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China XD Plastics Co Ltd
Form 10-Q
May 11, 2015
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 March 31, 2015

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 (Do not check if a smaller reporting company)	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 May 5, 2015, the registrant had 49,151,796 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

	March 31, 2015 US\$	December 31, 2014 US\$
ASSETS		
Current assets:		
Cash and cash equivalents	31,198,246	45,456,612
Restricted cash	28,829,206	12,545,772
Time deposits	269,216,517	238,532,702
Accounts receivable, net	199,160,030	203,998,138
Amounts due from a related party	27,705	220,262
Inventories	298,917,784	249,797,244
Prepaid expenses and other current assets	15,662,270	11,253,828
Total current assets	843,011,758	761,804,558
Property, plant and equipment, net	316,039,885	318,324,600
Land use rights, net	18,824,797	11,896,542
Prepayments to equipment and construction suppliers	266,678,237	182,259,578
Other non-current assets	41,340,286	25,499,744
Total assets	1,485,894,963	1,299,785,022
 LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans, including current portion of long-term bank loans	161,005,484	99,735,422
Bills payable	27,208,472	43,389,928
Accounts payable	218,740,159	152,073,014
Income taxes payable	4,499,918	3,269,115
Accrued expenses and other current liabilities	22,281,199	24,484,583
Total current liabilities	433,735,232	322,952,062
Long-term bank loans, excluding current portion	205,538,523	174,274,446
Notes payable	148,682,290	148,617,057
Income taxes payable	15,251,469	14,025,825
Deferred income tax liabilities	16,506,164	16,951,551
Deferred income	17,722,212	-
Total liabilities	837,435,890	676,820,941
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, 49,182,284 shares and 49,172,796 shares issued, 49,161,284 shares and 49,151,796 shares outstanding as of March 31, 2015 and December 31, 2014, respectively	4,917	4,916
Treasury stock, 21,000 shares at cost	(92,694) (92,694
Additional paid-in capital	81,131,512	80,875,787
Retained earnings	457,227,732	431,823,706

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Accumulated other comprehensive income	12,611,041	12,775,801
Total stockholders' equity	550,882,608	525,387,616
Commitments and contingencies	-	-
Total liabilities, redeemable convertible preferred stock and stockholders' equity	1,485,894,963	1,299,785,022

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	
	March 31,	
	2015	2014
	US\$	US\$
Revenues	221,926,395	223,580,675
Cost of revenues	(173,284,119)	(176,932,337)
Gross profit	48,642,276	46,648,338
Selling expenses	(296,820)	(122,328)
General and administrative expenses	(4,964,758)	(3,796,364)
Research and development expenses	(5,813,863)	(8,630,734)
Total operating expenses	(11,075,441)	(12,549,426)
Operating income	37,566,835	34,098,912
Interest income	2,428,071	3,035,365
Interest expense	(10,629,353)	(8,579,977)
Foreign currency exchange losses	(90,415)	(479,190)
Gains on foreign currency forward contracts	354,519	-
Government grant	-	1,311,239
Change in fair value of warrant liability	-	(162,739)
Total non-operating expense, net	(7,937,178)	(4,875,302)
Income before income taxes	29,629,657	29,223,610
Income tax expense	(4,225,631)	(7,227,559)