

+86-29-8832-7391

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a 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

The number of shares outstanding of the registrant's common stock as of May 10, 2013 was 21,458,654.

CHINA NATURAL GAS, INC.

AND SUBSIDIARIES

Index

PART I. FINANCIAL INFORMATION

Item 1.	Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012	3
	Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2013 and 2012	4
	Consolidated Statements of Stockholders' Equity as of March 31, 2013 and December 31, 2012	5
	Consolidated Statements of Cash Flows for the Three Months ended March 31, 2013 and 2012	6
	Notes to Consolidated Financial Statements	7

Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	38
---------	---	----

Item 3.	Quantitative and Qualitative Disclosures About Market Risk	58
---------	--	----

Item 4.	Controls and Procedures	58
---------	-------------------------	----

PART II. OTHER INFORMATION 60

Item 1.	Legal Proceedings	60
---------	-------------------	----

Item 1A.	Risk Factors	64
----------	--------------	----

Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	64
---------	---	----

Item 3.	Defaults Upon Senior Securities	64
---------	---------------------------------	----

Item 4.	Mine Safety Disclosures	64
---------	-------------------------	----

Item 5.	Other Information	64
---------	-------------------	----

Item 6.	Exhibits	64
---------	----------	----

Signatures		65
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CHINA NATURAL GAS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2013 AND DECEMBER 31, 2012
(Stated in US Dollars)

	Note	March 31, 2013	(Audited) December 31, 2012
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3(f)	\$ 10,700,924	\$ 10,857,456
Accounts receivable, net	3(g)	3,289,300	2,148,379
Other receivables, net		969,170	458,605
Employee advances	3(h)	325,505	399,031
Inventories	3(i)	3,041,500	2,473,933
Advances to suppliers		8,449,792	4,869,606
Prepaid expense and other current assets		2,724,481	3,541,431
Total current assets		29,500,672	24,748,441
Investment in unconsolidated joint ventures	3(j)	-	1,587,000
Property and equipment, net	3(k)	177,582,135	179,515,563
Construction in progress	3(l)	57,149,739	53,393,933
Goodwill	3(m), 4	844,569	839,806
Other intangible assets	4	21,094,232	21,400,924
Prepaid expenses and other assets	5	7,367,886	7,015,142
TOTAL ASSETS		\$ 293,539,233	\$ 288,500,809
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Senior notes- current maturities	6	\$ 38,569,998	\$ 38,352,498
Current portion of bank loan payable	7	4,788,000	4,761,000
Redeemable liabilities - warrants		17,500,000	17,500,000
Accounts payable and accrued liabilities		6,752,805	6,756,278
Other payable - related party		827,596	1,616,429
Short-term borrowing - related party		2,679,945	2,679,945
Unearned revenue		4,590,622	3,663,570
Accrued interest		2,392,773	1,936,584
Taxes payable		1,887,751	2,232,546
Total current liabilities		79,989,490	79,498,850
LONG-TERM LIABILITIES:			
Bank loan payable, net of current portion	7	3,192,000	4,761,000
Total liabilities		\$ 83,181,490	\$ 84,259,850

STOCKHOLDERS' EQUITY:

Preferred stock, par value \$0.0001 per share, 5,000,000 authorized, none issued and outstanding		\$-	\$-
Common stock, par value \$0.0001 per share, 45,000,000 authorized, 21,458,654 issued and outstanding at March 31, 2013 and December 31, 2012, respectively		2,145	2,145
Additional paid-in capital		83,649,675	83,501,637
Accumulated other comprehensive income		22,579,356	21,276,931
Statutory reserves	10	12,368,349	11,818,087
Retained earnings		91,499,821	87,410,615
Noncontrolling interests		258,397	231,544
Total stockholders' equity		210,357,743	204,240,959
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$293,539,233	\$288,500,809

See Accompanying Notes to the Financial Statements and Accountant's Report.

CHINA NATURAL GAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2013 AND 2012
(Stated in US Dollars)

	Three Months Ended March 31,	
	2013	2012
Revenue		
Natural gas	\$ 32,180,068	\$ 29,399,687
Gasoline	474,999	825,895
Installation and other	2,844,263	2,051,736
	35,499,330	32,277,318
Cost of revenue		
Natural gas	20,953,430	19,274,859
Gasoline	420,661	788,144
Installation and other	1,196,648	852,245
	22,570,739	20,915,248
Gross profit	12,928,591	11,362,070
Operating expenses		
Selling	5,553,854	4,950,800
General and administrative	1,531,990	2,711,646
	7,085,844	7,662,446
Income from operations	5,842,747	3,699,624
Non-operating income (expense):		
Interest income	9,723	10,746
Interest expense	(189,379)	(432,037)
Loss on disposal of fixed assets	(57,045)	-
Loss on sales of long term investment	(79,650)	-
Other income (expense), net	26,199	(33,093)
Change in fair value of warrants	-	(83)
Foreign currency exchange loss	(813)	(505,940)
	(290,965)	(960,407)
Income before income tax	5,551,782	2,739,217
Provision for income tax	885,461	791,471
Net income	4,666,321	1,947,746
Less: Income/(loss) attributable to noncontrolling interests	26,853	(228,059)
Net income attributable to China Natural Gas, Inc.	4,639,468	2,175,805

