ARK RESTAURANTS CORP
Form SC 13D/A
January 17, 2008

UNITED STATES
SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 3)*

Ark Restaurants Corp.

(Name of Issuer)

Common Stock
(Title of Class of Securities)

040712101
(CUSIP Number)

Michael S. Emanuel, Esq.
c/o Loeb Partners Corporation
61 Broadway, New York, N.Y. 10006 (212) 483-7047
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

January 8, 2008
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240,13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Partners Corporation
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Delaware
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	-0-
	8. Shared Voting Power	92,831
	9. Sole Dispositive Power	-0-
	10. Shared Dispositive Power	92,831
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		92,831
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		2.58%
14. Type of Reporting Person		BD, IA, CO

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Arbitrage Fund
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		New York
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	107,854
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	107,854
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		107,854
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		3.0%
14. Type of Reporting Person		PN

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Offshore Fund Ltd.
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Cayman Islands
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	26,054
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	26,054
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		26,054
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		0.72%
14. Type of Reporting Person		CO

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Arbitrage B Fund LP
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Delaware
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	37,742
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	37,742
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		37,742
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		1.05%
14. Type of Reporting Person		PN

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Offshore B Fund Ltd.
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Cayman Islands
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	13,947
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	13,947
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		13,947
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		0.39%
14. Type of Reporting Person		CO

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Marathon Fund LP
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Delaware
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	37,575
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	37,575
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		37,575
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		1.04%
14. Type of Reporting Person		CO

CUSIP No.		040712101
1. Name of Reporting Person		Loeb Marathon Offshore Fund, Ltd.
I.R.S. Identification No. of Above Person		
2. Check the Appropriate Box if a Member of a Group		(a) x (b) o
3. SEC Use Only		
4. Source of Funds		WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)		o
6. Citizenship or Place of Organization		Cayman Islands
Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	25,220
	8. Shared Voting Power	-0-
	9. Sole Dispositive Power	25,220
	10. Shared Dispositive Power	-0-
11. Aggregate Amount of Beneficially Owned by Each Reporting Person		25,220
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares		o
13. Percent of Class Represented by Amount in Row (11)		0.70%
14. Type of Reporting Person		CO

Item 1. **Security and Issuer**

The title and class of equity security to which this Statement relates is the Common Stock (the Common Stock), of Ark Restaurants Corp. The address of the Issuer s principal executive offices is 85 Fifth Avenue, New York, New York 10003.

Item 2. **Identity and Background**

Loeb Arbitrage Fund (LAF), 61 Broadway, New York, New York, 10006, is a New York limited partnership. Its general partner is Loeb Arbitrage Management, Inc., (LAM), a Delaware corporation, with the same address. Loeb Arbitrage B Fund LP (LAFB) is a Delaware limited partnership. Its general partner is Loeb Arbitrage B Management, LLC. The President of these general partners is Gideon J. King. Loeb Partners Corporation (LPC), 61 Broadway, New York, New York, 10006, is a Delaware corporation. It is a registered broker/dealer and a registered investment adviser. Thomas L. Kempner is its President and a director and its Chief Executive Officer. Gideon J. King is Executive Vice President. Loeb Holding Corporation (LHC), a Maryland corporation, 61 Broadway, New York, New York, 10006 is the sole stockholder of LAM and LPC. Thomas L. Kempner is its President and a director as well as its Chief Executive Officer and majority stockholder. Loeb Offshore Fund, Ltd., (LOF) and Loeb Offshore B Fund Ltd. (LOFB) are each a Cayman Islands exempted company. Loeb Offshore Management, LLC (LOM) is a Delaware limited liability company, a registered investment adviser and is wholly owned by Loeb Holding Corporation. It is the investment adviser of LOF and LOFB. Gideon J. King and Thomas L. Kempner are Directors of LOF and LOFB and Managers of LOM. Loeb Marathon Fund, LP (LMF) is a Delaware limited partnership whose general partner is LAM. Loeb Marathon Offshore Fund Ltd. (LMOF) is a Cayman Islands exempted company. LOM is the investment adviser of LMOF. The individuals named above are United States citizens. None of the entities or individuals named in this Item 2 have been, within the last five years, convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding been or are subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations with respect to such laws.

Fair Value Measurements: In January 2010, the FASB issued amended guidance for Fair Value Measurements and Disclosures. This update requires some new disclosures and clarifies existing disclosure requirements about fair value measurement. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, this update requires that a reporting entity disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and in the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements. In addition, this update clarifies the requirements of existing disclosures. For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. This update was adopted on January 1, 2010, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early application is permitted. The Company does not believe that this guidance will have a material impact on its consolidated financial statements.

Receivables: In July 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-20, “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” ASU No. 2010-20 amends the guidance with ASC Topic 310, “Receivables” to facilitate financial statement users’ evaluation of (1) the nature of credit risk inherent in the entity’s portfolio of financing receivables; (2) how that risk is analyzed and assessed in arriving at the allowance for credit losses; and (3) the changes and reasons for those changes in the allowance for credit losses. The amendments in ASU No. 2010-20 also require an entity to provide additional disclosures such as a rollforward schedule of the allowance for credit losses on a portfolio segment basis, credit quality indicators of financing receivables and the aging of past due financing receivables. The Company is required to adopt ASU No. 2010-20 as of December 15, 2010. The Company does not believe that this will have a material impact on its consolidated financial statements.

