

Delta Technology Holdings Ltd
Form 6-K
June 29, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of June, 2015

Commission File Number: 001-35755

Delta Technology Holdings Limited

16 Kaifa Avenue

Danyang, Jiangsu, China 212300

Tel: +86 511-8673-3102

(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F "

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): "

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-_____.

Results of Operations and Financial Condition

Following are the unaudited financial results for the six months ended December 31, 2014 and 2013 of Delta Technology Holdings Limited.

DELTA TECHNOLOGY HOLDINGS LIMITED

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DELTA TECHNOLOGY HOLDINGS LIMITED**Consolidated Balance Sheets****as AT DECEMBER 31, 2014 AND June 30, 2014**

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,118,554	\$9,045,950
Restricted cash	35,108,343	22,855,107
Trade and other receivables	65,559,070	77,745,875
Inventories	14,665,066	14,062,567
	\$ 122,451,033	\$ 123,709,499
Non-current assets		
Property, plant and equipment	\$ 77,247,972	\$76,439,788
Land use rights	5,691,751	5,724,636
Deferred tax assets	620,176	657,377
	\$ 83,559,899	\$82,821,801
Total assets	\$ 206,010,932	\$206,531,300
LIABILITIES		
Trade and other payables	\$ 31,451,608	\$35,850,810
Advances from customers	3,561,688	1,776,624
Due to a shareholder	-	2,857,432
Dividends payables	35,000,000	-
Bank borrowings	74,427,624	81,377,050
Income tax payables	1,846,267	814,051
Deferred tax liabilities	1,236,656	1,020,209
Convertible bonds - current portion	-	27,375,750
Total current liabilities	\$ 147,523,843	\$ 151,071,926
Total liabilities	\$ 147,523,843	\$ 151,071,926
Shareholders' equity		
Ordinary shares, \$0.0001 par value per share, 150,000,000 shares authorized, 6,897,059 and 4,560,000 shares issued and outstanding at December 31, 2014 and June 30, 2014 respectively	\$ 690	\$456
Preferred shares, par value \$0.0001 per share; 5,000,000 shares authorized; none issued or outstanding	-	-
Additional paid-in capital	41,427,773	8,852,257
Statutory reserves	6,196,949	6,196,949
Retained earnings	3,343,194	34,370,050
Accumulated other comprehensive income	7,518,483	6,039,662

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Total equity	\$ 58,487,089	\$55,459,374
Total liabilities and equity	\$ 206,010,932	\$206,531,300

See notes to consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED**Consolidated Statements of Operations and Comprehensive Income****For THE six MONTHS ENDED DECEMBER 31, 2014 AND 2013**

	Six Months Ended December 31,	
	2014	2013
	(Unaudited)	(Unaudited)
Revenue	\$ 117,670,355	\$ 88,651,621
Cost of sales	(107,343,838)	(79,713,476)
Gross profit	10,326,517	8,938,145
Operating expenses:		
Selling expenses	(1,363,164)	(1,356,428)
General and administrative expenses	(2,686,008)	(1,644,580)
Total operating expenses	(4,049,172)	(3,001,008)
Other expenses:		
Interest expenses	(2,416,950)	(2,014,433)
Interest income	2,008,182	1,028,593
Other (loss) gains - net	(421,381)	329,862
Total other income expenses	(830,149)	(655,978)
Income before income taxes	5,447,196	5,281,159
Income taxes	(1,474,052)	(1,323,757)
Net income	\$ 3,973,144	\$ 3,957,402
Other comprehensive income		
Foreign currency translation adjustments	1,478,821	746,216
Total other comprehensive income	1,478,821	746,216
Comprehensive income	\$ 5,451,965	\$ 4,703,618
Earnings per share attributable to equity holders of the Company		
- Basic	\$ 0.67	\$ 0.87
- Diluted	\$ 0.67	\$ 0.87
Weighted average shares used in calculating earnings per ordinary share		
- Basic	5,921,144	4,560,000
- Diluted	5,921,144	4,560,000

See notes to consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED**Consolidated Statements of Shareholders' Equity****For THE six MONTHS ENDED DECEMBER 31, 2014 AND THE YEAR ENDED JUNE 30, 2014**

