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<FILER-CCC>	CHINA FIRE & SECURITY GROUP, INC. <i>(This line is not part of the official submission)</i>	</FILER-CCC>
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<SUBMISSION-CONTACT>		</SUBMISSION-CONTACT>
<CONTACT-NAME>	Rudy Singh	</CONTACT-NAME>
<CONTACT-PHONE>	(212) 730-4303	</CONTACT-PHONE>
</SUBMISSION-CONTACT>		</SUBMISSION-CONTACT>
<NOTIFY-INTERNET>	rsingh@vfilings.com	</NOTIFY-INTERNET>
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): May 13, 2009

CHINA FIRE & SECURITY GROUP, INC.
(Exact name of registrant as specified in Charter)

Florida
(State or other jurisdiction of
incorporation or organization)

000-50491
(Commission File No.)

65-1193022
(IRS Employee
Identification No.)

B-2508 TYG Center, C2
Dongsanhuanbeilu,
Chaoyang District, Beijing 100027,
People's Republic of China
(Address of Principal Executive Offices)

(86-10) 8441 7400
(Issuer Telephone number)

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):

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

Item 2.02. Results of Operations and Financial Condition

On May 11, 2009, China Fire & Security Group, Inc. (the "Company") issued a press release announcing its results for the quarter ended March 31, 2009. The press release is attached as Exhibit 99.1 to this report on Form 8-K.

The information contained in this Current Report on Form 8-K and the exhibits attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information or such exhibits be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The information set forth in or exhibits to this Form 8-K shall not be deemed an admission as to the materiality of any information in this report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 7.01 Regulation FD Disclosure

On May 11, 2009, the Company held an earnings conference in connection with its earnings for the quarter ended March 31, 2009. The earnings conference script is attached as Exhibit 99.2 to this report on Form 8-K. A full recording of the earnings conference is available at <http://www.chinafiresecurity.com>.

The information contained in this Current Report on Form 8-K and the exhibits attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information or such exhibits be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The information set forth in or exhibits to this Form 8-K shall not be deemed an admission as to the materiality of any information in this report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

- 99.1 Earnings Release of China Fire & Security Group, Inc., dated May 11, 2009.
 - 99.2 Earnings Conference script of China Fire & Security Group, Inc., dated May 11, 2009.
-

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 FIRE & SECURITY GROUP, INC.

Date: May 13, 2009

By: /s/ Brian Lin

Name: Brian Lin

Title: Chief Executive Officer

China Fire & Security Group Announces First Quarter 2009 Financial Results

- 1Q09 Revenue Increases 13.7% YoY to \$16.7 Million -

- 1Q09 Gross Margin Increases 690 Basis Points YoY to 61.6% -

- 1Q09 Net Income Increases 19.1% YoY to \$5.6 Million -

- Reaffirms FY09 Revenue, Net Income, and Diluted EPS Forecast -

BEIJING, May 11 /PRNewswire-Asia-FirstCall/ -- China Fire & Security Group, Inc. (Nasdaq: CFSG) ("China Fire" or "the Company"), a leading total solution industrial fire protection systems in China, today announced its financial results for the first quarter ended March 31, 2009.

First Quarter 2009 Results

For the first quarter of 2009, revenue increased 13.7% to \$16.7 million compared to \$14.7 million for the same period in 2008, benefiting from higher sales of system contracting projects and maintenance services during the period.

Gross margin for the first quarter of 2009 expanded 690 basis points to 61.6%, versus gross margin of 54.7% for the same period of 2008. The higher gross margin was mainly driven by enhanced execution efficiency in completing total solution contracting projects.

Operating income grew 33.5% to \$6.2 million, from \$4.6 million for the same period last year. Driven by the increase in revenue and higher gross margin, operating margin expanded 550 basis points to 37.1% from 31.6% a year ago. Operating expenses were \$4.1 million for the first quarter of 2009, or 24.5% of total revenue, compared to \$3.9 million, or 23.1% of total revenue for the same period of 2008. Tax expense was \$0.8 million for an effective tax rate of 12.3%, compared to 1.0% a year ago.

Net income was \$5.6 million, an increase of \$0.9 million, or 19.1%, as compared to \$4.7 million for the same period of 2008. As a result, fully diluted EPS increased to \$0.20 in the first quarter of 2009, versus \$0.17 in the first quarter of the prior year.

Mr. Brian Lin, Chief Executive Officer of China Fire commented, "Given that the first quarter is seasonally the slowest period due to the Chinese New Year holiday season, during the quarter, we successfully executed large projects for two of our Tier-1 customers, Xinyu Iron and Steel Group and Capital Iron and Steel. With our greater and deeper expertise, we significantly improved our efficiency in the execution of these key projects and substantially lowered our costs. Consequently, gross margin for the first quarter was a record high. We also successfully expanded our customer base in product sales and maintenance services, and we exceeded our internal target for new contract wins during the quarter. Our backlog, which includes winning bids, grew by \$13 million, or 18%, sequentially, to \$85 million at the end of March 2009. We expect to convert a majority of the total backlog to revenue in the remainder of 2009, which provides extra confidence to our existing forecast."

