

Golden Elephant Glass Technology, Inc.  
Form 10-Q  
November 20, 2009

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended: September 30, 2009

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

Commission File Number: 000-21071

**GOLDEN ELEPHANT GLASS TECHNOLOGY, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of

**88-0309578**  
(I.R.S. Employer Identification No.)

Edgar Filing: Golden Elephant Glass Technology, Inc. - Form 10-Q  
incorporation or organization)

**123 Chuangye Road, Haizhou District,**

**Fuxin City, Liaoning  
People's Republic of China, 123000**

(Address of principal executive offices, Zip Code)

**(86) 418-399-5066**

(Registrant's telephone number, including area code)

Not Applicable

(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

Q            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 larger accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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

Q

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 November 19, 2009, there are 28,623,996

shares of \$0.01 par value common stock issued and outstanding.

---

FORM 10-Q  
GOLDEN ELEPHANT GLASS TECHNOLOGY, INC.  
INDEX

	Page
<b>PART I FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited)	1
Condensed Consolidated Balance Sheets as of September 30, 2009 (Unaudited) and December 31, 2008	2
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income for the Three and Nine Months Ended September 30, 2009 and 2008 (Unaudited)	3
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2009 and 2008 (Unaudited)	4
Notes to Consolidated Financial Statements as of September 30, 2009 (Unaudited)	5
Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation	11
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	19
Item 4. Controls and Procedures	19
<b>PART II OTHER INFORMATION</b>	
Item 1. Legal Proceedings.	20
Item 1A. Risk Factors.	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	20
Item 3. Defaults Upon Senior Securities.	20
Item 4. Submission of Matters to a Vote of Security Holders.	20
Item 5. Other Information.	20
Item 6. Exhibits	20

---

**PART I -  
FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

1

---

**Golden Elephant Glass Technology, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

	<i>Sept. 30, 2009</i>	<i>December 31, 2008</i>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 11,468	\$ 141,419
Restricted cash	-	733,500
Trade receivables, net	6,010,495	7,893,130
Other receivables, net	2,090,822	2,371,514
Prepayments	4,023,506	4,291,918
Inventories	1,767,033	4,367,298
Amount due from a related party	-	1,108,343
Deferred taxes	-	24,939
<b>Total current assets</b>	<b>13,903,324</b>	<b>20,932,061</b>
	23,555,617	24,485,104
Property, plant and equipment, net		
Land use right	2,688,479	2,813,236
Deferred taxes	-	290,009
<b>TOTAL ASSETS</b>	<b>\$ 40,147,420</b>	<b>\$ 48,520,410</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Current liabilities		
Trade payables	\$ 9,768,133	\$ 11,116,809
Bills payable	720,704	1,467,000
Other payables and accrued expenses	7,895,491	6,164,252
Sales receipt in advance	368,432	501,397
Income tax payable	70,020	70,361
Amount due to director	103,157	37,527
Amount due to related party	910,567	2,025,918
Secured short-term bank loans	12,791,501	12,808,964
<b>TOTAL LIABILITIES</b>	<b>\$ 32,628,005</b>	<b>\$ 34,192,228</b>
<b>STOCKHOLDERS EQUITY</b>		
Preferred stock: par value \$0.01 per share Authorized 10,000,000 shares, none issued and outstanding		
Common stock: par value \$0.01 per share, Authorized 150,000,000 shares; issued and outstanding 28,623,996 shares in 2009 and 2008	286,240	286,240
Additional paid-in capital	12,001,927	12,001,927
Statutory reserves	714,013	714,013
Accumulated other comprehensive income	2,114,337	2,131,248
Accumulated deficit	(7,597,102)	(805,246)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>7,519,415</b>	<b>14,328,182</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 40,147,420</b>	<b>\$ 48,520,410</b>

**Golden Elephant Glass Technology, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income**  
**(Unaudited)**

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>Sept. 30,</i>		<i>Sept. 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Sales revenues	\$ -	\$ 17,416,252	\$ 2,268,197	\$ 44,590,486
Cost of sales	-	(12,158,615)	(3,306,125)	(33,127,631)
Gross (loss) profit	-	5,257,637	(1,037,928)	11,462,855
Other operating income				
Bad debts recovered	-	-	-	157,794
Decrease in provision for bad debts	-	(64,870)	-	388,341
Gain on disposal of a subsidiary	-	-	-	508,981
Total other operating income	-	(64,870)	-	1,055,116
Operating expenses				
Administrative expenses	935,467	1,341,111	4,053,275	2,601,065
Selling expenses	-	67,885	-	169,738
Total operating expenses	935,467	1,408,996	4,053,275	2,770,803
(Loss) income from operations	(935,467)	3,783,771	(5,091,203)	9,747,168
Interest income	-	12,815	11,752	33,069
Other income	1,095	2,247	1,444	57,672
Government grants	118	-	73,959	-
Finance costs	(586,625)	(315,662)	(1,473,310)	(1,053,460)
(Loss) income before income taxes	(1,520,879)	3,483,171	(6,477,358)	8,784,449
Income taxes	(378,058)	16,882	(314,498)	(526,969)
Net income	(1,898,937)	3,500,053	(6,791,856)	8,257,480
Other comprehensive income				
Foreign currency translation adjustments	105	(163,837)	(16,911)	975,931
Comprehensive (loss) income	(1,898,832)	3,336,216	(6,808,767)	9,233,411
(Loss) earnings per share attributable to Golden Elephant Glass Technology, Inc. common stockholders : basic and diluted	\$ (0.07)	\$ 0.13	\$ (0.24)	\$ 0.32
Weighted average number of shares outstanding :				
basic and diluted	28,623,996	27,496,720	28,623,996	25,421,322

