

CHINA VALVES TECHNOLOGY, INC  
Form 10-Q/A  
October 12, 2011

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

**FORM 10 Q/A**  
(Amendment No. 2)

(Mark One)

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

For the quarterly period ended: June 30, 2011

**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: 001-34542

**CHINA VALVES TECHNOLOGY, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Nevada**

*(State or other jurisdiction of incorporation or  
organization)*

**86-0891931**

*(I.R.S. Employer Identification No.)*

**21F Kineer Plaza**

**226 Jinshui Road**

**Zhengzhou, Henan Province 450008**

**People's Republic of China**

*(Address of principal executive offices, Zip Code)*

**(86) 371-8612-7222**

*(Registrant's telephone number, including area code)*

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*(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

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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

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

The number of shares outstanding of each of the issuer's classes of common stock, as of August 5, 2011 is as follows:

Class of Securities	Shares Outstanding
Common Stock, \$0.001 par value	35,669,654

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**EXPLANATORY NOTE**

We are filing this Amendment No. 2 (this Amendment ) solely to correct typographical errors in the cover page of our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011 (the Original Filing ).

The Original Filing incorrectly disclosed our total shares outstanding as 35,994,654 while the correct number should be 35,669,654. Except as described above, no other changes have been made to the Original Filing, and this Amendment does not reflect events occurring after such Original Filing or modify or update the disclosures contained therein, including the exhibits thereto, affected by subsequent events. Therefore, this Amendment should be read in conjunction with the Original Filing and our other reports filed with the Commission subsequent to the filing of the Original Filing, including any amendments to those filings.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, currently dated certifications by our principal executive officer and principal financial officer are filed as exhibits to this amendment under Item 15 of Part IV hereof.

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**CHINA VALVES TECHNOLOGY, INC.**  
*Quarterly Report on Form 10-Q*  
*Three and Six Months Ended June 30, 2011*

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**PART I**  
**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**CHINA VALVES TECHNOLOGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**

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**PART I FINANCIAL INFORMATION****CHINA VALVES TECHNOLOGY INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS  
AS OF JUNE 30, 2011 AND DECEMBER 31, 2010**

	JUNE 30, 2011 (Unaudited)	December 31, 2010
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 37,631,595	\$ 25,820,607
Restricted cash	2,362,731	1,164,598
Notes receivable	413,241	2,815,939
Accounts receivable, net of allowance for doubtful accounts of \$2,329,133 and \$998,739 as of June 30, 2011 and December 31, 2010, respectively	92,496,507	84,147,126
Accounts receivable - related party	-	200,185
Other receivables, net	5,401,684	3,176,648
Other receivables -related party	1,008,304	152,179
Inventories, net	22,174,115	16,251,938
Advances on inventory purchases	2,646,172	1,094,670
Advances on inventory purchases - related party	-	917,202
Prepaid expenses and other current assets	245,418	359,353
<b>Total current assets</b>	<b>164,379,767</b>	<b>136,100,445</b>
<b>PLANT AND EQUIPMENT, net</b>	<b>40,118,801</b>	<b>40,773,562</b>
<b>OTHER ASSETS:</b>		
Accounts receivable - retainage, long term	10,320,137	4,751,605
Goodwill	33,610,125	32,955,163
Intangibles, net of accumulated amortization	23,163,597	23,027,880
Other investments, cost	806,284	790,572
Other non-current assets	206,592	108,435
<b>Total other assets</b>	<b>68,106,735</b>	<b>61,633,655</b>
<b>Total assets</b>	<b>\$ 272,605,303</b>	<b>\$ 238,507,662</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	\$ 21,571,060	\$ 19,530,341
Accounts payable - related party	839,713	2,382,906
Short-term loans	6,460,525	5,648,794
Other payables	3,844,530	3,405,201
Other payables - related parties	76,225	1,899,627
Accrued liabilities	2,726,107	2,825,560
Customer deposits	9,926,235	6,499,833
Taxes payable	5,670,691	6,828,118
Warrant liabilities	1,349	880,565
<b>Total current liabilities</b>	<b>51,116,435</b>	<b>49,900,945</b>





## COMMITMENTS AND CONTINGENCIES

## SHAREHOLDERS' EQUITY:

Common stock, \$0.001 par value; 300,000,000 shares authorized; 35,994,654 shares and 34,664,654 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	35,994	34,664
Additional paid-in capital	106,981,625	96,433,316
Statutory reserves	11,042,069	10,046,713
Retained earnings	87,226,140	69,861,618
Accumulated other comprehensive income	16,203,040	12,230,406
Total shareholders' equity	221,488,868	188,606,717

Total liabilities and shareholders' equity	\$ 272,605,303	\$ 238,507,662
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The accompanying notes are an integral part of these consolidated financial statements.

## CHINA VALVES TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE, 2011 AND 2010  
(Unaudited)

	Three months ended June		Six months ended June	
	30, 2011	2010	30, 2011	2010
SALES	\$ 57,668,888	\$ 49,257,487	\$ 99,622,469	\$ 76,041,724
COST OF GOODS SOLD	33,957,886	26,272,523	58,408,217	39,197,224
GROSS PROFIT	23,711,002	22,984,964	41,214,252	36,844,500
OPERATING EXPENSES:				
Selling	2,765,760	2,778,385	5,060,376	4,212,462
General and administrative	6,393,747	3,031,592	12,357,449	6,050,705
Research and development	182,536	80,729	241,614	154,932
Total operating expenses	9,342,043	5,890,706	17,659,439	10,418,099
INCOME FROM OPERATIONS	14,368,959	17,094,258	23,554,813	26,426,401
OTHER (INCOME) EXPENSE:				
Other income, net	(90,157)	(430,665)	(87,055)	(395,876)
Gain from acquisition	-	-	-	(1,016,198)
Interest and finance expense, net	92,661	31,412	150,331	66,198
Change in fair value of warrant liabilities	(77,824)	(789,670)	(990,031)	564,504
Total other income, net	(75,320)	(1,188,923)	(926,755)	(781,372)
INCOME BEFORE PROVISION FOR INCOME TAXES	14,444,279	18,283,181	24,481,568	27,207,773
PROVISION FOR INCOME TAXES	3,653,847	3,987,574	6,121,690	6,295,941
NET INCOME	10,790,432	14,295,607	18,359,878	20,911,832
OTHER COMPREHENSIVE INCOME:				
Foreign currency translation gain	3,326,724	652,538	3,972,634	686,317
COMPREHENSIVE INCOME	\$ 14,117,156	\$ 14,948,145	\$ 22,332,512	\$ 21,598,149
BASIC EARNINGS PER SHARE:				
Weighted average number of shares	35,842,731	34,634,710	35,646,643	34,447,460
Earnings per share	0.30	0.41	0.52	0.61
DILUTED EARNINGS PER SHARE:				