

ACL SEMICONDUCTOR INC
Form 10-Q
August 19, 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 June 30, 2010

OR

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

Commission file number: 000-50140

ACL Semiconductors Inc.

(Exact name of Registrant as specified in its charter)

Delaware

16-1642709

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

Room 1701, 17/F.,
Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay,
Kowloon, Hong Kong.

(Address of principal executive offices) (Zip code)

011-852-3666-9939

(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 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 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):

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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

The Registrant had 28,729,936 shares of common stock outstanding as of August 14, 2010.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u> <u>FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u> <u>Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	1
<u>Condensed Consolidated Statements of Income (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	4
<u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u>	6
<u>ITEM 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>ITEM 3.</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u>	34
<u>ITEM 4T.</u> <u>Controls and Procedures</u>	35
<u>Part II</u> <u>OTHER INFORMATION</u>	36
<u>ITEM 1.</u> <u>Legal Proceedings</u>	36
<u>ITEM 1A.</u> <u>Risk Factors</u>	36
<u>ITEM 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
<u>ITEM 3.</u> <u>Defaults Upon Senior Securities</u>	36
<u>ITEM 4.</u> <u>(Removed and Reserved)</u>	36
<u>ITEM 5.</u> <u>Other Information</u>	36
<u>ITEM 6.</u> <u>Exhibits</u>	37
<u>SIGNATURES</u>	38
<u>EXHIBIT INDEX</u>	41

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

ACL SEMICONDUCTORS INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Unaudited)

	As of June 30, 2010 (Unaudited)	As of December 31, 2009
	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 2,986,215	\$ 2,001,805
Restricted cash	2,088,374	2,086,504
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2010 and 2009	15,956,010	12,434,386
Inventories, net	5,323,246	6,048,116
Other current assets	232,453	274,351
	<u> </u>	<u> </u>
Total current assets	26,586,298	22,845,162
Property, equipment and improvements , net of accumulated depreciation and amortization	8,261,132	8,179,765
Other deposits	145,159	213,535
Amount due from Mr. Yang	11,238,556	11,233,839
	<u> </u>	<u> </u>
Total Assets	<u>46,231,145</u>	<u>42,472,301</u>

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

ACL SEMICONDUCTORS INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Unaudited)

LIABILITIES AND STOCKHOLDERS EQUITY

	As of June 30, 2010 (Unaudited)	As of December 31, 2009
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable	\$ 22,023,418	\$ 23,838,753
Accrued expenses	451,947	527,582
Lines of credit and loan facilities	12,645,544	9,013,813
Current portion of long-term debt	319,530	318,972
Current portion of capital lease	298,434	318,135
Income tax payable	861,012	505,078
Due to stockholders for converted pledged collateral	112,385	112,385
Other current liabilities	159,863	282,475
	<u> </u>	<u> </u>
Total current liabilities	36,872,133	34,917,193
Long-term liabilities		
Long-term debts, less current portion	2,589,265	2,747,981
Capital lease, less current portion	73,866	146,117
Deferred tax liabilities	19,468	19,468
	<u> </u>	<u> </u>
Total long-term liabilities	2,682,599	2,913,566
	<u> </u>	<u> </u>
Total Liabilities	39,554,732	37,830,759
	<u> </u>	<u> </u>
Stockholders equity:		
Common stock - \$0.001 par value; 50,000,000 shares authorized; 28,729,936 issued and outstanding as of June 30, 2010 and December 31, 2009 respectively	28,730	28,730
Additional paid in capital	3,658,627	3,658,627
Retained earnings	2,989,056	954,185
	<u> </u>	<u> </u>
Total stockholders equity	6,676,413	4,641,542
	<u> </u>	<u> </u>
Total Liabilities and Stockholders equity	46,231,145	42,472,301
	<u> </u>	<u> </u>

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

ACL SEMICONDUCTORS INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009 (Restated)	June 30, 2010	June 30, 2009 (Restated)
Net sales				
Related parties	\$ 2,119,515	\$ 159,577	\$ 3,560,951	\$ 475,999
Other	87,412,775	75,667,934	184,982,401	137,858,640
Less discounts to customers		(449)		(7,438)
	<u>89,532,290</u>	<u>75,827,062</u>	<u>188,543,352</u>	<u>138,327,201</u>
Cost of sales	<u>87,601,020</u>	<u>73,273,593</u>	<u>183,785,478</u>	<u>132,915,773</u>
Gross profit	1,931,270	2,553,469	4,757,874	5,411,428
Operating expenses				
Selling	28,586	36,256	53,388	58,434
General and administrative	1,122,719	1,232,737	2,180,589	2,522,190
	<u>779,965</u>	<u>1,284,476</u>	<u>2,523,897</u>	<u>2,830,804</u>
Income from operations				
Other income (expenses)				
Rental income	30,000	22,308	60,000	44,615
Interest expense	(110,705)	(115,918)	(205,869)	(282,810)
Management and service income	10,884	7,641	19,205	14,180
Net income on cash flow hedge		28,372	15,410	48,721
Interest income	192	2,312	285	31,022
(Loss) profit on disposal of fixed assets		21,350	(308)	21,350
Exchange differences	(8,754)	7,699	(14,957)	5,555
Miscellaneous	20,518	5,310	21,479	3,354
	<u>722,100</u>	<u>1,263,550</u>	<u>2,419,142</u>	<u>2,716,791</u>
Income before income taxes provision				
Income taxes provision	128,205	179,487	384,271	397,436
	<u>593,895</u>	<u>1,084,063</u>	<u>2,034,871</u>	<u>2,319,355</u>
Net Income				
Earnings per share - basic and diluted	\$ 0.02	\$ 0.04	\$ 0.07	\$ 0.08
Weighted average number of shares - basic and diluted	<u>28,729,936</u>	<u>28,729,936</u>	<u>28,729,936</u>	<u>28,729,936</u>

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

ACL SEMICONDUCTORS INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six months ended	
	June 30, 2010	June 30, 2009 (Restated)
	<u> </u>	<u> </u>
Cash flows provided by (used for) operating activities:		
Net income	\$ 2,034,871	\$ 2,319,355
	<u> </u>	<u> </u>
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	154,837	142,019
Change in inventory reserve	283,031	149,744
Loss (Gain) on disposal of fixed assets	308	(21,350)
Issuance of common stocks to consultant as professional fee under share option scheme		66,000
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable other	(3,521,622)	