**Golden Elephant Glass Technology, Inc.**  
**Condensed Consolidated Statements of Cash Flow (Unaudited)**  
**For the nine-month periods ended September 30, 2009 and 2008**

	2009	2008
	\$	\$
<b>Cash flows from operating activities</b>		
Net (loss) income attributable to Golden Elephant Glass Technology, Inc. common stockholders	(6,791,856)	8,257,480
Adjustments to reconcile net (loss) income attributable to GEGT common shareholders to net cash flows provided by (used in) operating activities:		
Depreciation	2,293,245	2,154,692
Amortization of land use right	124,757	46,141
Valuation allowance for Deferred tax assets	314,948	127,338
Provision (recovery) for doubtful accounts	1,892,401	(388,341)
Provision for obsolete inventories	35,689	
Gain on disposal of a subsidiary	-	(508,981)
<b>Changes in operating assets and liabilities :</b>		
Trade receivables	(9,498)	(3,079,911)
Bills receivable	-	(32,650)
Other receivables	280,692	(410,530)
Prepayments and other current assets	268,412	(3,624,630)
Inventories	2,564,576	(3,617,384)
Trade payables	(1,348,676)	3,367,036
Bills payable	(746,295)	(2,093,377)
Other payables and accrued expenses	1,731,239	1,733,704
Sales receipt in advance	(132,965)	(6,055,692)
Income tax payable	(341)	(170,977)
Amount due to a director	65,630	(14,561)
Net cash flows provided by (used in) operating activities	541,958	(4,310,643)
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment	(1,612)	(2,314,870)
Sales proceeds for disposal of land use right	-	246,759
Sales proceeds for disposal of property, plant and equipment	-	1,432,393
Payments to construction in progress	(1,362,146)	(5,991)
Net cash outflow from disposal of a subsidiary	-	(163)
Net cash outflows from acquisition of a subsidiary	-	(135,594)
Cash acquired from reserve takeover transaction	-	464
Decrease in restricted cash	733,500	629,245
Net cash flows (used in) provided by investing activities	(630,258)	(147,757)
<b>Cash flows from financing activities</b>		
Advances to third parties		(2,846,451)
Proceeds received from related party loan	1,066,534	1,121,022
Related party loan repayment	(1,073,543)	
Dividend paid to stockholders	-	(642,942)
Proceeds from unsecured loan	-	5,000,000
Repayment of bank loans	(17,463)	(2,711,520)
Proceeds from issuance of shares, net of direct share issue expenses of \$550,000		4,524,963
Net cash flows provided by financing activities	(24,472)	4,445,072



Edgar Filing: Golden Elephant Glass Technology, Inc. - Form 10-Q

Effect of foreign currency translation on cash and cash equivalents	(17,179)	(32,433)
Net decrease in cash and cash equivalents	(129,951)	(45,761)
Cash and cash equivalents - beginning of period	141,419	62,660
Cash and cash equivalents - end of period	11,468	16,899
Supplemental disclosures for cash flow information:		
Cash paid for :		
Interest		905,636
Income taxes		582,809
Non-cash investing and financing activities		
Consideration of disposal of a subsidiary offset by other payable		709,200
Partial of unsecured loan offset by advances to related parties		3,260,000
Amount due from a related party settled by offsetting the loan from related party	1,108,343	

**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1.**

**Corporation information**

Golden Elephant Glass Technology, Inc. (the Company) was incorporated in the State of Nevada on December 2, 1993. The Company's shares are quoted for trading on the Over-The-Counter Bulletin Board in the United States of America.

The Company is engaged in the manufacture and distribution of float glasses in the People's Republic of China (the PRC). The Company's product offerings include float glass, ultra-clear glass, colored flat glass and high grade glass processed products such as mirrors, tempered glass, insulated glass, etc., and are marketed primarily under the "Golden Elephant" brand name. The major target market of the Company's products is in the PRC.

**2. Basis of presentation**

- (i) The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the SEC) including the instructions to Form 10-Q and Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted from these statements pursuant to such rules and regulation and, accordingly, they do not include all the information and notes necessary for comprehensive consolidated financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2008, included in our Annual Report on Form 10-K for the year ended December 31, 2008.

In the opinion of the management of the Company, all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the three-month and nine-month periods have been made. Results for the interim period presented are not necessarily indicative of the results that might be expected for the entire fiscal year.

Certain 2008 amounts in the consolidated financial statements have been reclassified to conform to the 2009 presentation.

- (ii) Going concern

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business.

**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**2. Basis of presentation (Cont d)**

(ii)

Going concern (Cont d)

The Company incurred a net loss of \$ 6,791,856 for the nine months ended September 30, 2009 and had net current liabilities of \$32,628,005 and accumulated deficit of \$7,597,102 as of September 30, 2009. In addition, due to deteriorating global economic environment and shrinking gross profit margin of float glass, the management decided to implement a maintenance program for both 300 tons and 500 tons float glass production lines in late November 2008 and January 2009 respectively. During the maintenance period, all operations of the production lines and all manufacturing of the float glass products are suspended. Referring to the above factors, substantial doubt is raised to the Company's ability to continue as a going concern.

