

CHINA HGS REAL ESTATE INC.  
Form 10-Q  
May 16, 2011

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

FORM 10-Q  
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

Commission File Number: 001-34864

CHINA HGS REAL ESTATE, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Florida 33-0961490  
(State or Other Jurisdiction of Incorporation) (I.R.S. Employer Identification Number)

6 Xinghan Road, 19th Floor, Hanzhong City  
Shaanxi Province, PRC 723000  
(Address of Principal Executive Offices, Zip Code)

+(86) 091 - 62622612  
(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 Exchange Act 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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No x

The number of shares outstanding of each of the issuer's classes of common equity, as of May 16, 2011 is as follows:

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Class of Securities	Shares Outstanding
Common Stock, \$0.001 par value	45,050,000

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## PART I: FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CHINA HGS REAL ESTATE INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

## ASSETS

	March 31, 2011	September 30, 2010
Current assets:		
Cash	\$20,555,462	12,621,845
Restricted cash	1,157,734	923,245
Loans to outside parties, net	2,623,660	6,748,832
Real estate property development completed	13,048,015	10,922,339
Real estate property under development	22,860,571	28,021,880
Other current assets	2,145,852	12,436
Total current assets	62,391,294	59,250,577
Property, plant and equipment, net	643,534	665,589
Real estate property under development, net of current portion	25,776,793	9,263,712
Total Assets	\$88,811,621	\$69,179,878

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$2,075,564	\$810,179
Other payables	267,310	1,061,725
Construction deposits	321,536	72,955
Customer deposits	14,701,777	12,424,261
Accrued expenses	883,652	914,573
Taxes payable	4,569,129	3,911,251
Total current liabilities	22,818,968	19,194,944
Customer deposits, net of current portion	4,563,967	1,370,629
Construction deposits, net of current portion	450,093	458,783
Total liabilities	27,833,028	21,024,356
Commitments and Contingencies		
Stockholders' equity		

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Common stock, \$0.001 par value, 100,000,000 shares authorized, 45,050,000 shares issued and outstanding as of March 31, 2011 and September 30, 2010	\$45,050	\$45,050
Additional paid-in capital	17,695,276	17,670,927
Statutory surplus	4,065,393	4,065,393
Retained earnings	35,160,994	23,482,159
Accumulated other comprehensive income	4,011,880	2,891,993
Total stockholders' equity	60,978,593	48,155,522
Total Liabilities and Stockholders' Equity	\$88,811,621	\$69,179,878

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

CHINA HGS REAL ESTATE INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
(Unaudited)

	Three months ended March 31,		Six months ended March 31,	
	2011	2010	2011	2010
Real estate sales	\$26,222,848	\$13,906,537	\$26,358,800	\$24,960,640
Sales tax	(1,458,600 )	(870,180 )	(1,513,639 )	(1,533,426 )
Cost of real estate sales	12,076,181	7,383,888	12,155,964	12,936,478
Gross profit	12,688,067	5,652,469	12,689,197	10,490,736
Operating expenses				
Selling and distribution expenses	133,625	144,090	164,540	443,170