

CHINA AUTOMOTIVE SYSTEMS INC
Form 10-Q
November 12, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark one)

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

For the quarterly period ended September 30, 2009

Or

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

For the transition period from _____ to _____

Commission file number: 000-33123

China Automotive Systems, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

33-0885775
(I.R.S. employer identification number)

No. 1 Henglong Road, Yu Qiao Development Zone, Shashi District,
Jing Zhou City, Hubei Province, People's Republic of China

(Address of principal executive offices)

Issuer's telephone number: (86) 716- 832- 9196

Issuer's fax number: (86) 716-832-9298

Not Applicable

(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 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

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.

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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 September 30, 2009, the Company had 26,984,744 shares of common stock issued and outstanding.

CHINA AUTOMOTIVE SYSTEMS, INC.
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PART 1 — FINANCIAL INFORMATION

Item 1. Financial Statements

China Automotive Systems, Inc.
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,	
	2009	2008
Net product sales, including \$1,384,458 and \$967,591 to related parties for the three months ended September 30, 2009 and 2008	\$ 64,654,369	\$ 36,936,755
Cost of product sold, including \$3,477,109 and \$1,783,822 purchased from related parties for the three months ended September 30, 2009 and 2008	47,015,047	27,058,532
Gross profit	17,639,322	9,878,223
Add: Gain on other sales	284,234	343,326
Less: Operating expenses-		
Selling expenses	4,334,443	2,309,064
General and administrative expenses	2,739,886	2,060,675
R&D expenses	531,383	665,552
Depreciation and amortization	663,408	1,488,842
Total Operating expenses	8,269,120	6,524,133
Income from operations	9,654,436	3,697,416
Add: Other income, net (note 22)	-	123,167
Financial income (expenses) net (note 23)	(401,121)	(446,261)
Gain on change in fair value of derivative (note 24)	3,129,794	677,417
Income before income taxes	12,383,109	4,051,739
Less: Income taxes (note 25)	1,789,836	309,480
Net income	\$ 10,593,273	\$ 3,742,259
Net income attributable to noncontrolling interests	2,036,762	983,480
Net income attributable to common shareholders	\$ 8,556,511	\$ 2,758,779
Net income per common share attributable to common shareholders -		
Basic (note 26)	\$ 0.32	\$ 0.10
Diluted (note 26)	\$ 0.28	\$ 0.09
Weighted average number of common shares outstanding -		
Basic	26,983,717	26,983,244
Diluted	31,412,485	31,431,026

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

China Automotive Systems, Inc.

Condensed Consolidated Statements of Operations (Unaudited)

	Nine Months Ended September 30,	
	2009	2008
Net product sales, including \$3,257,716 and \$3,766,078 to related parties for the nine months ended September 30, 2009 and 2008	\$ 171,836,094	\$ 124,912,138
Cost of product sold, including \$8,463,331 and \$6,387,212 purchased from related parties for the nine months ended September 30, 2009 and 2008	123,497,209	88,358,541
Gross profit		