The management believes that the suspension of production lines during deteriorating global economic environment provides an opportunity to mitigate the negative economic impact to the Company. Other than the routine maintenance, the Company's maintenance program also involves upgrades to its production lines for producing higher end products for improving the profitability in the future. However, the Company has no assurance with respect to the future profitability. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**3.**

**Summary of significant accounting policies**

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, trade receivables and other receivables. As of September 30, 2009, substantially all of the Company's cash and cash equivalents were held by major financial institutions located in the PRC, which management believes are of high credit quality. With respect to trade receivables and other receivables, the Company extends credit based on an evaluation of the customer's financial condition. The Company generally does not require collateral for trade receivables and other receivables and maintains an allowance for doubtful accounts of trade receivables and other receivables.

**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**3. Summary of significant accounting policies (Cont d)**

Concentrations of credit risk (Cont d)

During the reporting periods, customers representing 10% or more of the Company's consolidated sales are:

	<i>Three months ended</i>				<i>Nine months ended</i>			
	<i>September 30,</i>		<i>September 30,</i>		<i>September 30,</i>		<i>September 30,</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Company A	\$ -	\$ -	\$ -	\$ -	\$ 2,268,197	\$ -	\$ 2,268,197	\$ -
Company B	-	3,833,390	-	7,018,844	-	7,018,844	-	7,018,844
	\$ -	\$ 3,833,390	\$ 2,268,197	\$ 7,018,844	\$ 2,268,197	\$ 7,018,844	\$ 2,268,197	\$ 7,018,844

7

**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

3.

**Summary of significant accounting policies (Cont d)**

Recently issued accounting pronouncements

In June 2009, the FASB issued Update No. 2009-01, Generally Accepted Accounting Principles (ASU 2009-01). ASU 2009-01 establishes "The FASB Accounting Standards Codification," or Codification, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. On the effective date, the Codification superseded all then-existing non-SEC accounting and reporting standards. All other non grandfathered non-SEC accounting literature not included in the Codification will become non authoritative. ASU 2009-01 is effective for interim and annual periods ending after September 15, 2009. The Company adopted the provisions of ASU 2009-01 for the period ended September 30, 2009. There was no impact on the Company's consolidated operating results, financial position or cash flows.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (ASC 855) to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 is effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted the provisions of ASC 855 for the period ended June 30, 2009. There was no impact on the Company's consolidated operating results, financial position or cash flows.

In April 2009, the FASB issued ASC 825 and ASC 270-10, Interim Disclosures about Fair Value of Financial Instruments. to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. Historically, these disclosures were only required annually. The interim disclosures are intended to provide financial statement users with more timely and transparent information about the effects of current market conditions on an entity's financial instruments that are not otherwise reported at fair value. ASC 825 is effective for interim periods ending after June 15, 2009. The adoption of this statement has no material effect on the Company's financial statements.

4.

**(Loss)/earnings per share**

During the reporting periods, the warrants issued on July 24, 2008 for the purchase of 166,940 shares of common stock with an exercise price of \$1.824 were not included in the computation of diluted (loss)/earnings per share because they were anti-dilutive. Accordingly, the basic and diluted earnings per share are the same.

The earnings per share data reflects the recapitalization of stockholders' equity as if the reorganization occurred as of the beginning of the first period presented.

<b>5. Inventories</b>	<b>September 30, 2009 (Unaudited)</b>	<b>December 31, 2008 (Audited)</b>
-----------------------	---	--

Raw materials	\$ 1,060,072	\$ 1,000,698
---------------	--------------	--------------

Edgar Filing: Golden Elephant Glass Technology, Inc. - Form 10-Q

Finished goods	706,961	3,325,595
Consumables	-	41,005
	\$ 1,767,033	\$ 4,367,298

As of September 30, 2009, finished goods with carrying value of \$423,535 (Note 8(a)) were pledged to the banks for the bank loans granted to the Company.

**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

<b>6. Secured short-term bank loans</b>	<i>September 30, 2009 (Unaudited)</i>	<i>December 31, 2008 (Audited)</i>
Bank loans repayable within 1 year	\$ 12,791,501	\$ 12,808,964

Note :

(i)

As of September 30, 2009, the bank loans were past due and carried at the weighted average interest rate of 15% per annum.

As of September 30, 2009, the Company's banking facilities were as follows :

Facilities granted	Granted	Amount utilized	Unused
Secured bank loans	\$ 12,791,501	\$ 12,791,501	\$ -

The above secured bank loans were secured by the following :-

- (a) Finished goods with carrying value of \$423,535 (Note 5);
- (b) Property, plant and equipment with carrying value of \$12,436,140 (Note 6);
- (c) Land use right with carrying value of \$2,777,966; and
- (d) Guarantee executed by Ms. Tan Lin, the Company's CEO and Director, and third parties.

During the reporting periods, there was no covenant requirement under the banking facilities granted to the Company.

7.

**Related party transactions**

The Company offset \$1.1 million receivable from Ms. Tan with loan borrowed from Ms. Tan, who is the CEO and a director of the Company.

The \$910,000 due to related party balance at September 30, 2009 represents an interest free, unsecured, due on demand loan with the amount of \$244,000 from Ms. Tan and a 8% per annum, unsecured and one year term loan with the amount of \$666,000.