	Ordinary Shares	Shares Amount	Additional paid-in capital	Statutory reserves	Retained earnings	Accumulated other comprehensive income	Total
Balance as of July 1, 2013	4,560,000	\$ 456	\$8,852,257	\$3,219,995	\$30,518,696	\$ 5,723,223	\$48,314,627
Net income	-	-	-	-	6,828,308	-	6,828,308
Appropriation to statutory reserves	-	-	-	2,976,954	(2,976,954)	-	-
Foreign currency translation adjustment	-	-	-	-	-	316,439	316,439
Balance as of June 30, 2014	4,560,000	\$ 456	\$8,852,257	\$6,196,949	\$34,370,050	\$ 6,039,662	\$55,459,374
Balance as of July 1, 2014	4,560,000	\$ 456	\$8,852,257	\$6,196,949	\$34,370,050	\$ 6,039,662	\$55,459,374
Dividends	-	-	-	-	(35,000,000)	-	(35,000,000)
Reverse acquisition	2,337,059	234	32,575,516	-	-	-	32,575,750
Net income	-	-	-	-	3,973,144	-	3,973,144
Foreign currency translation adjustment	-	-	-	-	-	1,478,821	1,478,821
Balance as of December 31, 2014	6,897,059	\$ 690	\$41,427,773	\$6,196,949	\$3,343,194	\$ 7,518,483	\$58,487,089

See notes to consolidated financial statements.

DELTA TECHNOLOGY HOLDINGS LIMITED**Consolidated Statements of Cash Flows****For THE six MONTHS ENDED DECEMBER 31, 2014 AND 2013**

	Six Months Ended December 31,	
	2014	2013
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income	\$ 3,973,144	\$ 3,957,402
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	3,186,954	2,102,377
Amortization of land use rights	44,163	26,516
Gain on disposals of property, plant and equipment	7,188	-
Deferred income taxes	252,566	138,261
Allowance for doubtful accounts	361,657	178,310
Changes in assets and liabilities, net of effects of acquisitions:		
Trade and other receivables	12,335,401	(1,723,644)
Inventories	(575,757)	(552,922)
Trade and other payables	(7,323,770)	(6,595,588)
Advances from customers	1,781,769	(320,908)
Income tax payables	1,030,716	51,396
Net cash provided by (used in) operating activities	15,074,031	(2,738,800)
Cash flows from investing activities:		
Acquisitions of		
- Land use rights	-	(481,195)
- Property, plant and equipment	(3,898,468)	(14,370,596)
Net cash used in investing activities	(3,898,468)	(14,851,791)
Cash flows from financing activities:		
Proceeds from bank borrowings	61,202,282	86,629,884
Repayment of bank borrowings	(68,290,506)	(64,362,209)
Proceeds from escrow account	5,200,000	-
Change in restricted cash	(12,210,324)	(5,922,840)
Net cash (used in) provided by financing activities	(14,098,548)	16,344,835
Effect of exchange rate changes on cash	995,589	804,875
Decrease in cash and cash equivalents	(1,927,396)	(440,881)
Cash and cash equivalents at beginning of period	9,045,950	3,946,136
Cash and cash equivalents at end of period	\$ 7,118,554	\$ 3,505,255

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Supplemental disclosures of cash flow information:

Interest paid	\$ 2,416,950	\$ 2,014,433
Tax paid	\$ 1,198,021	\$ 1,433,715

See notes to consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the six months ended December 31, 2014 and 2013

Note 1 - Organization and Business Operations

Delta Technology Holdings Limited (formerly known as CIS Acquisition Limited, the “Company,” or “Delta Technology,” or “we”) was formed on November 28, 2011, under the laws of the British Virgin Islands. We were formed to acquire, through a merger, stock exchange, asset acquisition, stock purchase or similar acquisition transaction, one or more operating businesses. Although we were not limited to a particular geographic region or industry, we intended to focus on operating businesses with primary operations in Russia and Eastern Europe. We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act.

On December 21, 2012, our IPO of 4,000,000 units was consummated at a public offering price of \$10.00 per unit, generating gross proceeds of \$40,000,000. Each unit consists of one callable Class A Share, par value \$0.0001 per share, and one redeemable warrant. Each redeemable warrant included in the units entitles the holder to purchase one ordinary share at a price of \$10.00. Immediately prior to the consummation of the IPO, we completed a private placement of 4,500,000 warrants at a price of \$0.75 per warrant, for an aggregate purchase price of \$3,375,000, to our founding shareholders and their designees. We sold to the underwriters of the IPO, as additional compensation, an aggregate of 136,000 Class A Shares for \$2,720. A total of \$41,600,000, which included a portion of the \$3,375,000 of proceeds from the private placement of warrants to the founding shareholders and their designees, was placed in trust (the “Trust Account”) pending the completion of our initial acquisition transaction. On March 18, 2012, the ordinary shares and warrants underlying the units sold in the IPO began to trade separately.

On September 16, 2014, a Stock Purchase Agreement (the “Purchase Agreement”) was entered into by and among Delta Technology, Elite Ride Limited, a British Virgin Islands corporation (“Elite”), Delta Advanced Materials Limited, a Hong Kong corporation (“Delta”) and the shareholders of Elite (the “Elite Shareholders”). Upon closing of the Purchase Agreement on September 19, 2014, Delta Technology acquired all of the shares of Elite from Elite Shareholders in exchange for the issuance to Elite Shareholders an aggregate of 6,060,000 ordinary shares, of which 4,560,000 shares were issued at closing and 1,500,000 shares (“Earnout Payment Shares”) are held in escrow and will be released upon meeting of certain performance targets as specified in the Purchase Agreement (the “Acquisition”).