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)
(unaudited)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

For comparative purposes, the prior year's consolidated financial statements have been reclassified to conform with reporting classifications of the current year periods.

NOTE 3 - ACCOUNTS RECEIVABLES

Accounts receivables as of March 31, 2011 and December 31, 2010, consist of the following:

	March 31, 2011		December 31, 2010
	RMB	US$	RMB
Accounts receivable	22,083	3,366	7,097
Less: Allowance for doubtful accounts	(2,161)	(329)	(2,140)
	19,922	3,037	4,957
Bills receivable	13,441	2,049	20,525
	33,363	5,086	25,482

Bill receivables are bank's acceptance bills, which are guaranteed by bank.

NOTE 4-INVENTORIES

Inventories as of March 31, 2011 and December 31, 2010 consist of the following:

	March 31, 2011		December 31, 2010
	RMB	US$	RMB
Raw materials	20,657	3,149	25,254
Work-in-progress	1,828	279	1,419
Finished goods	31,415	4,789	27,634
Consumables and spare parts	735	112	849
Inventory—impairment	(2,578)	(393)	(2,578)
	52,056	7,935	52,577

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NOTE 5-PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	March 31, 2011		December 31, 2010
	RMB	US$	RMB
Buildings	44,633	6,804	44,398
Plant and equipment	418,473	63,791	417,696
Computer equipment	1,619	247	1,602
Furniture and fixtures	7,660	1,168	6,958
Motor vehicles	2,127	324	1,906
	474,513	72,333	472,561
Less: accumulated depreciation	(196,804)	(30,000)	(187,670)
	277,708	42,333	284,891

Total depreciation for the three-month periods ended March 31, 2011 and 2010 was RMB8,917 (US$1,359) and RMB9,707 (US$1,422), respectively.

NOTE 6 - CONSTRUCTION IN PROGRESS

Construction-in-progress represents capital expenditure in respect to the BOPET production line. Construction in progress was RMB175,669 (US$26,778) ended March 31, 2011, and RMB197,193 (US$29,824) ended December 31, 2010, respectively.

NOTE 7 - LEASE PREPAYMENTS

Lease prepayments represent the costs of land use rights in the PRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the respective periods of rights of 30 years. The current portion of lease prepayments has been included in prepayments and other receivables in the balance sheet.

As of March 31, 2011 and December 31, 2010, lease prepayments consist of the following:

	March 31, 2011		December 31, 2010
	RMB	US$	RMB
Lease prepayment - current	454	69	454
Lease prepayment - non current	20,440	3,116	20,570
	20,894	3,185	21,024

Amortization of land use rights for the three months ended March 31, 2011 and 2010 was RMB113 (US$17) and RMB113 (US$17), respectively.

Amortization expenses for the next five years after March 31, 2011 are as follows:

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
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NOTE 7 - LEASE PREPAYMENTS (continued)

	RMB	US$
1 year after	454	69
2 years after	454	69
3 years after	454	69
4 years after	454	69
5 years after	454	69
Thereafter	18,624	2,839

NOTE 8 – LONG-TERM DEPOSIT

On January 20, 2008, Shandong Fuwei signed a “Letter of Intent of Joyinn Capital Increase and Share Expansion” (“LOI”) with Joyinn Hotel Investment & Management Co., Ltd. (“Joyinn”) and the Shareholder of Joyinn. Joyinn is a legal company of limited liability that registered on May 19, 2006 in Beijing, with registered capital of RMB50,000.

According to the LOI, Shandong Fuwei deposited RMB26,000 (half of the would-be added register capital of RMB52,000), to Joyinn as the prepayment as of June 30, 2008. The prepayment to Joyinn will be regarded as investment payment after all parties enter into the final capital increase and shares expansion agreement during the effective term of this LOI. A share pledging agreement was entered into subsequently on April 9, 2008 between Shandong Fuwei and Shandong Xinmeng Investment Co., Ltd (“Pledger”), which holds 97.6% shares of Joyinn. The Pledger agreed to pledge its 52% interest in Joyinn, as a guarantee to the prepayment on the newly increased register capital made by Shandong Fuwei to Joyinn. Based on the mutual supplementary agreement signed in June 2008, the prepayment was decreased by RMB5,000 and returned to the Company on June 18, 2008.

On June 30, 2009, Shandong Fuwei and the Pledger, the major shareholder of Joyinn, agreed that the Pledger would pledge another 19% of its interest in Joyinn in addition to the previous pledge of 52% interest in Joyinn as a guarantee to the prepayment on the newly increased register capital made by Shandong Fuwei to Joyinn. As a result, the Pledger’s percentage of pledged interest in Joyinn increased from 52% to 71%.