The interest payable to Ms. Tan related to the interest bearing loan is \$33,800 and \$104,400 for the three and nine months periods ending September 30, 2009.

The \$103,157 due to a director balance at September 30, 2009 represents an interest free, unsecured, due on demand loan borrowed from a director of the Company.

8.

**Income taxes**

During the nine months period ending September 30, 2009, the Company fully reserved the deferred tax assets generated by the loss carry forward for the total amount of \$378,058.

**9.**

**Commitments and contingencies**

Capital commitment

As of September 30, 2009, the Company had capital commitments amounting to \$3,076,982 in respect of the construction in progress which was contracted for but not provided in the condensed consolidated financial statements.



**Golden Elephant Glass Technology, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**10.**

**Defined contribution plan**

Pursuant to the relevant PRC regulations, the Company is required to make contributions at a rate of 24.4% of average salaries of latest fiscal year ended of Fuxin City Liaoning province, to a defined contribution retirement scheme organized by a state-sponsored social insurance plan in respect of the retirement benefits for the Company's employees in the PRC. The only obligation of the Company with respect to retirement scheme is to make the required contributions under the plan. No forfeited contribution is available to reduce the contribution payable in the future years. The defined contribution plan contributions were charged to the condensed consolidated statements of operations. The Company contributed \$23,754 and \$71,653 for the nine months ended September 30, 2009 and 2008 respectively.

**11.**

**Subsequent Events**

The Company evaluated all events or transactions that occurred after September 30, 2009 up through November 20, 2009, the date these financial statements were issued. During this period the Company did not have any material recognizable subsequent events.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### *Special Note Regarding Forward-Looking Statements*

This Quarterly Report on Form 10-Q, including the following Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such statements include, among others, those concerning our expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause actual results of the Company to differ materially from those anticipated, expressed or implied in the forward-looking statements. The words believe, expect, anticipate, project, targets, optimistic, intend, aim, will or similar expressions are intended to identify forward-looking statements. Statements other than statements of historical fact are statements that could be deemed forward-looking statements. Risks and uncertainties that could cause actual results to differ materially from those anticipated include risks related to new and existing products; any projections of sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; uncertainties related to conducting business in China; any statements of belief or intention; any of the factors mentioned in the Risk Factors section of our Annual Report on Form 10-K filed on April 15, 2009, and other risks mentioned in this Form 10-Q. The Company assumes no obligation and does not intend to update any forward-looking statements, except as required by law.

### *Certain Terms*

Except as otherwise indicated by the context, references in this report to:

Except as otherwise indicated by the context, all references in this report to (i) the Company, we, us, our and Golden Elephant are to Golden Elephant Glass Technology, Inc., a Nevada corporation, and its direct and indirect subsidiaries; (ii) Dollar Come are to our direct, wholly owned subsidiary Dollar Come Investments Limited, a British Virgin Island company; (iii) Fuxin Hengrui are to our indirect, wholly owned subsidiary Fuxin Hengrui Technology Co. Ltd., a PRC company; (iv) Fuxin Xianheng are to our indirect, wholly owned subsidiary Fuxin Xianheng Float Glass Co. Ltd., a PRC company; (v) Securities Act are to the Securities Act of 1933, as amended; (vi) Exchange Act are to the Securities Exchange Act of 1934, as amended; (vii) RMB are to Renminbi, the legal currency of China; (viii) U.S. dollar, \$ and US\$ are to the legal currency of the United States; and (ix) China, Chinese and PRC are to the People's Republic of China.

## **OVERVIEW**

We are a China-based float glass manufacturer. Our product offerings include float glass, ultra-clear glass (also called crystal glass), colored float glass and high grade glass processed products such as mirrors, glass artwork, tempered glass, insulated glass, laminated glass, lacquered glass and similar products. We have been manufacturing our glass products from our production facility in Fuxin City, Liaoning Province, China since 2002 and sell our products to end users in China, Asia, Europe, South America and South Africa.

We design, develop, manufacture and market our products for use in a variety of end products, including automobiles, commercial and residential buildings, construction materials, furniture and display cases, lighting fixtures and decorative glass artwork, bath fixtures and electrical household appliances, such as refrigerators and microwave ovens. We sell our products to automakers and auto parts suppliers, building contractors and building material suppliers and manufacturers of retail goods, both directly and through a broad distributor network. Our major customers include Anshan Xingsheng Glass Distribution Office, Guangzhou Runcheng Commerce and Trade Co., Ltd., Feshan Jianheng Commerce and Trade Co., Ltd and Fujian Chengda Glass Trade Co., Ltd.



Our glass and glass products are manufactured in a broad range of colors and specifications which are usually measured by thickness and width and range between 2-23 millimeters in thickness and 3,300 millimeters in width. Our glass products are marketed primarily under the Golden Elephant brand name. Our total annual production capacity of our glass products is currently 4.95 million weight cases and we maintain two production lines which have an aggregate daily melting capacity of over 800 tons.

We strive to be a low cost provider of high quality products. Our glass products have been given a GB 11615-199 certification by the Chinese National Quality Standards for glass products and passed the annual inspections conducted by Chinese National Glass Inspection Committee since 2004. Our products also have been certified by ISO 9001-2000, a Chinese Quality System and ESC certification, a European Quality Certification for construction products, with the valid term from March 24, 2007 to March 24, 2010. We transport our products by train, sea and expressway.