The Earnout Payment Shares, if any, will be issued as follows: (a) 500,000 shares shall be issued if the Company achieves Adjusted Net Income (as defined in the stock purchase agreement) of at least \$8 million for the period starting July 1, 2014 and ending June 30, 2015; (b) 500,000 shares shall be issued if the Company achieves Adjusted Net Income of at least \$9.2 million for the period starting July 1, 2015 and ending June 30, 2016; (c) 500,000 shares

shall be issued if the Company achieves Adjusted Net Income of at least \$10.6 million for the period starting July 1, 2016 and ending June 30, 2017 (collectively, the “Net Income Targets”). Further, during the thirteen (13) months post-closing, all material acquisitions made by the Company must be accretive to Company earnings. The Net Income Targets are to be met on an all-or-nothing basis, and there shall be no partial awards..

As a result of the consummation of the Acquisition, Elite is now our wholly subsidiary. Elite was incorporated under British Virgin Islands law on September 13, 2014 solely in contemplation of the Acquisition. It is currently the holding company of all the shares of Delta Advanced Materials Limited, a Hong Kong corporation (“Delta”), which, in turn, holds all the equity interests in four operating subsidiaries in the PRC: Jiangsu Yangtze Delta Fine Chemical Co., Ltd (“Jiangsu Delta”), Jiangsu Zhengxin New Material Research and Development Co., Ltd (“Jiangsu Zhengxin”), Jiangsu Delta Logistics Co., Ltd (“Jiangsu Logistics”), and Binhai Deda Chemical Co., Ltd (“Binhai Deda”) (collectively, the “PRC Subsidiaries”).

The Acquisition was accounted for as a reverse acquisition in accordance with US GAAP. Under this method of accounting, Delta Technology was treated as the “acquired” company for financial reporting purposes. This determination was primarily based on Elite comprising the ongoing operations of the combined entity, Elite senior management comprising the senior management of the combined company, and the former holders of Elite having a controlling interest in terms of the voting power of the combined entity. In accordance with guidance applicable to these circumstances, the Acquisition was considered to be a capital transaction in substance. Accordingly, for accounting purposes, the Acquisition was treated as the equivalent of Elite issuing stock for the net assets of Delta Technology, accompanied by a recapitalization. The net assets of Delta Technology will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Acquisition will be those of Elite.

Delta (formerly known as China Deltachem Holdings Limited) was incorporated in Hong Kong on June 17, 2010. The address of its registered office is Suite D, 19th Floor, Ritz Plaza, 122 Austin Road, Hong Kong. The reporting currency of Delta is the United States Dollar (“\$”). The principal activity of Delta is investment holding and currently operates four wholly-owned subsidiaries in the People’s Republic of China (“PRC”): Jiangsu Delta, Jiangsu Zhengxin R&D, Jiangsu Logistics, and Binhai Deda. Jiangsu Delta is the principal operating subsidiary of the Company and is engaged in the production of fine specialty chemicals.

On June 15, 2007, Jiangsu Delta was established by S&S International Investment Holding (HK) Limited (“S&S International”), a Hong Kong based investment holding company, as a wholly foreign-owned enterprise (with an initial registered capital of US\$42 million, which was later reduced to US\$ 28.8 million) located in Zhenjiang City, Jiangsu Province, the PRC.

Pursuant to a share transfer agreement entered into on April 13, 2008, Mr. Xin Chao acquired the entire equity interest in Jiangsu Delta from S&S International through Zhengxin International Investment Limited, a Hong Kong corporation (“Zhengxin International”) and became the controller of Jiangsu Delta since then. On May 21, 2008, the acquisition of Jiangsu Delta by Zhengxin International was approved by the Jiangsu Foreign Trade and Economic Cooperation Department in accordance with “The Approval of Alteration of Equities in and Amendment of the Articles of Association of Jiangsu Yantze River Delta Fine Chemical Co, Ltd.” issued by the same authority.

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DELTA TECHNOLOGY HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the six months ended December 31, 2014 and 2013

Note 1 - Organization and Business Operations (continued)

As part of corporate restructuring, Delta acquired Jiangsu Delta for a consideration of \$28.8 million pursuant to a sale and purchase agreement dated May 20, 2010. Delta, formerly known as China Deltachem Holdings Limited, as a pure investment holding vehicle controlled by Mr. Chao had an initial issued and paid-up share capital of HK\$10,000 comprising 10,000 shares of HK\$1.00 each. The said shares were issued at a total subscription price of HK\$68,640,000 (equivalent to \$8,800,000) with a premium of HK\$6,863 per share.