On July 14, 2009, Shandong Fuwei and Joyinn entered into a Supplementary Agreement of Letter of Intent of Joyinn Capital Increase and Share Expansion (“Supplementary Agreement”) which extended the duration of former agreement to two (2) years that is, Shandong Fuwei has the option to determine whether to continue or withdraw the investment prior to January 14, 2010, the expiration date of the Supplementary Agreement.

Upon the expiration of the Supplementary Agreement on January 14, 2010, Shandong Fuwei and the Pledger entered into an agreement pursuant to which the Pledger agreed to transfer a 71% interest in Joyinn to Shandong Fuwei. The transaction shall be subject to the approval from the board of directors and shareholder meeting of Joyinn. In the year ended December 31, 2010, the Company impaired the deposit amount by RMB 4,240 (US$641). The impairment was determined based on an independent appraisal study. As of March 31, 2011, the total amount of the deposit was RMB16,760 (US$2,555).

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
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NOTE 9 - SHORT-TERM AND LONG-TERM BANK LOANS

Lender	Interest rate per annum		March 31, 2011 RMB	March 31, 2011 US$	December 31, 2010 RMB
Bank of Communications Co., Ltd.					
- June 8, 2010 to June 7, 2011	6.666	%	60,000	9,147	67,000
- June 7, 2010 to June 6, 2011	6.666	%	70,000	10,671	70,000
Bank of Weifang					
- December 2, 2008 to December 2, 2011	0.00	%	5,000	762	5,000
- January 16, 2009 to January 12, 2012	0.00	%	10,000	1,524	10,000
- January 13, 2010 to January 12, 2012	0.00	%	10,000	1,524	10,000
Weifang Dongfang State-owned Assets Management Co., Ltd.					
- October 19, 2009 to October 18, 2017	5.94	%	10,000	1,524	10,000
			165,000	25,152	172,000
Less: short-term borrowings			155,000	23,628	142,000
Long-term loan			10,000	1,524	30,000

Notes:

The Company has entered into several loan agreements with commercial banks with terms ranging from one year to eight years to finance its working capital, R&D investment and construction. The weighted average interest rate of short-term bank loans outstanding as of March 31, 2011 and December 31, 2010 was 6.57% per annum.

The principal amounts of the above short-term borrowings are repayable at the end of the loan period, and are secured by property, plant and equipment, and lease prepayments.

The Company obtained two short-term borrowings from Bank of Communications Co., Ltd. on June 7, 2010 and June 8, 2010 for RMB70,000 (US$10,671) maturing on June 6, 2011, and for RMB67,000 (US$10,213) maturing on June 7, 2011, respectively. In January 2011, the Company made a partial payment of RMB7,000 (US$1,067) towards the RMB67,000 short-term loan. The annual interest rate is up by 10% compared with the fixed benchmark interest rate of 6.06% announced by the People’s Bank of China. As of March 31, 2011, the effective interest rate is 6.67%.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
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(amounts in thousands except share and per share value)
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NOTE 9—SHORT-TERM AND LONG-TERM BANK LOANS (continued)

The Company entered into three interest free loan agreements with Bank of Weifang (formerly known as Weifang City Commercial Bank) for the amount of (i) RMB10,000 (US$1,524), effective on January 13, 2010, with a maturity date of January 12, 2012; (ii) RMB10,000 (US$1,524), effective on January 16, 2009, with a maturity date of January 12, 2012; and (iii) RMB 5,000 (US$762), effective on December 2, 2008, with a maturity date of December 2, 2011. As of March 31, 2011, three interest free long-term loans for a total amount of RMB25,000 have been reclassified to short-term bank loans.

On November 20, 2009, the Company signed a long-term loan agreement of RMB10,000 (US$1,524) with Weifang Dongfang State-owned Assets Management Co., Ltd., with an eight-year loan term, which became effective on October 19, 2009 and will expire on October 18, 2017. From 2015 to 2016, the Company will make principal installment payments of RMB3,350 (US$511) per year with the remaining principal balance of RMB3,300 (US$503) due in 2017. The annual interest rate is 5.94%. The loan is guaranteed by Shandong Deqin Investment& Guarantee Co., Ltd. and is used for the Company's projects.

Long-term bank loans maturity for the next five years after March 31, 2011 are as follows:

	RMB	US$
1 year after	-	-
2 years after	-	-
3 years after	-	-
4 years after	-	-
5 years after	10,000	1,524

NOTE 10-INCOME TAX

The Company is registered in Cayman Islands and has operations primarily in two tax jurisdictions, the PRC and Cayman Islands.

