

Delta Technology Holdings Ltd
Form 6-K
July 07, 2017

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 July, 2017

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.

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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): "

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 x

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, 2016, 2015 and 2014 of Delta Technology Holdings Limited.

DELTA TECHNOLOGY HOLDINGS LIMITED

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DELTA TECHNOLOGY HOLDINGS LIMITED**CONDENSED Consolidated Balance Sheets****as AT december 31, 2016 and JUNE 30, 2016**

	December 31, 2016 (Unaudited)	June 30, 2016 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 71,685	\$63,149
Restricted cash	-	89,225
Trade and other receivables	119,228,484	116,228,901
Inventories	5,953,326	5,880,881
	\$ 125,253,495	\$ 122,262,156
Non-current assets		
Property, plant and equipment, net	\$ 46,770,335	\$51,064,565
Land use rights	1,923,108	2,125,665
Deferred tax assets	620,473	691,764
	\$ 49,313,916	\$53,881,994
Total assets	\$ 174,567,411	\$ 176,144,150
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 33,815,666	\$21,194,399
Advances from customers	4,185,681	6,225,058
Bank borrowings	64,991,233	68,313,619
Income tax payables	182,806	191,284
Deferred tax liabilities	595,276	667,851
Dividends payable	35,000,000	35,000,000
Warrants liabilities	342,744	1,049,847
	\$ 139,113,406	\$ 132,642,058
Total liabilities	\$ 139,113,406	\$ 132,642,058
Capital and reserves		
Ordinary shares, \$0.0001 par value per share, 150,000,000 shares authorized 9,618,852 and 9,618,852 shares respectively issued and outstanding at December 31, 2016 and June 30, 2016	\$ 962	\$962
Preferred shares, par value \$0.0001 per share, 5,000,000 shares authorized; none issued or outstanding	-	-
Additional paid-in capital	45,540,719	45,540,719
Statutory reserves	7,180,500	7,180,500
Accumulated losses	(11,711,810) (6,962,585)

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Accumulated other comprehensive losses	(5,556,366) (2,257,504)
Total equity	\$ 35,454,005	\$43,502,092
Total liabilities and equity	\$ 174,567,411	\$176,144,150

See notes to unaudited condensed consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED**CONDENSED Consolidated Statements of Operations and Comprehensive Income****FOR THE SIX MONTHS ENDED December 31, 2016, 2015 and 2014**

	Six Months Ended December 31,		
	2016	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$30,216,911	\$30,747,959	\$117,670,355
Cost of sales	(28,582,737)	(26,000,180)	(107,343,838)
Gross profit	1,634,174	4,747,779	10,326,517
Operating expenses:			
Selling expenses	(465,463)	(885,804)	(1,363,164)
General and administrative expenses	(5,459,470)	(2,332,017)	(2,686,008)
Total operating expenses	(5,924,933)	(3,217,821)	(4,049,172)
Other income (expenses):			
Interest expenses	(1,684,596)	(2,027,843)	(2,416,950)
Interest income	295	375,634	2,008,182
Change in fair value of warrants	707,103	7,198,191	-
Other gains (loss) - net	414,206	21,688	(421,381)
Total other income (expenses)	(562,992)	5,567,670	(830,149)
Income before income taxes	(4,853,751)	7,097,628	5,447,196
Income tax expense (benefit)	104,526	225,319	(1,474,052)
Net (loss) income	\$(4,749,225)	\$7,322,947	\$3,973,144
Other comprehensive income			
Foreign currency translation adjustments	(3,298,862)	(9,931,290)	1,478,821
Total other comprehensive income (loss)	(3,298,862)	(9,931,290)	1,478,821
Comprehensive (loss) income	\$(8,048,087)	\$(2,608,343)	\$5,451,965
Earnings (loss) per share attributable to equity holders of the Company			
- Basic	\$(0.49)	\$0.79	\$0.67
- Diluted	\$(0.49)	\$0.79	\$0.67

Weighted average shares used in calculating earnings per ordinary share

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- Basic	9,618,852	9,323,108	5,921,144
- Diluted	9,618,852	9,323,108	5,921,144

See notes to unaudited condensed consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED**CONDENSED Consolidated Statements of Shareholders' Equity****FOR THE six months ended December 31, 2016, and year ended June 30, 2016**