Our financial and operating results for the quarter ended September 30, 2009 were, and are expected to be for the foreseeable future, suboptimal due to the worldwide global economic crisis. Since many of our customers operate in industry segments that have been hardest hit by the economic crisis, such as the automotive, construction and home furnishing industries, our performance has consequently suffered. Until the amelioration of the economic crisis, particularly in the industry segments in which our targeted customers operate, we expect to continue to experience significant challenges. In response to these challenges, we will continue to implement what we believe to be prudent, cost-saving measures in a judicious and timely fashion. Recently, we suspended operations of our float glass manufacturing operations in order to perform maintenance and system upgrades that eventually would be needed. We opted to suspend operations and initiate the maintenance program at a time when pricing and demand for our products was low in order to minimize the adverse effect of suspending operations. We intend to continue to take appropriate steps to minimize the adverse effects of the global economic crisis on our operations and financial performance. However, there is substantial doubt about our ability to continue as a going concern.

### ***Recent Developments***

As of the date of this report, we have invested \$1.36 million for the upgrades of 300T production line and have finished the upgrades for auxiliary departments such as cold junction and auto supply. We are still in the process of upgrading furnaces.

### ***Third Quarter Financial Performance Highlights***

The following are some financial highlights for the nine months period ending September 30, 2009:

*Sales Revenue:* Sales revenue decreased \$42.3 million, or 94.9%, to \$2.3 million for the nine months period ending September 30, 2009 from \$44.6 million for the same period last year.

*Gross Margin:* Gross margin was -45.8% for nine months period ending September 30, 2009, as compared to 25.7% for the same period in 2008.

*Net Income:* Net income decreased \$15.1 million, or 182.2%, to -\$6.8 million for nine months period ending September 30, 2009, from \$8.3 million for the same period of last year.

*Fully diluted net income per share:* Fully diluted net loss per share was -\$0.24 for nine months period ending September 30, 2009, as compared to a net earning per share of \$0.32 for the same period last year.



## Taxation

### *United States*

We are subject to United States tax at a tax rate of 34%. No provision for income taxes in the United States has been made as we had no taxable income in the third quarter of 2009.

### *British Virgin Islands*

Dollar Come Investments Limited was incorporated in the British Virgin Islands, or BVI, and, under the current laws of the BVI, is not subject to income taxes.

### *PRC*

Before the implementation of the enterprise income tax ( EIT ) law (as discussed below), Foreign Invested Enterprises ( FIE ) established in the PRC are generally subject to an EIT rate of 33.0%, which includes a 30.0% state income tax and a 3.0% local income tax. On March 16, 2007, the National People's Congress of China passed the new Corporate Income Tax Law ( EIT Law ), and on November 28, 2007, the State Council of China passed the Implementing Rules for the EIT Law ( Implementing Rules ) which took effect on January 1, 2008. The EIT Law and Implementing Rules impose a unified EIT of 25.0% on all domestic-invested enterprises and FIEs, unless they qualify under certain limited exceptions. Therefore, nearly all FIEs are subject to the new tax rate alongside other domestic businesses rather than benefiting from the old tax laws applicable to FIEs, and its associated preferential tax treatments, beginning January 1, 2008.

Despite these pending changes, the EIT Law gives the FIEs established before March 16, 2007 ( Old FIEs ), such as our subsidiary Fuxin Hengrui and Fuxin Xianheng, a five-year grandfather period during which they can continue to enjoy their existing preferential tax treatments. During this five-year grandfather period, the Old FIEs which enjoyed tax rates lower than 25% under the original EIT Law shall gradually increase their EIT rate by 2% per year until the tax rate reaches 25%. In addition, the Old FIEs that are eligible for the two-year exemption and three-year half reduction or five-year exemption and five-year half-reduction under the original EIT Law, are allowed to remain to enjoy their preference until these holidays expire. The discontinuation of any such special or preferential tax treatment or other incentives would have an adverse effect on any organization's business, fiscal condition and current operations in China.

In addition to the changes to the current tax structure, under the EIT Law, an enterprise established outside of China with de facto management bodies within China is considered a resident enterprise and will normally be subject to an EIT of 25.0% on its global income. The Implementing Rules define the term de facto management bodies as an establishment that exercises, in substance, overall management and control over the production, business, personnel, accounting, etc., of a Chinese enterprise. If the PRC tax authorities subsequently determine that the Company should be classified as a resident enterprise, then the organization's global income will be subject to PRC income tax of 25.0%

..

Under the income tax law and the related implementing rules, FIEs engaging in manufacturing businesses with a term of operation exceeding ten years may, subject to approval from local taxation authorities, be entitled to a two-year tax exemption from PRC EIT starting from the year they become profitable and a 50.0% tax reduction for the three years thereafter.

As approved by the relevant PRC tax authority, Fuxin Hengrui and Fuxin Xianheng was entitled to a two-year exemption from EIT followed by a 50.0% tax exemption for the next three years, commencing from the first cumulative profit-making year in the fiscal financial year. The tax holiday of Fuxin Hengrui commenced in 2004. Accordingly, Fuxin Hengrui is entitled to a 50% reduction on EIT tax rate of 12.5% for 2008 and is subject to an EIT

rate of 25% from 2009. Our subsidiary Fuxin Xianheng's tax holiday commenced in 2008, therefore, Fuxin Xianheng is exempted from EIT in 2008 and 2009 and will be subject to a reduced EIT rate of 12.5% from 2010 to 2012.

