPP sales and 681.3% increase in the sales of anti-counterfeit film. The increase in revenues was due to higher sales volumes and increases in the average unit prices. For BOPP products, we derived a gain of \$8,137,285 from an increase in sales volume. Coated film sales grew by \$33,362 due to higher sales volumes and \$386,687 by higher unit prices. Anti-counterfeit film sales grew by \$8,430,438 due to higher sales volumes.

International sales for the nine months ended September 30, 2008 totaled \$8,439,034 accounting for approximately 20.8% of total revenues in comparison to \$6,565,487 or 23.8% for the nine months ended September 30 of 2007. A 28.5% or \$1,873,547 increase in international sales was primarily due to a 763% increase in the anti-counterfeit film sales.

Cost of Goods Sold

Our cost of goods sold during the nine months ended September 30, 2008 were 79.8% of revenues as compared to 83.2% of revenues during the nine months ended September 30, 2007. Lower costs were due to product structure adjustments and technical improvements.

Gross Profit

Our gross profit during the nine months ended September 30, 2008 was \$8,205,480, representing a gross margin of 20.2%, an increase of 3.4% from a gross margin of 16.8% that we experienced during the nine months ended September 30, 2007. The increase in gross margin is due to product structure adjustment and technical improvement.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased by 49.0% or \$992,600 to \$3,018,669 for the nine months ended September 30, 2008 compared to \$2,026,069 for the nine months ended September 30, 2007. Selling expenses for the nine months ended September 30, 2008 increased by 35.6% to \$297,147 in comparison to the same period in 2007 due to increased transportation costs. General and administrative expenses for the nine months ended September 30, 2008 increased by 58.4% to \$695,453 in comparison to the same period in 2007. The increase in general and administrative expense is due in part to an increase in regulatory filings and professional fees.

Interest Expense

Our interest expense in the nine months ended September 30, 2008 decreased 3.5% from the same period in 2007. This decrease is mainly attributable to a reduction in the note discount interest paid.

Other Income (Expense)

The increase in other income was due in large part to an increase in waste materials that can be sold.

Income Tax Expense

Our effective tax rate for the nine months ended September 30, 2008 was 8.6% as opposed to 8.4% for the nine months ended September 30, 2007. Since we operate in a privileged economic zone, we will continue to enjoy certain tax privileges as a result of a reduced rate.

Net Income

The increase in our net income for the nine months ended September 30, 2008 as compared to the same period for 2007 was the result of higher sales, combined with a slightly higher gross margin percentage offset by higher operating expenses.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the nine months ended September 30, 2008 that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our interests.

Liquidity and Capital Resources

Cash Flows

At September 30, 2008, we had \$2,610,137 in cash and cash equivalents on hand. Our principal demands for liquidity are increasing capacity, purchasing raw materials, sales distribution and the possible acquisition of new subsidiaries in our industry as opportunities present themselves, as well as general corporate purposes. As of September 30, 2008, we had five short-term loans outstanding for a total of \$3,288,407, with interest rates between 7.84% and 8.12%. The loans are due between March 3, 2009 and May 30, 2009 and are collateralized by a one year

time deposit or by buildings land use rights and machinery. As of September 30, 2008, we had working capital of \$15,137,355, an increase of \$458,408 from our working capital at December 31, 2007. We anticipate that we will have adequate working capital to fund our operations and growth in the foreseeable future.

On October 22, 2007, we completed a private placement offering pursuant to which we sold an aggregate of 3,500,000 units at an offering price of \$3.00 per unit for aggregate gross proceeds of \$10,500,000. Each unit consisted of one share of our common stock, par value \$.001 per share, and a three year warrant to purchase 15% of one share of common stock at an exercise price of \$6.00 per share. Accordingly, we issued an aggregate of 3,500,000 shares of common stock and warrants to purchase 525,000 shares of our common stock to the 76 accredited investors who participated in this offering. In addition, we compensated four finders that assisted in the sale of securities in this private placement offering by (i) paying them cash equal to 8% of the gross proceeds from the sales of units placed and (ii) issuing them warrants to purchase that number of shares of our common stock equal to 15% of the units placed as follows:

Selected Finder	Cash	Warrants
Maxim Group LLC	\$ 178,400	111,500
Four Tong Investments Ltd.	153,600	96,000
Global Hunter Securities, LLC	300,880	188,050
Basic Investors, Inc.	79,200	49,500
	<u>\$ 712,080</u>	<u>445,050</u>

The warrants granted to these finders have the same terms and conditions as the warrants granted in the offering.

