

CHINA PHARMA HOLDINGS, INC.
Form 10-Q
November 10, 2009

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2009

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

For the Transition Period from _____ to _____

Commission file number: 000-29523

China Pharma Holdings, Inc.

(Exact name of registrant as specified on its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

73 -1564807
(IRS Employer Identification No.)

2nd Floor, No. 17, Jinpan Road, Haikou, Hainan Province, China
(Address of principle executive offices)

570216
(Zip Code)

0086-898- 66811730 (China)
(Registrant's telephone number, including area code)

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 past 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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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, 2009, 42,278 ,938 shares of China Pharma Holdings, Inc. common stock, par value \$0.001 per share, were outstanding.

China Pharma Holdings, Inc.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

CHINA PHARMA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,844,777	\$ 6,927,149
Trade accounts receivable, less allowance for doubtful accounts of \$2,415,886 and \$4,474,175, respectively	49,018,104	36,008,095
Other receivables, less allowance for doubtful accounts of \$20,306 and \$54,242, respectively	115,414	163,957
Advances to suppliers	1,868,111	3,031,694
Inventory	14,915,582	13,139,750
Deferred tax assets	252,394	461,596
Total Current Assets	70,014,382	59,732,241
Non-current Assets:		
Property and equipment, net of accumulated depreciation of \$1,863,014 and \$1,483,267, respectively	6,872,135	6,738,368
Intangible assets, net of accumulated amortization of \$1,132,055 and \$547,567, respectively	15,321,200	6,162,549
Advances for purchases of intangible assets and property and equipment	3,101,289	2,838,679
Total Non-current Assets	25,294,624	15,739,596
TOTAL ASSETS	\$ 95,309,006	\$ 75,471,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 3,638,398	\$ 1,049,268
Accrued expenses	44,864	56,075
Accrued taxes payable	1,456,375	1,170,003
Other payables	276,227	42,813
Advances from customers	804,176	693,178
Other payables - related parties	75,741	75,741
Short-term notes payable	3,802,504	2,480,231
Total Current Liabilities	10,098,285	5,567,309
Long term research and development commitments	36,563	36,474
Total Liabilities	10,134,848	5,603,783
Stockholders' Equity:		
Common stock, \$0.001 par value; 60,000,000 shares authorized; 42,278,938 shares issued and outstanding	42,279	42,279
Additional paid-in capital	21,066,338	21,066,338
Retained earnings	58,166,838	43,039,819
Accumulated comprehensive income		
- foreign currency translation adjustment	5,898,703	5,719,618
Total Stockholders' Equity	85,174,158	69,868,054
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 95,309,006	\$ 75,471,837

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

CHINA PHARMA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Revenue	\$ 15,522,953	\$ 12,610,642	\$ 42,116,290	\$ 35,606,490
Cost of revenue	8,979,083	6,494,266	23,724,155	17,730,026
Gross profit	6,543,870	6,116,376	18,392,135	17,876,464
Operating expenses (benefit):				
Selling expenses	807,231	529,432	2,013,915	1,323,854
General and administrative	521,676	410,287	1,563,330	1,324,452
Bad debt expense (benefit)	(2,836,495)	491,781	(2,101,710)	1,571,594
Total operating expenses (benefit)	(1,507,588)	1,431,500	1,475,535	4,219,900
Income from operations	8,051,458	4,684,876	16,916,600	13,656,564
Non-operating income (expenses):				
Interest income	3,956	26,224	25,265	31,259
Interest expense	(24,436)	(34,629)	(103,143)	(130,342)
Total non-operating income (expense)	(20,480)	(8,405)	(77,878)	(99,083)
Income before taxes	8,030,978	4,676,471	16,838,722	13,557,481
Income tax expense	867,750	424,993	1,711,703	1,078,163
Net income	\$ 7,163,228	\$ 4,251,478	\$ 15,127,019	\$ 12,479,318
Basic earnings per share	\$ 0.17	\$ 0.10	\$ 0.36	\$ 0.32
Basic weighted average shares outstanding	42,278,938	42,278,938	42,278,938	39,523,464
Net income	\$ 7,163,228	\$ 4,251,478	\$ 15,127,019	\$ 12,479,318
Foreign currency translation adjustments	85,896	133,713	179,085	2,853,755
Comprehensive income	\$ 7,249,124	\$ 4,385,191	\$ 15,306,104	\$ 15,333,073

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

CHINA PHARMA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINEMONTHS ENDED SEPTEMBER 30, 2009
(Unaudited)

	For the nine months ended September 30,	
	2009	2008
Cash Flows from Operating Activities:		
Net income	\$ 15,127,019	\$ 12,479,318