During the nine months period ending September 30, 2009, the Company fully reserved the deferred tax assets generated by the loss carry forward for the total amount of \$378,058.

**Results of Operations**

The following table sets forth key components of our results of operations for the periods indicated, in dollars and as a percentage of sales revenue.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Three months ended						Nine m 3 (un
	30-Sep (unaudited)			30-Sep (unaudited)			
	2009		In	2008		In	
	In Thousands	As a % of sales revenues	Thousands	As a % of sales revenues	Thousands	As a % of sales revenues	
Sales revenue	\$ -	100.0%	\$ 17,416	100.0%	2,268	100.0%	
Cost of sales	-	100.0%	(12,159)	69.8%	(3,306)	-145.8%	
Gross profit	-	100.0%	5,257	30.2%	-1,038	-45.8%	
Other operating income	-	100.0%	(65)	-0.4%	-	0.0%	
Operating expenses							
Administrative expenses	935	N/A	1,341	7.7%	4,053	178.7%	
Selling expenses	-	0.0%	68	0.4%	-	0.0%	
Total operating expenses	935	N/A	1,409	8.1%	4,053	178.7%	
Other income	1	N/A	15	0.1%	87	3.8%	
Finance costs	587	N/A	316	1.8%	1,473	65.0%	
Income before income taxes	-1,521	N/A	3,483	20.0%	(6,477)	-285.6%	
Income taxes	(378)	0.0%	17	0.1%	(314)	-13.9%	
Net income	\$ (1,899)	N/A	3,500	20.1%	\$ (6,792)	299.4%	

**Comparison of Three Months Ended September 30, 2009 and September 30, 2008**

**Sales Revenue.** Our sales revenue is generated from sales of our float glass products and ultra-white glass products from the inventory. Sales revenue decreased \$17.4 million, or 100%, to \$0 for the three months ended September 30, 2009 from \$17.4 million for the same period ended on September 30, 2008. This decrease was mainly attributable to weakened demand for our products resulting from the global economic crisis as well as the cessation of our operations.



**Cost of Sales.** Our cost of sales primarily comprises of the costs of our raw materials, labor and overhead. Our cost of sales decreased \$12.2 million, or 100%, to \$0 for the three months ended September 30, 2009 from \$12.2 million during the same period in 2008. This decrease was mainly due to decrease in sales volume. As a percentage of sales revenue, the cost of sales decreased to 0% from 69.8% in the same period of 2008. Such percentage increase was primary due to decreased sales volume and decreased prices for our products.

**Gross Profit.** Our gross profit is equal to the difference between our sales revenue and our cost of sales. Our gross profit decreased \$5.3 million, or 100%, to \$0 million for the three months ended September 30, 2009 from approximately \$5.3 million for the same period in 2008. Gross profit as a percentage of sales revenue was 0% for the three-month period ended September 30, 2009, as compared to 30.2% during the same period in 2008. Such percentage decrease was mainly due to lower prices for our products as demand weakened.

**Administrative Expenses.** Administrative expenses consist of costs associated with staff and support personnel who manage our business activities and professional fees paid to third parties. Our administrative expenses decreased \$405,644, or 30.2%, to \$935,467 for the three months ended September 30, 2009 from approximately \$1,341,111 for the same period in 2008. This amount increase was primarily attributable to increase in prepaid account write-off.

**Selling Expenses.** Selling expenses include sales commissions, the cost of advertising and promotional materials, salaries and fringe benefits of sales personnel, after-sale support services and other sales related costs. Our selling expenses decreased \$67,885 to \$0 for the three months ended September 30, 2009 from \$67,885 for the same period in 2008. As a percentage of sales revenue, our selling expenses decreased to 0% for the three months ended September 30, 2009 from 0.4% for the same period in 2008. This dollar and percentage decrease was primarily attributable to the fact that there was no expenses incurred from sales of products.

**Total Operating Expenses.** Our total operating expenses decreased \$473,529, or 33.6%, to \$935,467 for the three months ended September 30, 2009 from \$1,408,996 for the same period in 2008. The dollar decrease was primarily attributable to the increase of prepaid account write-off as discussed above.

**Income Taxes .** Income taxes increased \$394,940 to \$378,058 during the three months ended September 30, 2009 from -\$16,882 during the same period in 2008. The increase is due to the Company fully reserving the deferred tax assets during the three months ended September 30, 2009.

**Net income.** Our net income decreased \$5.4 million, or 154.3%, to -\$1.9 million during the three months ended September 30, 2009 from \$3.5 million during the same period in 2008, as a result of the factors described above.

### **Comparison of Nine Months Ended September 30, 2009 and September 30, 2008**

**Sales Revenue.** Our sales revenue is generated from sales of our float glass products and ultra-white glass products from our inventory. Sales revenue decreased \$2.3 million, or 94.9%, to \$2.3 million for the nine-month period ended September 30, 2009 from \$4.6 million for the same period ended on September 30, 2008. This decrease was mainly attributable to weakened demand for our products resulted from the global economic crisis as well as the cessation of our operations.

**Cost of Sales.** Our cost of sales is primarily comprised costs of raw materials, labor and overhead. Our cost of sales decreased \$29.8 million, or 90.0%, to \$3.3 million for the nine-month period ended September 30, 2009 from \$33.1 million during the same period in 2008. This decrease was mainly due to decrease in sales volume. As a percentage of sales revenue, the cost of sales increased to 145.8% from 74.3% in the same period of 2008. Such percentage increase was primary due to decreased sales volume and decreased prices for our products.