The provision for income taxes consists of the following for the three-month periods ended March 31, 2011 and 2010:

	March 31, 2011		March 31, 2010
	RMB	US$	RMB
Cayman Islands current income tax expense (benefit)	-	-	-
PRC current income expense	4,130	630	-
Deferred tax expense (benefit)	(217)	(34)	19
Total provision for income tax	3,913	596	19

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)
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NOTE 10-INCOME TAX (continued)

The following is a reconciliation of the provision for income taxes at the respective income tax rate to the income reflected in the Statement of Operations:

	March 31, 2011		March 31, 2010	
Tax expense (credit) – Cayman Islands	0	%	0	%
Foreign income tax – PRC	15	%	15	%
Tax expense at actual rate	15	%	15	%

Cayman Islands Tax

Under the current law of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

United States Tax

The Company’s subsidiary Fuwei Films USA LLC located in South Carolina, which was established on April 23, 2009, did not record any income tax expenses due to net losses during the period ended March 31, 2011. The actual tax benefit differs from the expected tax benefit computed by applying the United States aggregate corporate tax rate of 39% to loss before income taxes as follows for the period ended March 31, 2011:

	March 31, 2011		March 31, 2010	
Expected tax benefit	34	%	34	%
State income taxes, net of federal benefit	5	%	5	%
Changes in valuation allowance	(39	%)	(39	%)
Total	-		-	

PRC Tax

Effective January 1, 2008, the new Enterprise Income Tax (“EIT”) law of the PRC replaced the existing tax laws for Domestic Enterprises (“DES”) and Foreign Invested Enterprises (“FIEs”). The new EIT rate of 25% replaced the 33% rate that was applicable to both DES and FIEs. The two-year tax exemption and three-year 50% tax reduction tax holiday for production-oriented FIEs was also eliminated as of that date. In addition, the PRC has designated a 15% tax rate for encouraged “high-tech” companies. Shandong Fuwei was designated a high-tech company in December 2008, which is effective from December 5, 2008, for a term of 3 years, and has been subject to an income tax rate of 15% pursuant to the applicable EIT law of the PRC. In 2011, the Company intends to apply for a review of the designated tax rate for Shandong Fuwei.

Income Tax Rate Reconciliation

Income tax benefit reported in the consolidated statements of income differs from the income tax expense amount computed by applying the PRC income tax rate of 15% (the statutory tax rate of the Company’s principal subsidiary) for the three months ended March 31, 2011 and 2010 for the following reasons:

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
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(amounts in thousands except share and per share value)
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NOTE 10-INCOME TAX (continued)

	March 31, 2011		March 31, 2010
	RMB	US$	RMB
Income before income taxes	27,553	4,200	283
Computed "expected" tax expense (benefit)	4,067	620	(42)
Non-taxable income	63	10	42
Tax rate differential of other tax jurisdictions	(217)	(34)	19
Actual income tax expense (benefit)	3,913	596	19

Deferred Income Taxes

Tax effects of temporary differences that give rise to significant portions of the deferred tax assets/(liabilities) as of March 31, 2011 and December 31, 2010 are presented below.

	March 31, 2011		December 31, 2010
	RMB	US$	RMB
Current			
Accounts receivable	324	49	321
Other receivables	883	135	636
Inventory impairment	387	59	387
	1,594	243	1,344
Non-current			
Property, plant and equipment, principally due to differences in depreciation and capitalized interest	1,728	263	1,763
Construction in progress, principally due to capitalized interest	(1,417)	(216)	(1,417)
Lease prepayments, principally due to differences in charges	(402)	(61)	(404)
	(91)	(14)	(58)
Net deferred income tax assets	1,503	229	1,286

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, Shandong Fuwei will need to generate future taxable income of approximately RMB14,047 (US$2,141) prior to 2031. Shandong Fuwei was under a tax concession period from January 28, 2003 to December 31, 2007. The net income before taxation for Shandong Fuwei for the year ended December 31, 2008 was RMB21,124 (US$3,220), net loss before taxation for the year ended December 31, 2009 was RMB23,308 (US$3,553), and net income for the year ended December 31, 2010 was RMB 40,783 (US$ 6,217). Based upon the level of historical performance of Shandong Fuwei, management believes the deferred tax assets are realizable.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
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NOTE 10-INCOME TAX (continued)

Uncertainly in Income Taxes

The Company recognizes that virtually all tax positions in the PRC are not free of some degree of uncertainty due to tax law and policy changes by the state. However, the Company cannot reasonably quantify political risk factors and thus must depend on guidance issued by current state officials.

Based on all known facts and circumstances and current tax law, the Company believes that the total amount of unrecognized tax benefits as of March 31, 2011 is not material to its results of operations, financial condition or cash flows. The Company also believes that the total amount of unrecognized tax benefits as of March 31, 2011, if recognized, would not have a material effect on its effective tax rate. The Company further believes that there are no tax positions for which it is reasonably possible, based on current Chinese tax law and policy, that the unrecognized tax benefits will significantly increase or decrease over the next 12 months producing, individually or in the aggregate, a material effect on the Company's results of operations, financial condition or cash flows.

NOTE 11 - EARNINGS PER SHARE

The Company uses the treasury stock method to compute dilution related to outstanding stock options. Because the option price exceeded the market price for common stock as of March 31, 2011, the options were anti-dilutive and were not included when computing diluted earning per share.

Basic and diluted earnings per share was RMB1.81 (US$0.28) and RMB0.02 (US$ 0.003) for the three-month period ended March 31, 2011 and 2010, respectively.

NOTE 12 - STOCK OPTION PLAN

On December 22, 2006, the Company granted 187,500 stock options to Maxim Group LLC as part of the compensation for the provision of services relating to the initial public offering, or IPO, of the Company. The stock options are exercisable at an exercise price equal to US$10.35 per ordinary share and expire on December 22, 2011. The stock options and ordinary shares underlying the stock options may not be sold, transferred, assigned, pledged or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective disposition thereof by any person for a period of six months from the effective date.