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Other comprehensive income		
Foreign currency translation gain	1,302,425	1,758,800
Comprehensive income	\$ 5,941,893	\$ 3,934,605
Weighted average shares outstanding		
Basic	21,458,654	21,458,654
Diluted	21,458,654	21,458,654
Earnings per share		
Basic	\$ 0.22	\$ 0.10
Diluted	\$ 0.22	\$ 0.10

See Accompanying Notes to the Financial Statements and Accountant's Report.

CHINA NATURAL GAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012
(Stated in US Dollars)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulative Other Comprehensive Income	Non-controlling Interest	Statutory Reserve	Retained Earnings Unrestricted	Total Stockholders' Equity
Balance at 1/1/2012	21,458,654	\$2,145	\$82,909,485	\$19,817,493	\$-	\$10,124,710	\$77,903,478	\$190,757,311
Stock based compensation	-	-	592,152	-	-	-	-	592,152
Purchases of a Noncontrolling interest equity	-	-	-	-	394,789	-	-	394,789
Cumulative translation adjustment	-	-	-	1,459,438	-	-	-	1,459,438
Net income	-	-	-	-	(163,245)	-	11,200,514	11,037,269
Appropriation of retain earnings	-	-	-	-	-	1,693,377	(1,693,377)	-
Balance at 12/31/2012	21,458,654	\$2,145	\$83,501,637	\$21,276,931	\$231,544	\$11,818,087	\$87,410,615	\$204,240,959
Balance at 1/1/2013	21,458,654	\$2,145	\$83,501,637	\$21,276,931	\$231,544	\$11,818,087	\$87,410,615	\$204,240,959
Stock based compensation	-	-	148,038	-	-	-	-	148,038
Purchases of a Noncontrolling interest equity	-	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	-	1,302,425	-	-	-	1,302,425
Net income	-	-	-	-	26,853	-	4,639,468	4,666,321
Appropriation of retain earnings	-	-	-	-	-	550,262	(550,262)	-
Balance at 3/31/2013	21,458,654	\$2,145	\$83,649,675	\$22,579,356	\$258,397	\$12,368,349	\$91,499,821	\$210,357,743

See Accompanying Notes to the Financial Statements and Accountant's Report.

CHINA NATURAL GAS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(Stated in US Dollars)

	For the Three Months Ended March 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	4,666,321	1,947,746
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,453,703	3,411,668
Provision for (recovery of) doubtful accounts	66,400	284,740
Loss (Gain) on disposal of equipment	57,045	-
Loss (Gain) on sales of long term investment	79,650	-
Stock-based compensation	148,038	148,038
Change in fair value of warrants	-	83
Change in assets and liabilities:		
Accounts receivable	(1,193,016)	1,272,022
Other receivables	(931,273)	(1,196,797)
Employee advances	75,568	(88,962)
Inventories	(552,497)	124,084
Advances to suppliers	(3,545,892)	(2,961,113)
Prepaid expense and other current assets	874,291	3,195,216
Accounts payable and accrued liabilities	763,439	997,587
Unearned revenue	904,572	1,359,757
Accrued interest	456,189	(484,705)
Taxes payable	(356,785)	(588,625)
Net cash provided by operating activities	4,965,753	7,420,739
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for acquisition of property and equipment	(76,831)	(3,192,954)
Proceeds from sales of property and equipment	7,133	-
Proceeds from sales of long term investment	716,850	-
Additions to construction in progress	(3,353,310)	(4,744,279)
Prepayment on long-term assets	(89,747)	4,962,691
Payment for acquisition of business	-	(657,421)
Payment for intangible assets	-	(1,506,029)
Net cash used in investing activities	(2,795,905)	(5,137,992)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of short-term borrowing and other payable, related parties	(796,500)	-
Repayment of long -term debt	(1,593,000)	(794,000)
Repayment of senior notes	-	(3,333,334)
Increase in restricted cash	-	(794,000)

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Net cash (used in) provided by financing activities	(2,389,500)	(4,921,334)
Effect of exchange rate changes on cash and cash equivalents	63,120	23,216
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(156,532)	(2,615,371)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	10,857,456	9,622,883
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,700,924	&nbs