

China Internet Cafe Holdings Group, Inc.
Form 10-Q
August 14, 2015

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, 2015

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

For the transition period from _____ to _____

Commission file number: **333-199619**

CHINA INTERNET CAFÉ HOLDINGS GROUP, INC.

(Exact name of Company as specified in its charter)

Nevada **98-0500738**
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

**505 Lianheng Commercial Building, 5th Floor,
Ainan Road No. 391, Nanlian Community,
Longgang Street Office, Longgang District,
Shenzhen, Guangdong Province, People's Republic of China 518116**
(Address of principal executive offices) (Zip Code)

+86-755-8989-6008
(Registrant's telephone number, including area code)

#1707, Block A, Genzon Times Square, Longcheng Blvd, Centre City

Longgang District, Shenzhen

Guangdong Province, People's Republic of China 518172

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed 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.

Large accelerated filer Accelerated filer

Non-accelerated filer 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 ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes " No "

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of August 13, 2015, there were 5,538,002 shares of \$0.00001 par value common stock issued and outstanding.

CHINA INTERNET CAFÉ HOLDINGS GROUP, INC.

FORM 10-Q

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PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

CHINA INTERNET CAFE HOLDINGS GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015

(UNAUDITED)

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CHINA INTERNET CAFE HOLDINGS GROUP, INC. AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

ASSETS	June 30, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$23,219,084	\$ 23,789,211
Rental deposit	75,206	62,222
Equipment deposit	3,252	3,226
Total current assets	23,297,542	23,854,659
Property, plant and equipment, net	1,213,341	1,882,823
Rental deposit-long-term portion	8,179	32,255
Total assets	\$24,519,062	\$ 25,769,737
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$26,639	\$ 45,283
Registration penalties payable	641,200	641,200
Deferred revenue	158,271	131,013
Payroll and payroll related liabilities	88,163	349,866
Income and other taxes payable	20,432	134,773
Accrued expenses	244,332	287,666
Amount due to a shareholder	1,893,477	1,711,061
Dividend payable on preferred stock	186,565	186,565
Total current liabilities	3,259,079	3,487,427
Stockholders' Equity:		
Common stock (\$0.00001 par value, 20,000,000 shares authorized, 5,538,002 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	55	55
Additional paid-in capital	6,232,961	6,232,961
Statutory surplus reserves	718,744	718,744
Retained earnings	11,538,039	12,760,296
Accumulated other comprehensive income	2,770,184	2,570,254
Total stockholders' equity	21,259,983	22,282,310
Total liabilities and stockholders' equity	\$24,519,062	\$ 25,769,737

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

CHINA INTERNET CAFE HOLDINGS GROUP, INC. AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED****STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

	For The Six Months Ended		For The Three Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Revenue	\$ 661,272	\$ 12,365,107	\$ 284,408	\$ 4,705,765
Cost of revenue	1,571,028	8,371,806	766,317	4,284,254
Gross profit (loss)	(909,756)	3,993,301	(481,909)	421,511
Operating Expenses				
General and administrative expenses	316,501	250,000	174,103	139,471
Loss on disposal of property and equipment	23,012	2,932,867	23,012	2,932,867
Total operating expenses	339,513	3,182,867	197,115	3,072,338
Income (loss) from operations	(1,249,269)	810,434	(679,024)	(2,650,827)
Non-operating income				
Interest income	40,505	68,880	20,567	33,514
Interest expense	-	(7,044)	-	(3,365)
Other expenses	(13,493)	(46,851)	(13,468)	(46,534)
Total non-operating income (loss)	27,012	14,985	7,099	(16,385)
Income (Loss) before income taxes	(1,222,257)	825,419	(671,925)	(2,667,212)
Income taxes	-	882,362	-	-
Net loss	(1,222,257)	(56,943)	(671,925)	(2,667,212)
Net loss attributable to China Internet Cafe Holdings Group, Inc. common stockholders	\$(1,222,257)	\$(56,943)	\$(671,925)	\$(2,667,212)
Other comprehensive loss				
Net loss	\$(1,222,257)	\$(56,943)	\$(671,925)	\$(2,667,212)
Foreign currency translation	199,930	(322,655)	81,718	67,459
Total comprehensive loss	\$(1,022,327)	\$(379,598)	\$(590,207)	\$(2,599,753)
Loss per share				
- Basic	\$(0.22)	\$(0.10)	\$(0.12)	\$(0.52)
- Diluted	\$(0.22)	\$(0.10)	\$(0.12)	\$(0.52)
Weighted average common stock outstanding				
- Basic	5,538,002	5,138,002	5,538,002	5,138,002
- Diluted	5,538,002	5,138,002	5,538,002	5,138,002

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

CHINA INTERNET CAFE HOLDINGS GROUP, INC. AND SUBSIDIARIES**UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****FOR THE SIX MONTHS ENDED JUNE 30, 2015**

	Common Stock		Additional			Accumulated Other	Total
	Number of Shares	Amount	Paid-in Capital	Statutory Reserves	Retained Earnings	Comprehensive Income	Stockholders' Equity
Balance at January 1, 2015	5,538,002	\$ 55	\$6,232,961	\$718,744	\$12,760,296	\$ 2,570,254	\$22,282,310
Net loss for the period	-	-	-	-	(1,222,257)	-	(1,222,257)
Foreign currency translation difference	-	-	-	-	-	199,930	199,930
Balance at June 30, 2015	5,538,002	\$ 55	\$6,232,961	\$718,744	\$11,538,039	\$ 2,770,184	\$21,259,983

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

CHINA INTERNET CAFE HOLDINGS GROUP, INC. AND SUBSIDIARIES