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NOTE 12 - STOCK OPTION PLAN (continued)

The fair value of each option award is estimated on the date of grant using the Black-Scholes pricing model based on the following assumptions:

Fair value of shares on measurement date	US$ 8.28 per share
Expected volatility	57.26
Expected dividends	0.00
Expected term (in years)	5
Risk-free rate	4.56

The fair value of the Company's shares was estimated based on the IPO price of US$8.28 per share. The expected volatility is estimated by reference to the historical volatility of comparable companies listed on the Nasdaq Global Market. The risk-free rate for periods within the contractual life of the options is based on the U.S. government bond in effect at the time of grant. Expected dividend yields are based on historical dividends. Changes in these subjective input assumptions could materially affect the fair value estimates.

The Company recognized share-based compensation expenses of RMB5,643 for the year ended December 31, 2006, as listing expense deducted from IPO proceeds and recorded in additional paid-in capital. As of March 31, 2011, there was no unrecognized compensation costs related to unvested stock options.

The following is a summary of the stock option activity:

	Options outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, December 31, 2010	187,500	$ 10.35	-
Granted	-	-	-
Forfeited	-	-	-
Exercised	-	-	-
Outstanding, March 31, 2011	187,500	$ 10.35	-

The following is a summary of the status of options outstanding on March 31, 2011:

	Outstanding Options			Exercisable Options	
Exercise Price	Number	Average Remaining Contractual Life	Average Exercise Price	Number	Average Exercise Price
$10.35	187,500	0.75	$ 10.35	187,500	$ 10.35

NOTE 13 – CONTINGENCIES

Class Action

On October 19, 2007, the Company became aware that a class action lawsuit had been filed in the United States District Court for the Southern District of New York, on behalf of all persons who purchased the Company's stock from the date of the Company's IPO on December 19, 2006 through October 16, 2007. The complaint alleged that the Company and certain of its present and former officers, directors, and shareholders violated the Securities Act of 1933.

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NOTE 13 – CONTINGENCIES (continued)

On November 21, 2007, the Company was given notice that a second class action lawsuit had been filed in the United States District Court for the Southern District of New York, commenced on behalf of all persons who purchased the Company’s stock pursuant or traceable to the Registration Statement and Prospectus issued in connection with the Company’s IPO, during the period from December 19, 2006 through November 12, 2007. The complaint alleged that the Company, its underwriters, and certain of its executives violated Sections 11, 12(a)(2), and 15 of the Securities Act of 1933. The complaint also alleged the defendants by misrepresenting or omitting material information regarding the Company and its business operations.

On January 24, 2008, the Court consolidated into a single action the putative securities class actions pending against the Company and certain of its officers, directors, and shareholders. The Court appointed Ninyat Tonyaz as lead plaintiff, appointed the Rosen Law Firm, P.A. as lead counsel, and granted plaintiffs leave to file a consolidated amended class action complaint. The consolidated action is styled, In re Fuwei Films Securities Litigation, Case No. 07-CV-9416 (RJS).

On March 14, 2008, plaintiffs filed a consolidated amended class action complaint (the "Amended Complaint") naming as defendants the Company, Xiaoan He, Mark Stulga, Jun Yin, Tongju Zhou, Duo Wang, and the Company's IPO underwriters (the “Underwriter Defendants”) — Maxim Group LLC, WR Hambrecht + Co., and Chardan Capital Markets, LLC. The Amended Complaint asserts claims for violation of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933. The Company, Messrs. He and Stulga, and the Underwriter Defendants were served with the Amended Complaint and, as described below, moved to dismiss the claims asserted against them.

On November 3, 2008, Plaintiffs filed proofs of service with the Court, indicating that Messrs. Yin, Wang, and Zhou had been served with the Amended Complaint on or about August 14, 2008, and that they had 90 days after such date to serve an answer to the Amended Complaint or a motion pursuant to Rule 12 of the Federal Rules of Civil Procedure.

By letter dated March 17, 2009, Plaintiffs apprised the Court of Fuwei’s March 10, 2009 Press Release disclosing the initial verdict against Messrs. Yin, Wang, and Zhou, and requested that the Court take judicial notice of this press release in adjudicating the pending motions to dismiss.

By the Court’s Memorandum and Order dated July 10, 2009, the motions to dismiss of the Company, Messrs. He and Stulga, and the Underwriter Defendants were granted in part and denied in part. In ruling on the motion to dismiss, the Court was required to assume that the facts alleged by the plaintiffs are true and to draw all reasonable inferences in the plaintiffs’ favor. Applying that standard, the motions to dismiss of the defendants were granted in part and denied in part by the court. The Court dismissed plaintiffs’ claims to the extent they were based upon Fuwei’s alleged failure to disclose the DMT arbitration proceeding. The Court also dismissed certain of plaintiffs’ claims to the extent they were brought on behalf of shareholders who did not purchase their shares directly in the IPO.

