

CHINA FIRE & SECURITY GROUP, INC.
Form 10-Q/A
May 11, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to

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 March 31, 2010

or

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 000-50491

China Fire & Security Group, Inc.
(Name of small business issuer in its charter)

Florida
(State or other jurisdiction
of incorporation or organization)

65-1193022
(I.R.S. Employer
Identification No.)

B-2508 TYG Center, C2
Dongsanhuanbeilu,
Chaoyang District, Beijing 100027,
People's Republic of China
(Address of principal executive offices)

100027
(Zip Code)

Issuer's telephone number: (86-10) 8441 7400.

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

(Do not check if 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
o No

As of May 10, 2010, the Registrant had 27,595,541 shares of common stock outstanding.

EXPLANATORY NOTE

This Amendment No. 1 to our Quarterly Report on Form 10-Q initially filed with the Securities and Exchange Commission on May 10, 2010 is being filed for the purpose of amending the disclosure related to the restructuring of Sureland Industrial Fire Safety Limited on page 7 and page 35.

China Fire & Security Group, Inc.

Table of Contents

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited):	
Consolidated Balance Sheets as of March 31, 2010 (unaudited) and December 31, 2009	3
Consolidated Statements of Income and Other Comprehensive Income For the Three Months Ended March 31, 2010 and 2009 (unaudited)	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2010 and 2009 (unaudited)	6
Notes to Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis or Plan of Operation	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	40
Item 4. Controls and Procedures	40
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	41
Item 1A. Risk Factors	41
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 3. Defaults Upon Senior Securities	41
Item 4. Submission of Matters to a Vote of Security Holders.	41
Item 5. Other Information	41
Item 6. Exhibits	41

Item 1. Financial Statements

CHINA FIRE & SECURITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2010 AND DECEMBER 31, 2009

	March 31, 2010 (Unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 25,137,358	\$ 34,976,880
Restricted cash	5,741,283	1,837,134
Notes receivable	5,609,303	4,274,268
Accounts receivable, net of allowance for doubtful accounts of \$7,160,723 and \$6,539,787 as of March 31, 2010 and December 31, 2009, respectively	31,862,625	30,989,569
Receivables from and prepayments to related parties	1,759,452	551,792
Other receivables	641,015	368,679
Refundable bidding and system contracting project deposits	1,538,677	1,774,330
Inventories	5,577,035	5,360,520
Costs and estimated earnings in excess of billings	43,713,982	36,562,573
Employee advances	1,409,465	953,625
Prepayments and deferred expenses	3,633,930	3,397,358
Total current assets	126,624,125	121,046,728
PLANT AND EQUIPMENT, net	8,761,779	8,617,521
OTHER ASSETS:		
Restricted cash - non current	2,020,865	3,602,906
Accounts receivable - retentions	3,977,360	3,463,998
Deferred expenses - non current	116,045	116,045
Investment in joint ventures	480,547	477,837
Intangible assets, net	1,022,333	1,041,156
Total other assets	7,617,150	8,701,942
Total assets	\$ 143,003,054	\$ 138,366,191

LIABILITIES AND EQUITY**CURRENT LIABILITIES:**