Net cash flows provided by operating activities for the nine months ended September 30, 2008 was \$2,303,165 compared to \$5,174,316 for the nine months ended September 30, 2007. This change in cash flows from operating activities was mainly due to increase in inventory of \$1,883,856 and accounts receivable of \$2,019,719, offset by decreases in other payables of \$1,310,057 and tax and welfare payable of \$821,866.

We used \$6,778,077 in investing activities during the nine months ended September 30, 2008 for the acquisition of property and equipment and payments on notes receivable.

Cash provided from financing activities in the nine months ended September 30, 2008 was \$2,257,111, and included the proceeds from a short term loan of \$3,184,857, offset by the payment of both a short-term payable of \$822,528 and dividends of \$6,218.

Assets

As of September 30, 2008, our accounts receivable increased by \$2,665,006 compared with the balance as of December 31, 2007. The increase in accounts receivable on nine months ended September 30, 2008 was due primarily to increased sales. We intend to continue our efforts to maintain accounts receivable at reasonable levels in relation to our sales. Notes receivables increased by \$340,625 in the same period. Advances to suppliers increased by \$144,923 and inventory increased by \$2,353,178 during nine months ended September 30, 2008.

Liabilities

Our accounts payable increased by \$2,310,110 in the nine months ended September 30, 2008 and other payables decreased by \$1,032,355 for the same period. Unearned revenues (payments received before all the relevant criteria for revenue recognition are satisfied) decreased by \$86,158 and tax and welfare payable decreased by \$776,562 over the same period.

Short-term loans increased by \$2,465,879 due to the receipt of proceeds from a new loans entered into during the nine months ended September 30, 2008.

We intend to meet our liquidity requirements, including capital expenditures related to the purchase of equipment, purchase of raw materials, and the expansion of our business, through cash flow provided by operations and funds raised through private placement offerings of our securities.

The majority of our revenues and expenses were denominated primarily in RMB, the currency of the PRC.

There is no assurance that exchange rates between the RMB and the USD will remain stable. We do not engage in currency hedging. Inflation has not had a material impact on our business.

Recent Accounting Pronouncements

In February 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently assessing the impact of SFAS 159 on our financial position and results of operations.

In June 2007, FASB issued FASB Staff Position No. EITF 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services Received for Use in Future Research and Development Activities" which addresses whether nonrefundable advance payments for goods or services used or rendered for research and development activities should be expensed when the advance payment is made or when the research and development activity has been performed. Management is currently evaluating the effect of this pronouncement on our financial statements.

In December 2007, FASB issued SFAS No. 141 (Revised 2007), "Business Combinations." SFAS 141R changes how a reporting enterprise accounts for the acquisition of a business. SFAS 141R requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value, with limited exceptions, and applies to a wider range of transactions or events. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008. Early adoption and retrospective application is prohibited.

In December 2007, FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," which is an amendment of ARB No. 51. SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 changes the way the consolidated income statement is presented, thus requiring consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest. SFAS 160 is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Based on current conditions, we do not expect the adoption of SFAS 160 to have a significant impact on our results of operations or financial position.

In March 2008, FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133." SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Based on current conditions, we do not expect the adoption of SFAS 161 to have a significant impact on our results of operations or financial position.

In May 2008, FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States. SFAS 162 will not have an impact on our financial statements.

In May 2008, FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts, an interpretation of FASB Statement No. 60." The scope of SFAS 163 is limited to financial guarantee insurance (and reinsurance) contracts, as described in this Statement, issued by enterprises included within the scope of Statement 60. Accordingly, SFAS 163 does not apply to financial guarantee contracts issued by enterprises excluded from the scope of Statement 60 or to some insurance contracts that seem similar to financial guarantee insurance contracts issued by insurance enterprises (such as mortgage guaranty insurance or credit insurance on trade receivables). SFAS 163 also does not apply to financial guarantee insurance contracts that are derivative instruments included

within the scope of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 163 will not have an impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2008, we carried out an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, we concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2008, there were no changes in our internal control over financial reporting that have materially affected our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the disclosure provided in Part 1, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2007, as amended.

Item 1A. Risk Factors

There have been no material changes from the disclosure provided in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2007, as amended.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SHINER INTERNATIONAL, INC.

November 10, 2008

By: /s/ Jian Fu

Jian Fu
Chief Executive Officer
(Principal Executive Officer)

November 10, 2008

By: /s/ Xuezhu Xu

Xuezhu Xu
Chief Financial Officer
(Principal Financial and Accounting
Officer)