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NOTE 13 – CONTINGENCIES (continued)

The Court sustained plaintiffs' remaining claims. However, the Court noted that defendants may be able to assert affirmative defenses provided by the federal securities laws in a motion for summary judgment, which could resolve the case before trial.

On September 9, 2009, the Company and Messrs. He and Stulga filed their answer to the Amended Complaint. On October 2, 2009, the Court entered a case management plan and scheduling order, which set deadlines relating to pre-trial discovery, mediation, and dispositive motions. Discovery thereafter proceeded.

On March 26, 2010, Fuwei, Messrs. He and Stulga, the Underwriter Defendants, and Plaintiffs, through their respective attorneys, engaged in a mediation aimed at resolving the litigation. On June 24, 2010, the parties reached a settlement in principle.

On September 16, 2010, subject to the Court's approval, Plaintiffs agreed to accept US$2.15 million in full and final settlement of all claims they have or may have against the Company, certain of its present and former officers, directors, and shareholders, and the underwriters. Fuwei agreed to contribute US$1.0 million towards the settlement. The signed settlement agreement was submitted to the Court for its preliminary approval. On January 4, 2011, the Court preliminarily approved the settlement, directed that notice be given to the class, and set a fairness hearing for April 27, 2011.

In accordance with the settlement agreement, the Company deposited US$0.8 million into the Securities Litigation Settlement Fund account in January 2011, and will deposit the remaining US$0.2 million in accordance with the terms of the settlement agreement.

On April 27, 2011, the Court approved the settlement of the class action at the fairness hearing and dismissed the action with prejudice. Pursuant to the terms of the settlement agreement, the Company has paid the remaining US$0.2 million into the Securities Litigation Settlement Fund Account.

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NOTE 14 – OTHER EVENTS

Shandong Fuwei and Lindauer Dornier GmbH, a German equipment supplier, entered into a renewed BOPET equipment purchase contract on March 30, 2011, to purchase equipment for its thick film BOPET production line. The products of the new production line, with a designed annual capacity of 23,000 metric tons and thickness ranging from 38 to 250μm, will be widely used in electronics, electrical and solar energy industries, including TFT-LCD. Pursuant to the terms of the contract, the total purchase price is €16.45 million Euros with a delivery date of June 2, 2012 to July 14, 2012.

NOTE 15 - MAJOR CUSTOMERS AND VENDORS

There were no major customers who accounted over 10% of the total net revenue for the three-month periods ended March 31, 2011 and 2010.

One vendor provided approximately 49.4% of the Company’s raw materials for the three months ended March 31, 2011. The Company had RMB1,370 (US$209) advance to the vendor as of March 31, 2011. Two vendors provided approximately 56.3% of the Company’s raw materials for the three months ended March 31, 2010 with each vendor accounting for about 47.4% and 8.9%, respectively. The Company had RMB 1,543 (US$226) to the vendors as of March 31, 2010.

NOTE 16 –SUBSEQUENT EVENT

The Company received a letter dated April 13, 2011 (the “Letter”) from The Nasdaq Stock Market (“NASDAQ”) indicating that the Company’s ordinary shares are subject to delisting based on the determination by NASDAQ that continued listing is no longer warranted under NASDAQ Rule 5101 and would be inconsistent with the public interest. This decision was based principally upon the fact that the Company’s three controlling shareholders were convicted of crimes in the People's Republic of China several years ago, the timing of the confiscation of their shares by the PRC government is uncertain, and uncertainties concerning the stock ownership of the Company, its future management composition and the direction of its future operations. The Company has appealed the Staff’s determination to the Nasdaq Listing Qualifications Panel. The suspension and delisting of the Company’s ordinary shares have accordingly been stayed pending the Panel’s decision. The hearing is scheduled at 11:30 am May 26, 2011 in Washington D.C.

On May 5, 2011, the Company received notification from Weifang State-Owned Assets Operation Administration Company (“Administration Company”), that the former controlling shareholders of the Company, Messrs. Jun Yin, Duo Wang and Tongju Zhou had transferred their entire ownership in several intermediate holding companies to the Administration Company, Ms. Qing Liu and Mr. Zhixin Han. As a result of the transfers, and based on the information provided by the Administration Company, the Company believes that 52.9% of its outstanding ordinary shares are controlled indirectly by the Administration Company and 12.55% of its outstanding ordinary shares are jointly controlled indirectly by Ms. Liu and Mr. Han.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to "dollars" and "US$" are to United States Dollars. References to "we", "us", the "Company" or "Fuwei" include Fuwei Films (Holdings) Co., Ltd. and its subsidiaries, except where the context requires otherwise.

Since the second half of 2010, the demand for BOPET films in both domestic and foreign markets has gradually increased to exceed available supply, which resulted in significant increases in the market prices for our products. In 2011, the market prices have started to gradually decline, largely attributable to an increase in new capacity at domestic BOPET producers and a decrease in volume of Chinese products sold in overseas markets. Meanwhile, the price of the raw materials has reached its highest level. In March 2011, the settlement price of raw materials increased approximately 22% compared to that at the end of 2010. We still had sufficient orders in the specialty films area and in overseas markets, resulting in our gross profit in the first quarter of 2011 being significantly higher than the same period of the previous year.