On August 30, 2010, the acquisition of Jiangsu Delta by Delta was approved by the Jiangsu Foreign Trade and Economic Cooperation Department in accordance with “The Approval of Share Transfer of and Amendment of the Articles of Association of Jiangsu Chang San Jiao Chemical Co., Ltd.” issued by the same authority.

On May 26, 2011, Delta carried out a bonus share issue, whereby an additional 39,990,000 ordinary shares of Delta were allotted and issued as bonus shares at a price of HK\$1.00 each to all the then shareholders of Delta at the ratio in proportion to their existing shareholding percentage, and credited as fully paid up on a capitalization of the reserve of HK\$39,990,000 from the capital reserve of Delta. Subsequent to the bonus issue, Delta’s total issued and paid-up share capital increases to HK\$40 million, comprising 40 million shares of HK\$1.00 each.

Delta entered into a series of Securities Purchase Agreements dated January 31, 2011, May 16, 2011 and June 30, 2011, respectively, with the funds managed by Korea Investment Partners Co. Ltd. And Kleiner, Perkins, Caufield & Byers (the “Bondholders”), pursuant to which it issued convertible bonds (“Convertible Bonds”) for an aggregate principal amount of US\$18 million. The Convertible Bonds have an interest rate of 6.00% per annum and a guaranteed interest rate at maturity of 15.00%. The principal and interests accrued on such Convertible Notes are convertible in whole or in part into the ordinary shares in Delta, on such terms and subject to the conditions of the Securities Purchase Agreements.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation and Presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The consolidated financial statements include the financial statements of the Company, and its wholly-owned subsidiaries. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Segment Reporting

The Company operates in one business and geographical segment of manufacturing and sales of organic compounds in the PRC. ASC 280, Segment Reporting, establishes standards for reporting information about operating segments. Given the economic characteristics of the similar nature of the products sold, the type of customer and the method of distribution, the Company operates as one reportable segment as defined by ASC 280, Segment Reporting.

Foreign Currency Translation

The Company’s financial statements are presented in the U.S. dollar (\$), which is the Company’s reporting currency and functional currency. The Company’s subsidiaries in the PRC use Renminbi (“RMB”) as their functional currencies. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Any differences between the initially recorded amount and the settlement amount are recorded as a gain or loss on foreign currency transaction in the consolidated statements of income. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency rate of exchange ruling at the balance sheet date. Any differences are taken to profit or loss as a gain or loss on foreign currency translation in the statements of income.

In accordance with ASC 830, Foreign Currency Matters, the Company translated the assets and liabilities into US\$ using the rate of exchange prevailing at the applicable balance sheet date and the statements of income and cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation are

recorded in shareholders' equity as part of accumulated other comprehensive income.

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DELTA TECHNOLOGY HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the six months ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue principally represents organic compound sale revenue. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities and is recorded net of value added tax ("VAT"). Consistent with the criteria of ASC 605 "Revenue Recognition" ("ASC 605"), the Company recognizes revenue when the following four revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been provided, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

Revenue from the sale of goods is recognized upon delivery when the significant risks and rewards of ownership of goods have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognized on a time-proportion basis using the effective interest method.

Borrowing Costs

Borrowing costs are recognized in profit or loss using the effective interest method except for those costs that are directly attributable to assets under construction. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or expenditures that are financed by general borrowings. Borrowing costs on general financing during the six months ended December 31, 2014 and 2013 were capitalized at a rate of 7.94% and 7.11% respectively.

Leases

The Company accounts for its leases under the provisions of ASC 840, Leases. Certain of the Company's operating leases provide for minimum annual payments that change over the life of the lease. The aggregate minimum annual payments are expensed on the straight-line basis over the minimum lease term. The Company recognizes a deferred rent liability for minimum step rents when the amount of rent expense exceeds the actual lease payments and it reduces the deferred rent liability when the actual lease payments exceeds the amount of straight-line rent expense. Rent holidays and tenant improvement allowances for store remodels are amortized on the straight-line basis over the initial term of the lease and any option period that is reasonably assured of being exercised.

Restricted Cash

Restricted cash are cash deposited in fixed deposit accounts maintained in the PRC and Hong Kong for the purpose of securing bank borrowings.

Trade Receivables

Trade receivables are recorded at the invoiced amount and do not bear interest. The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is established and determined based on managements' assessment of known requirements, aging of receivables, payment history, the customer's current credit worthiness and the economic environment.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the monthly average cost method, except for materials-in-transit. The cost of finished goods comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) but excludes costs of idle plant and abnormal waste. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

DELTA TECHNOLOGY HOLDINGS LI