	Share capital		Additional paid-in	Statutory	Retained earnings /(accumulated losses)	Accumulated other comprehensive income	Total
	Ordinary share	Amount	capital	reserves			
Balance as of July 1, 2015	8,720,994	\$ 872	\$41,427,773	\$7,180,500	\$ (206,982	) \$ 10,005,803	\$58,407,966
Exercise of warrants	897,858	90	4,112,946	-	-	-	4,113,036
Net loss for the year	-	-	-	-	(6,755,603	) -	(6,755,603)
Foreign currency translation adjustment	-	-	-	-	-	(12,263,307)	(12,263,307)
Balance as of June 30, 2016	9,618,852	\$ 962	\$45,540,719	\$7,180,500	\$ (6,962,585	) \$(2,257,504)	\$43,502,092
Balance as of July 1, 2016	9,618,852	\$ 962	\$45,540,719	\$7,180,500	\$ (6,962,585	) \$(2,257,504)	\$43,502,092
Net loss for the period	-	-	-	-	(4,749,225	) -	(4,749,225)
Foreign currency translation adjustment	-	-	-	-	-	(3,298,862)	(3,298,862)
Balance as of December 31, 2016	9,618,852	\$ 962	\$45,540,719	\$7,180,500	\$ (11,711,810	) \$(5,556,366)	\$35,454,005

See notes to unaudited condensed consolidated financial statements.

DELTA TECHNOLOGY HOLDINGS LIMITED**CONDENSED Consolidated Statements of Cash Flows****FOR THE SIX MONTHS ENDED December 31, 2016, 2015 and 2014**

	Six Months Ended December 31,		
	2016	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities:			
Net (loss) income	\$(4,749,225)	\$7,322,947	\$3,973,144
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Change in fair value of warrants	(707,103)	(7,198,191)	-
Depreciation of property and equipment	1,889,462	3,399,115	3,186,954
Amortization of land use rights	24,667	33,971	44,163
(Gain) loss on disposals of property, plant and equipment	(426,922)	4,105	7,188
Loss on disposals of land use rights	-	5,589	-
Deferred income taxes	(104,526)	(780,484)	252,566
Allowance for doubtful accounts	4,000,000	1,232,348	361,657
Changes in assets and liabilities, net of effects of acquisitions and disposals:			
Trade and other receivables	(12,373,547)	8,292,162	12,335,401
Inventories	(342,783)	(1,832,169)	(575,757)
Trade and other payables	13,868,717	(35,788,033)	(7,323,770)
Advances from customers	(1,814,744)	(4,325,243)	1,781,769
Income tax payables	-	(728,950)	1,030,716
Net cash (used in) provided by operating activities	\$(736,004)	\$(30,362,833)	\$15,074,031
Cash flows from investing activities:			
Purchases of property, plant and equipment and construction in progress	\$(296,305)	\$(2,496,996)	\$(3,898,468)
Proceeds on the disposal of property, plant and equipment	923,753	-	-
Proceeds on the disposal of land use right	-	479,022	-
Net cash provided by (used in) investing activities	\$627,448	\$(2,017,974)	\$(3,898,468)
Cash flows from financing activities:			
Proceeds from bank borrowings	\$19,708,428	\$63,393,347	\$61,202,282
Repayment of bank borrowings	(20,011,569)	(55,392,904)	(68,290,506)
Proceeds from escrow account	-	-	5,200,000
Change in restricted cash	87,749	25,599,849	(12,210,324)
Net cash (used in) provided by financing activities	\$(215,392)	\$33,600,292	\$(14,098,548)

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Effect of exchange rate changes on cash	332,484	(869,206)	995,589
Increase (decrease) in cash and cash equivalents	8,536	350,279	(1,927,396)
Cash and cash equivalents at beginning of period	63,149	217,612	9,045,950
Cash and cash equivalents at end of period	\$71,685	\$567,891	\$7,118,554
Supplemental disclosures of cash flow information			
Interest paid	\$1,684,596	\$2,027,843	\$2,416,950
Tax paid	\$-	\$555,166	\$1,198,021

See notes to unaudited condensed consolidated financial statements.

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DELTA TECHNOLOGY HOLDINGS LIMITED

Notes to Unaudited CONDENSED Consolidated Financial Statements

FOR THE SIX MONTHS ENDED December 31, 2016, 2015 and 2014

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”).

DELTA TECHNOLOGY HOLDINGS LIMITED

Notes to UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED December 31, 2016, 2015 and 2014

Note 1 - Organization and Business Operations (Continued)

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 December 31, 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 curre