With the decrease in overseas demand, we are challenged with more competitors whose capacities are enhanced in the domestic BOPET films markets. And the competition in global BOPET industry will be even more intense in 2011. Additionally, as noted above, the price of raw materials has continued to be high which has adversely affected our sales and profitability. In the event that we are unable to compete successfully or retain effective control over the pricing of our products, our profit margins will decrease.

Additionally, some countries such as the United States of America are currently resorting to trade protection against Chinese manufacturers, using anti-dumping investigations and imposing anti-dumping duties, which also adversely affect our exports to those countries.

Results of operations for the three-month period ended March 31, 2011 compared to March 31, 2010

The table below sets forth certain line items from our Statement of Income as a percentage of revenue:

	Three-Month Period Ended March 31, 2011	Three-Month Period Ended March 31, 2010
	(as % of Revenue)	
Gross profit	25.9	14.4
Operating expenses	(9.0)	(12.4)
Operating income	16.9	2.1
Other expense	(1.1)	(1.8)
Income tax expense	(2.2)	0.0
Net income	13.6	0.3

Revenue

Net sales during the first quarter ended March 31, 2011 were RMB174.2 million (US$26.5 million), compared to RMB 88.5 million (US$13.0 million) during the same period in 2010, representing a 96.9% increase. The significant increase in sales was mainly due to a significant increase in average unit sales prices.

The sales of specialty films during the first quarter ended March 31, 2011 were RMB39.9 million (US$6.1 million), reflected 22.9% of total net sales as compared to 9.6% in the same period of 2010, an increase of 13.3%, compared to the same period last year. The increased sales of specialty films were largely attributed to the increase in demand for high value-added BOPET films following recovery from the global financial crisis.

The following is a breakdown of commodity and specialty film sales (amounts in thousands):

	Three-Month Period Ended March 31, 2011		% of Total	Three-Month Period Ended March 31, 2010	% of Total
	RMB	US$		RMB	
Printing film	13,464	2,052	7.7 %	9,286	10.5 %
Stamping film	101,100	15,411	58.1 %	57,683	65.2 %
Metallization film	11,141	1,698	6.4 %	7,705	8.7 %
Specialty film	39,903	6,083	22.9 %	8,532	9.6 %
Base film for other application	8,546	1,303	4.9 %	5,250	5.9 %
	174,154	26,547	100.0 %	88,455	100.0 %

Overseas sales during the first quarter ended March 31, 2011 were RMB64.8 million (US$9.9 million), which accounted for 33.4% of our total net revenues, as compared with RMB 11.3 million (US$1.7 million) and 12.8 % in the same period in 2010, which was 471.8% higher than the same period last year. The increase in overseas sales was mainly due to increased sales price as well as the recovery of overseas demand, especially the increase of demand in Europe, North America, and South Korea.

The following is a breakdown of PRC domestic and overseas sales (amounts in thousands):

	Three-Month Period Ended March 31, 2011		% of Total	Three-Month Period Ended March 31, 2010	% of Total
	RMB	US$		RMB	
Sales in China	109,367	16,672	66.6 %	77,125	87.2 %
Sales in other countries	64,787	9,876	33.4 %	11,331	12.8 %
	174,154	26,547	100.0 %	88,455	100.0 %

Cost of Goods Sold

Our cost of goods sold comprises mainly of material costs, factory overhead, power, packaging materials and direct labor. The breakdown of our cost of goods sold in percentage is as follows:

	March 31, 2011		March 31, 2010	
	% of total		% of total	
Materials costs	82.5	%	76.5	%
Factory overhead	8.0	%	11.3	%
Energy expense	5.9	%	7.9	%
Packaging materials	2.4	%	3.0	%
Direct labor	1.2	%	1.3	%

Cost of goods sold during the first quarter ended March 31, 2011 was RMB129.0 million (US$19.7 million) as compared to RMB 75.7 million (US$11.1 million) for the same period in the prior year. This was 70.5% higher than the same period in 2010, mainly due to the significant increase of purchase prices of raw materials in the first quarter ended March 31, 2011 compared to the same period in 2010.

Gross Profit

Our gross profit was RMB45.1 million (US$6.9 million) for the first quarter ended March 31, 2011, representing a gross margin of 25.9%, as compared to a gross margin of 14.4% from the same period in 2010, an increase of 11.5%. This was mainly due to a significant increase in average sales price of our products during the first quarter ended March 31, 2011 compared with the same period in 2010.

Operating expenses

Operating expenses for the first quarter ended March 31, 2011 were RMB15.7 million (US$2.4 million), RMB4.8 million (US$0.7 million) or 44.0% higher than the same period in 2010. This increase was mainly due to increased R&D expense and freight costs associated with overseas sales.

Interest Expense

Interest expense totaled RMB2.3 million (US$0.4 million) during the first quarter ended March 31, 2011, RMB 0.7 million (US$0.1 million) higher than the same period of 2010. The increase was mainly due to the increased interest rate of bank loans.

Other Expense

Other expenses during the first quarter ended March 31, 2011 were RMB1.9 million (US$0.3 million), RMB0.3 million higher than the same period in 2010, primarily due to the increase in interest expense.

