

CHINA PHARMA HOLDINGS, INC.

Form 10-Q

November 10, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2010

- 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 001-34471

CHINA PHARMA HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-1564807
(IRS Employer
Identification No.)

Second Floor, No. 17, Jinpan Road
Haikou, Hainan Province, China 570216
(Address of principal executive offices) (Zip Code)

+86 898-6681-1730 (China)
(Issuer'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 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. (Check One):

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 43,393,642 shares of Common Stock, \$.001 par value, were outstanding as of November 8, 2010.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited condensed consolidated balance sheets, statements of operations and comprehensive income, and statements of cash flows and the related notes thereto, have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments, consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair presentation for the interim periods.

The accompanying financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009.

The results of operations for the three-month period and nine-month period ended September 30, 2010 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$4,561,432	\$3,634,753
Trade accounts receivable, less allowance for doubtful accounts of \$2,976,077 and \$2,718,358, respectively	56,792,742	51,238,339
Other receivables, less allowance for doubtful accounts of \$21,880 and \$3,556, respectively	132,280	78,525
Advances to suppliers	3,358,113	1,798,446
Inventory	19,861,057	14,233,073
Deferred tax assets	523,840	319,820
Total Current Assets	85,229,464	71,302,956
Advances for purchases of property and equipment and intangible assets	3,574,496	3,599,949
Property and equipment, net of accumulated depreciation of \$2,661,208 and \$2,020,462, respectively	6,394,538	6,705,873
Intangible assets, net of accumulated amortization of \$2,082,188 and \$1,359,048, respectively	26,342,406	19,332,284
TOTAL ASSETS	\$121,540,904	\$100,941,062
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$4,400,332	\$3,957,923
Accrued expenses	55,043	47,435
Accrued taxes payable	2,180,851	1,528,691
Other payables	75,560	58,191
Advances from customers	1,030,766	1,037,693
Other payables - related parties	303,644	75,741
Short-term notes payable	2,985,921	3,802,726
Total Current Liabilities	11,032,117	10,508,400
Long-term research and development commitments	-	36,565
Total Liabilities	11,032,117	10,544,965
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value; 95,000,000 shares authorized; 43,393,642 shares and 42,308,350 shares outstanding, respectively	43,393	42,308
Additional paid-in capital	24,041,616	21,178,114
Retained earnings	78,328,698	63,272,868
Accumulated foreign currency translation adjustment	8,095,080	5,902,807
Total Stockholders' Equity	110,508,787	90,396,097
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$121,540,904	\$100,941,062

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		For the Nine Months Ended	
	Ended		September 30,	
	September 30,	September 30,	September 30,	September 30,
	2010	2009	2010	2009
Revenue	\$18,680,390	\$15,522,953	\$50,414,254	\$42,116,290
Cost of revenue	11,055,254	8,979,083	29,610,973	