

China Precision Steel, Inc.
Form 10-Q
May 16, 2011

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: March 31, 2011

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: 000-23039

CHINA PRECISION STEEL, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

14-1623047
(I.R.S. Employer Identification No.)

18th Floor, Teda Building
87 Wing Lok Street, Sheungwan, Hong Kong
People's Republic of China
(Address of principal executive offices, Zip Code)

852-2543-2290
(Registrant's telephone number, including area code)

(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 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

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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

The number of shares outstanding of each of the issuer’s classes of common stock, as of May 10, 2011 is as follows:

Class of Securities	Shares Outstanding
Common Stock, \$0.001 par value	46,562,955

CHINA PRECISION STEEL, INC.

Quarterly Report on Form 10-Q
Three and Nine Months Ended March 31, 2011

TABLE OF CONTENTS

PART I		1
FINANCIAL INFORMATION		1
ITEM 1.	FINANCIAL STATEMENTS.	1
ITEM 4.	CONTROLS AND PROCEDURES.	33
PART II		34
OTHER INFORMATION		34
ITEM 1.	LEGAL PROCEEDINGS.	34
ITEM 1A.	RISK FACTORS.	34
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.	34
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES.	34
ITEM 4.	(REMOVED AND RESERVED).	34
ITEM 5.	OTHER INFORMATION.	34
ITEM 6.	EXHIBITS.	34

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CHINA PRECISION STEEL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

INDEX TO FINANCIAL STATEMENTS

	Page(s)
Financial Statements	
Consolidated Balance Sheets (unaudited)	2
Consolidated Statements of Operations and Comprehensive Income (unaudited)	3
Consolidated Statements of Changes in Stockholders' Equity (unaudited)	4
Consolidated Statements of Cash Flows (unaudited)	5
Notes to Consolidated Financial Statements (unaudited)	6

China Precision Steel, Inc. and Subsidiaries
Consolidated Balance Sheets

	Notes	March 31, 2011 (Unaudited)	June 30, 2010
Assets			
Current assets			
Cash and cash equivalents		\$16,407,991	\$29,036,706
Accounts receivable			
Trade, net of allowances of \$1,049,782 and \$1,013,744 at March 31, 2011 and June 30, 2010, respectively	5	27,272,741	39,598,845
Bills receivable		553,324	4,760,816
Other		769,968	1,369,219
Inventories	6	32,707,700	28,522,198
Prepaid expenses		777,248	534,882
Advances to suppliers, net of allowance of \$1,701,841 and \$1,643,419 at March 31, 2011 and June 30, 2010, respectively	7	35,521,882	13,959,206
Total current assets		114,010,854	117,781,872
Property, plant and equipment			
Property, plant and equipment, net	8	73,477,212	69,907,194
Construction-in-progress	9	6,844,726	3,983,450
		80,321,938	73,890,644
Intangible assets, net	10	1,878,394	1,844,995
Goodwill		99,999	99,999
Total assets		\$196,311,185	\$193,617,510
Liabilities and Stockholders' Equity			
Current liabilities			
Short-term loans	11	\$27,333,697	\$25,965,421
Accounts payable and accrued liabilities		5,302,263	9,952,109
Advances from customers		3,860,501	3,266,377
Other taxes payables		4,217,926	3,868,220
Current income taxes payable		5,723,681	5,393,000
Total current liabilities		46,438,068	48,445,127
Long-term loan	12	18,000,000	18,075,914
Stockholders' equity:			