

China XD Plastics Co Ltd
Form 10-Q
November 13, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-53131

CHINA XD PLASTICS COMPANY LIMITED
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

04-3836208
(I.R.S. Employer Identification No.)

No. 9 Dalian North Road, Haping Road Centralized Industrial Park,
Harbin Development Zone, Heilongjiang Province, PRC 150060
(Address of principal executive offices) (Zip Code)

86-451-84346600
(Registrant's telephone number, including area code)

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

Indicate by check 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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.

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

As of November 10, 2014, the registrant had 49,601,788 shares of common stock, par value US\$0.0001 per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHINA XD PLASTICS COMPANY LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2014 US\$	December 31, 2013 US\$
ASSETS		
Current assets:		
Cash and cash equivalents	62,710,680	95,545,904
Restricted cash	14,539,090	13,708,971
Time deposits	222,385,142	281,343,641
Account receivable, net	193,778,969	282,320,819
Amount due from a related party	4,073	225,752
Inventories	247,200,357	144,885,688
Prepaid expenses and other current assets	11,032,978	8,418,143
Total current assets	751,651,289	826,448,918
Property, plant and equipment, net	239,216,935	233,841,735
Land use rights, net	12,090,697	12,457,001
Prepayment to equipment suppliers	213,173,709	1,332,742
Other non-current assets	24,162,039	1,826,232
Total assets	1,240,294,669	1,075,906,628
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans, including current portion of long-term bank loans	136,689,475	314,682,620
Bills payable	43,011,515	25,604,176
Accounts payable	101,780,984	122,457,396
Amount due to a related party	361,257	-
Income taxes payable	8,765,362	18,631,698
Warrants liability	537,210	1,063,401
Accrued expenses and other current liabilities	15,254,759	55,893,004
Total current liabilities	306,400,562	538,332,295
Long-term bank loans, excluding current portion	167,751,711	-
Notes payable	148,553,073	-
Income taxes payable	9,375,619	8,224,057
Deferred income tax liabilities	17,787,182	19,428,706
Total liabilities	649,868,147	565,985,058
Redeemable Series D convertible preferred stock	97,576,465	97,576,465
Stockholders' equity:		
Series B preferred stock	100	100
Common stock, US\$0.0001 par value, 500,000,000 shares authorized, 49,152,418 shares and 47,896,133 shares issued, 49,131,418 shares and 47,875,133 shares outstanding as of	4,914	4,789

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September 30, 2014 and December 31, 2013, respectively

Treasury stock, 21,000 shares at cost	(92,694)	(92,694)
Additional paid-in capital	77,716,977		76,341,659	
Retained earnings	396,038,034		311,047,337	
Accumulated other comprehensive income	19,182,726		25,043,914	
Total stockholders' equity	492,850,057		412,345,105	
Commitments and contingencies	-		-	
Total liabilities, redeemable convertible preferred stock and stockholders' equity	1,240,294,669		1,075,906,628	

See accompanying notes to unaudited condensed consolidated financial statements.

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CHINA XD PLASTICS COMPANY LIMITED AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Period Ended		Nine-Month Period Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
Revenues	315,746,209	293,139,049	803,535,879	666,256,978
Cost of revenues	(250,378,605)	(227,473,486)	(639,219,994)	(534,250,688)
Gross profit	65,367,604	65,665,563	164,315,885	132,006,290
Selling expenses	(177,287)	(143,573)	(435,240)	(253,565)
General and administrative expenses	(5,413,088)	(4,436,021)	(13,762,596)	(10,775,595)
Research and development expenses				