**Gross Profit.** Our gross profit is equal to the difference between our sales revenue and our cost of sales. Our gross profit decreased \$12.5 million, or 109.1%, to -\$1.0 million for the nine-month period ended September 30, 2009 from approximately \$11.5 million for the same period in 2008. Gross profit as a percentage of sales revenue was (45.8)% for the nine-month period ended September 30, 2009, as compared to 25.7% during the same period in 2008. Such percentage decrease was mainly due to lower prices for our products as demand weakened.

**Administrative Expenses.** Administrative expenses consist of the costs associated with staff and support personnel who manage our business activities and professional fees paid to third parties. Our administrative expenses increased \$1,452,210, or 55.8%, to \$4,053,275 for the nine-month period ended September 30, 2009 from approximately \$2,601,065 for the same period in 2008. As a percentage of sales revenue, administrative expenses increased to 178.7% for the nine-month period ended September 30, 2009, as compared to 5.8% for the same period in 2008. This percentage increase was primarily attributable to increase in bad debt reserve.

**Selling Expenses.** Selling expenses include sales commissions, the cost of advertising and promotional materials, salaries and fringe benefits of sales personnel, after-sale support services and other sales related costs. Our selling expenses decreased \$169,738 to \$0 for the nine-month period ended September 30, 2009 from \$169,738 for the same period in 2008. As a percentage of sales revenue, our selling expenses decreased to 0% for the nine-month period ended September 30, 2009 from 0.4% for the same period in 2008. This dollar and percentage decrease was primarily attributable to the fact that there was no expense incurred from sales of products.

**Total Operating Expenses.** Our total operating expenses increased \$1,282,472, or 46.3%, to \$4,053,275 for the nine-month period ended September 30, 2009 from \$2,770,803 for the same period in 2008. As a percentage of sales revenue, our total expenses increased to 178.7% for the nine-month period ended September 30, 2009 from 6.2% for the same period in 2008. The dollar decrease was primarily attributable to the decrease of expenses as discussed above.

**Income from Operations before Taxes.** Income from operations before taxes decreased \$15.3 million, or 173.8%, to -\$6.5 million during the nine-month period ended September 30, 2009 from \$8.8 million during the same period in 2008. Income from operations before taxes as a percentage of sales revenue decreased to (258.6)% during the nine-month period ended September 30, 2009 from 19.7% during the same period in 2008 due to the factors described above.

**Income Taxes .** Income taxes decreased \$212,471 to \$314,498 during the nine-month period ended September 30, 2009 from \$526,969 during the same period in 2008. The decrease in income taxes was due to decrease in income for the nine months ended September 30, 2009. In addition, the Company fully reserved the deferred tax assets during the nine months ended September 30, 2009.

**Net income.** Our net income decreased \$15.0 million, or 182.2%, to -\$6.8 million during the nine-month period ended September 30, 2009 from \$8.3 million during the same period in 2008, as a result of the factors described above.

**Liquidity and Capital Resources**

As of September 30, 2009, we had cash and cash equivalents of \$11,468. The following table sets forth a summary of our cash flows for the periods indicated:

**Cash Flow**

(All amounts in thousands of U.S. dollars)

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
Net cash provided by (used in) operating activities	542.0	(4,310.6)
Net cash (used in) provided by investing activities	(630.3)	(147.8)
Net cash provided by financing activities	(24.5)	4,445.1
Effect of foreign currency translation on cash and cash equivalent	(17.2)	(32.4)
Net decrease in cash and cash equivalent	(130)	(45.8)

**Operating Activities:**

Net cash provided by operating activities was \$0.5 million for the nine-month period ended September 30, 2009, which is an increase of \$4.8 million from the -\$4.3 million net cash provided by operating activities for the same period in 2008. The increase in net cash provided by operating activities was mainly due to decrease in inventory and increase in accounts payable.

**Investing Activities:**

Our main uses of cash for investing activities are payments to the acquisition of property, plant and equipment and construction in progress.

Net cash used in investing activities in the nine-month period ended September 30, 2009 was -\$0.6 million, which is an increase of \$0.5 million from net cash used by investing activities of -\$0.1 million in the same period of 2008. The increase was mainly due to our investment in the maintenance and upgrades of the existing production lines.

**Financing Activities:**

Net cash used by financing activities in the nine-month period ended September 30, 2009 totaled -\$24,472 which is a decrease of -\$4.5 million from the net cash provided in financing activities of \$4.4 million in the same period of 2008.

Edgar Filing: Golden Elephant Glass Technology, Inc. - Form 10-Q

As of September 30, 2009, the amount, maturity date and term of each of our bank loans are as follows:

(All amounts, other than percentages, in millions of U.S. dollars)

<b>Banks</b>	<b>Amounts</b>	<b>Maturity Date</b>	<b>Duration</b>
China CITIC Bank, Shenyang Branch	2.63	November 26, 2008	1 year
China Construction Bank, Fuxin Branch	2.93	March 24, 2009	1 year
Shanghai Pudong Development Bank, Shenyang Branch	4.32	May 28, 2009	1 year
China Construction Bank, Fuxin Branch	0.88	April 29, 2009	6 months
China Construction Bank, Fuxin Branch	2.04	May 22, 2009	6 months
<b>TOTAL</b>	<b>\$12.80</b>		

On May 6, 2008, the Company's subsidiary Dollar Come entered into a loan agreement with Ms. Lin Tan to borrow US\$5 million at the annual interest rate of 8%. The agreement has a two-year term and the loan proceed will be used as working capital. As of September 30, 2009, we owed Ms. Tan approximately \$0.9 million.