Income Tax Expense

During the first quarter ended March 31, 2011, the Company recorded an income tax expense of RMB3.9 million (US$0.6 million) compared to RMB19,000 (US$ 3,000) in the same period in 2010. This increase was mainly due to higher operating income in the first quarter of 2011 than the same period in 2010.

Net Income

Net income during the first quarter ended March 31, 2011 was RMB23.6 million (US$3.6 million) compared to net income of RMB0.3 million (US$ 0.04 million) during the same period in 2010, representing an increase of RMB23.3 million (US$3.6 million) from the same period in 2010. The increase was mainly due to the increase of gross margin.

Liquidity and Capital Resources

Since inception, our sources of cash were mainly from cash generated from our operations and borrowings from financial institutions and capital contributed by our shareholders.

From January 1, 2010 to March 31, 2011, our capital expenditures have been primarily from cash generated from our operations and borrowings from financial institutions. The interest rates of borrowings from financial institutions during the periods from first quarter of 2010 to the first quarter of 2011 ranged from 0% to 6.67%.

We obtained two short-term loans from Bank of Communications Co., Ltd. on June 7, 2010 and June 8, 2010 for RMB70.0 million (US$10.7 million) maturing on June 6, 2011, and for RMB67.0 million (US$10.2 million) maturing on June 7, 2011, respectively. In January 2011, we made a partial payment of RMB7.0 million (US$1.0 million) towards the RMB67.0 million short-term loan. The annual interest rate is up by 10% compared with the fixed benchmark interest rate 6.06% announced by the People's Bank of China. As of March 31, 2011, the effective interest rate was 6.67%.

We entered into three interest free loan agreements with Bank of Weifang (formerly known as Weifang City Commercial Bank) for the amount of (i) RMB10.0 million (US$1.5 million), effective on January 13, 2010, with a maturity date of January 12, 2012; (ii) RMB10.0 million (US$1.5 million), effective on January 16, 2009, with a maturity date of January 12, 2012; and (iii) RMB 5.0 million (US$0.8 million), effective on December 2, 2008, with a maturity date of December 2, 2011. As of March 31, 2011, three interest free long-term loans for a total amount of RMB25.0 million (US$ 3.8 million) have been reclassified to short-term loans.

On November 20, 2009, we signed a long-term loan agreement of RMB10.0 million (US$1.5 million) with Weifang Dongfang State-owned Assets Management Co., Ltd., with an eight-year loan term, which became effective on October 19, 2009 and will expire on October 18, 2017. From 2015 to 2016, we will make principal installment payments of RMB3.35 million (US$0.5 million) per year with the remaining principal balance of RMB3.3 million (US$0.5 million) due in 2017. The annual interest rate is 5.94%. The loan is guaranteed by Shandong Deqin Investment& Guarantee Co., Ltd. and is used for the Company's projects.

We believe that, after taking into consideration our present banking facilities, existing cash and the expected cash flows to be generated from our operations, we have adequate sources of liquidity to meet our short-term obligations and our working capital.

Operating Activities

Net cash flows used in operating activities for the three months ended March 31, 2011 were RMB0.5 million (US$0.1 million) compared to net cash flows provided by operating activities of RMB6.6 million (US$ 1.0 million) for the three months ended March 31, 2010, which was a decrease of RMB7.1 million (US$1.1 million). This decrease in cash flows from operating activities was attributable primarily to increased accounts receivables and decrease of advances from customers.

Working Capital

As of March 31, 2011 and December 31, 2010, we had working capital of RMB77.4 million (US$11.8 million) and RMB47.5 million (US$7.2 million), respectively. Working capital increased RMB29.9 million (US$4.6 million), or 9.6% compared to the same period in the prior year. We have short-term bank loans RMB 155.0 million (US$23.6 million) in the short-term current liability. We have entered into negotiations with our lenders to extend the maturity date of most of short-term bank loans. We will repay RMB5.0 million (US$0.8 million) of short-term loans at maturity date on December 2, 2010 and RMB20.0 million (US$3.0 million) at maturity date on January 12, 2011, respectively.

We anticipate that we will have adequate working capital in the foreseeable future. However, we may wish to borrow additional capital or sell our common stock for financing in the expanded business.

Contractual Obligations

The following table is a summary of our contractual obligations as of March 31, 2011 (in thousands RMB):

		Payments due by period			
Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Rental obligations	104	104	-	-	-
Purchase obligations	134,830	134,830	-	-	-
Total	134,934	134,934	-	-	-

Exhibit Index

Exhibit No.	Description
* 4.1	Contract between Fuwei Films (Shandong) Co. Ltd. and Lindauer Dornier GmbH, dated March 30, 2011.
99.1	Press Release dated May 10, 2011.

* Certain portions of this Exhibit have been omitted based upon a request for confidential treatment and the omitted portions have been seperately filed with the Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fuwei Films (Holdings) Co., Ltd.

By:	/s/ Xiaoan He
	Name: Xiaoan He
	Title: Chairman and Chief Executive Officer

Dated: May 10, 2011