

China Direct Industries, Inc.  
Form 8-K/A  
January 19, 2010

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K/A  
(Amendment No. 2)

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CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 29, 2009

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CHINA DIRECT INDUSTRIES, INC.  
(Exact name of registrant as specified in its charter)

Florida	001-33694	13-3876100
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

431 Fairway Drive, Suite 200, Deerfield Beach, Florida 33441  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (954) 363-7333

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## EXPLANATORY NOTE

On December 31, 2009, China Direct Industries, Inc. (the "Company") filed a Current Report on Form 8-K (the "Form 8-K") relating to non-reliance on the Company's previously issued financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2008 as a result of certain accounting errors. On January 8, 2010 the Company filed a Current Report on Form 8-K/A (Amendment No. 1) which stated the Company discussed the matters set forth in the Form 8-K with its independent registered public accounting firm. This Amendment No. 2 to Form 8-K ("Amendment No. 2") is filed solely to combine the disclosure included in the Form 8-K with the disclosure included in Amendment No. 1.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Audit Report.

On December 29, 2009 the audit committee of the Board of Directors of China Direct Industries, Inc. (the "Company") determined that the Company's December 31, 2008 financial statements included in its Form 10-K filed on March 31, 2009 could not be relied upon.

The December 31, 2008 financial statements included in the Company's Form 10-K filed on March 31, 2009 with the SEC, contained an error related to the method of calculating the other-than-temporary impairment of available for sale securities. Accordingly, the consolidated balance sheets, consolidated statements of operations, consolidated statement of stockholders' equity, and consolidated statement of cash flows for the calendar year ended December 31, 2008 have been restated to correct the accounting treatment previously accorded the other-than-temporary impairment treatment and will be included in the Company's Transition Report on Form 10-K for the fiscal year ended September 30, 2009. Furthermore, the Company discontinued a component of its business which also affected its financial statements for the year ended December 31, 2008.

The effect of correcting this error and the discontinued operations on the Company's consolidated balance sheet at December 31, 2008, and consolidated statement of operations and statement of cash flows for the year ended December 31, 2008 is shown in the table below. There was no net effect on comprehensive income from this error and all other changes to the Company's consolidated statement of equity will be shown in the tables provided for in the consolidated balance sheet and consolidated statement of operations. Additionally, for accounts affected by the restatement error and adjustments related to the retrospective presentation of discontinued operations are also shown.

The matters set forth in the Form 8-K have been discussed with the Company's independent registered public accounting firm, Sherb & Co., LLP. Other than with respect to the addition of this statement, the disclosure contained in the Form 8-K remains unchanged as of the date it was filed.

Consolidate Balance Sheet Data	December 31, 2008			
	As filed	Adjustment to Restate	Adjustment for discontinued operations	Restated
Shareholders' equity				
Accumulated other comprehensive (loss) income	\$ (11,711,021)	\$ 3,393,533	-	\$ (8,317,488)
Retained Earnings	\$ 17,037,407	\$ (3,393,533)	-	\$ 13,643,874
Consolidated Statement of Operations Data	For the year ended December 31, 2008			
	As filed			Restated

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		Adjustment to Restate	Adjustment for discontinued operations		
Realized loss on Other Than Temporary Impairment	\$ (4,127,555)	\$ (3,393,533)	\$ -	\$ (7,521,088)	
Total other expense	\$ (3,279,746)	\$ (3,393,533)	\$ (103,767)	\$ (6,777,046)	
Net income from continuing operations before income taxes	\$ 17,689,043	\$ (3,393,533)	\$ (976,457)	\$ 13,319,053	
Net income from continuing operations net of income taxes	\$ 17,421,798	\$ (3,393,533)	\$ (590,861)	\$ 13,437,404	
Net Income	\$ 17,476,417	\$ (3,393,533)	\$ (289,522)	\$ 13,793,362	
Net income attributable to China Direct Industries, Inc.	\$ 11,398,607	\$ (3,393,533)	\$ -	\$ 8,005,074	
Income applicable to common stockholders	\$ 4,951,278	\$ (3,393,533)	\$ -	\$ 1,557,745	
Basic and diluted income (loss) per common share:					
Basic	\$ 0.22	\$ (0.15)	\$ (0.15)	\$ 0.07	
Diluted	\$ 0.20	\$ (0.14)	\$ (0.14)	\$ 0.06	

Consolidated Statements of Cash Flows Data

For the year ended December 31, 2008

	As filed	Adjustment to Restate	Adjustment for discontinued operations	Restated
Net income	\$ 17,476,417	\$ (3,393,533)	\$ (289,522)	\$ 13,793,362
Realized loss on investment in marketable securities - Other Than Temporary Impairment	\$ 4,127,555	\$ 3,393,533	\$ -	\$ 7,521,088

For the year ended December 31, 2008

	As filed	Adjustment to Restate	Adjustment to Restate	Restated
Consolidated Statement of Changes in Equity				
Net income for the year ended December 31, 2008	\$ 11,398,607	\$ (3,393,533)	\$ -	\$ 8,005,074
Unrealized loss on marketable securities available for sale	\$ (11,213,394)	\$ 3,393,533	\$ -	\$ (7,819,861)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHINA DIRECT INDUSTRIES, INC.

Date: January 15, 2010

Andrew X. Wang  
Andrew X. Wang  
Executive Vice President and Chief Financial  
Officer