We did not repay any bank loan due to capital shortage in the third quarter of 2009. In the current tight credit market, we cannot give assurance that we can refinance these loans on favorable terms to us, if at all. Our current available working capital may not be adequate to sustain our operations at our current levels through at least the next twelve months. There is substantial doubt about our ability to continue as a going concern. The fact that we have received this going concern opinion from our independent auditors may make it more difficult for us to raise capital on favorable terms. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

*Obligations under Material Contract*

Below is a summary of our current obligations under material contracts.

In connection with the entry into the Securities Purchase Agreement, on July 24, 2008, the Company entered into a make good escrow agreement (the "Make Good Escrow Agreement") with Win-Win Global Investments, Inc. (the "Pledgor"), the investors listed in the Securities Purchase Agreement, Roth Capital Partners, LLC ("Roth") and STC, pursuant to which the Pledgor agreed to certain "make good" provisions in the event that the Company does not meet certain income thresholds for fiscal years 2008 and/or 2009 discussed in the Securities Purchase Agreement. Pursuant to the Make Good Escrow Agreement, the Pledgor established an escrow account and delivered to STC certificates evidencing 1,669,398 shares of the Company's common stock held by the Pledgor (the "Make Good Shares") along with blank stock powers, to be held for the benefit of the investors. The Pledgor agreed that if the after tax net income (the "ATNI") for the Company's 2008 fiscal year is less than \$10,000,000 or the ATNI for the Company's 2009 fiscal year is less than \$14,000,000 (after the exclusion of certain items from the calculation), then, in each case, the Pledgor will transfer to the investors, on a pro rata basis, 50% of the Make Good Shares within 10 business days after the Company's annual report on Form 10-K is filed for the respective fiscal year. In such event, the Pledgor's obligation to transfer the Make Good Shares continues to apply to each of the investors, even if an investor has transferred or sold all or any portion of its securities, and each of the investors shall have the right to assign its rights to receive a pro rata portion of the Make Good Shares in conjunction with negotiated sales or transfers of any of its securities. If the ATNI for the Company's 2008 fiscal year is no less than \$10,000,000 (after the exclusion of certain items from the calculation), 50% of the Make Good Shares will be released to the Pledgor. If the ATNI for the Company's 2009 fiscal year is no less than \$14,000,000 (after the exclusion of certain items from the calculation), then the remaining 50% of

the Make Good Shares will be released to the Pledgor. The parties also agreed that for purposes of determining the ATNI under the Securities Purchase Agreement, the release of the Make Good Shares to the Investors or the Pledgor as a result of the operation of the Make Good Agreement shall not be deemed to be an expense, charge, or other deduction from revenues even though GAAP may require contrary treatment. The Make Good Escrow Agreement will terminate upon the distribution of all the Make Good Shares. As we did not meet the ATNI for 2008, 834,699 shares will be released to the investors on a pro rata basis.

### ***Off-Balance Sheet Arrangements***

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity or capital expenditures or capital resources that is material to an investor in our securities.

### ***Seasonality***

Our Company's business is seasonal, with the highest proportion of sales and operating income being generated in the second and third quarters of each year, with lesser sales and operating income being generated in the first and fourth quarters of each year. Our working capital requirements fluctuate during the period, increasing substantially during the first and fourth quarters as a result of lower demand for glass products due to the curtailments of construction works in winter season.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Not applicable.

### **Item 4. Controls and Procedures.**

#### **Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including to our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, our management, including our Chief Executive Officer, Ms. Lin Tan, and Chief Financial Officer, Ms. Hong Tan, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2009. Based on our assessment, Ms. Lin Tan and Ms. Hong Tan determined that, as of September 30, 2009, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were effective to satisfy the objectives for which they are intended.

#### **Internal Controls Over Financial Reporting**

##### ***Management's Report on Internal Control over Financial Reporting.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, and includes those policies and procedures that:

(1)

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(2)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and

(3)

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.



Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2009. In making this assessment, management used the framework set forth in the report entitled Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting is effective, as of September 30, 2009.

This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this report.

***Changes in Internal Controls over Financial Reporting.***

During the quarter ended September 30, 2009, there were no changes in our internal control over financial reporting identified in connection with the evaluation performed during the fiscal year covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings.**

There is no material legal proceeding pending against us.

**Item 1A. Risk Factors**

Not Applicable.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders.**

None.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K.

<b>Exhibit SEC Ref.</b>	<b>Title of Document</b>
<b>No.</b>	<b>No.</b>

<u>1</u>	<u>31.1</u>
----------	-------------

Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

2.     31.2     Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

3       32.1     Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\*

4       32.2     Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002\*

\* The Exhibits attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**SIGNATURES**

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**GOLDEN ELEPHANT GLASS  
TECHNOLOGY, INC.**

Date: November 20, 2009

/s/ Lin Tan

Lin Tan  
Chief Executive Officer and President (Principal  
Executive Officer)

Date: November 20, 2009

/s/ Hong Tan

Hong Tan  
Chief Financial Officer (Principal Financial  
and Accounting Officer)