Liquidity and Capital Resources

As of March 31, 2009, the Company had working capital of \$70 million and zero debt. Net cash provided by operating activities was \$2.5 million in the first quarter compared to net cash used by operating activities of \$ 1.8 million in the same period of 2008. As a result, net cash increased \$2.7 million to \$29.4 million at the end of 2009, from \$26.7 million at the end of 2008.

Financial Outlook for 2009

For the full year 2009, the Company reaffirms its revenue projection of \$88 million to \$95 million. The Company also reaffirms that revenue will grow between 22% and 32% and pre-tax income will grow between 22% to 32% to a range of \$30.2 million to \$32.6 million. The Company estimates that assuming an effective tax rate of 15% income will grow between 7% to 15% to a range of \$26.3 million to \$28.4 million, or \$0.93 to \$1.00 per diluted share, based on 28.3 million shares.

"Supported by our strong new contract wins and record backlog, we remain confident about the business and the growth of the fire protection industry in China. The Chinese government's stimulus plan has shown early signs of success, as bidding activities at our Tier-1 customers continue to trend up, and we continue to benefit from the accelerated infrastructure upgrades across our targeted verticals. The recent sharp rise in CLAS's purchasing managers' index for China is another indicator that manufacturing in China is heading towards reacceleration. We believe we are well positioned to capture revenue opportunities arising from improving market conditions."

We continue to be excited with the growth prospects in our core iron and steel market, and we continue to command firm pricing for our total solutions, as our margins continue to exceed our target range. We also are excited with our contract wins in the nuclear, power, and petrochemical, as well as in the international market.

It is worth noting again that our strategy has been to focus on further expanding our brand, our market leadership, and our technical leadership in fire safety. To that end, we have built our industry's leading brand, distribution, total solution offering, and manufacturing capabilities. We currently hold 76 patents with 37 patents pending. We are confident that our growing cash position, healthy cash flows, and zero debt position us well for higher revenues, greater profits, and a stronger pipeline of expansion prospects, including strategic consolidation opportunities," concluded Mr. Lin.

Conference Call

The Company will hold a conference call to discuss the financial results at 8:00 a.m. ET on May 11, 2009. The Company invites you to join the call by dialing 1-9692. To listen to the live webcast of the event, please go to <http://www.chinafiresecurity.com> and click on the Investor Relations section where conference calls are listed. A replay of the call will be available from May 11, 2009 to May 18, 2009. Listeners may access the replay by dialing 1-303-590-3030, passcode: 4068548.

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About China Fire & Security Group, Inc.

China Fire & Security Group, Inc. (NASDAQ: CFSG), through its wholly owned subsidiaries, Sureland Industrial Fire Safety Limited ("Sureland") and Tianjin Fire Safety Equipment ("Tianxiao"), is a leading total solution provider of industrial fire protection systems in China. Leveraging on its proprietary technologies, China Fire engaged primarily in the design, manufacture, sales and maintenance services of a broad product portfolio including detectors, controllers, and fire extinguishers. With a nationwide direct sales force, China Fire has built a solid client base including major companies in iron and steel, traditional power generation, petrochemical and power industries throughout China. China Fire has a seasoned management team with strong focus on standards and technologies. Currently, China Fire has 52 subsidiaries covering fire detection, system control and fire extinguishing technologies. Founded in 1995, China Fire is headquartered in Beijing with about 500 employees in 30 sales and project offices throughout China. For more information about the Company, please go to <http://www.chinafiresecurity.com>.

Cautionary Statement Regarding Forward Looking Information

This presentation may contain forward-looking information about China Fire & Security Group, Inc. and its wholly owned subsidiary Sureland which are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "project," "seek," "intend," or "anticipate" or the negative thereof or comparable terminology, and include discussions of strategy, statements about industry trends and China Fire & Security Groups' future performance, operations and products. This and other "Risk Factors" are contained in China Fire & Security Groups' public filings with the SEC.

For more information, please contact:

China Fire & Security Group, Inc.

Shayla Suen, Investor Relations

Tel: +86-10-8441-7400

Email: ir@chinafiresecurity.com ICR, Inc.

In China:

Michael Tieu or Bill Zima

Tel: +86-10-6599-7960 or +86-10-6599-7969

Email: michael.tieu@icrinc.com or william.zima@icrinc.com

In the U.S.:

Brian M. Prenoveau, CFA

Tel: +1-203-682-8200

Email: brian.prenoveau@icrinc.com

CHINA FIRE & SECURITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
UNAUDITED

	Three Months Ended March 31,	
	2009	2008
REVENUES		
System contracting projects	\$ 13,003,184	\$ 11,329,380
Products	3,124,322	2,881,171
Maintenance services	584,705	486,075
Total revenues	16,712,211	14,696,626
COST OF REVENUES		
System contracting projects	4,807,258	5,570,210
Products	1,211,653	841,882
Maintenance services	396,541	240,139
Total cost of revenues	6,415,452	6,652,231
GROSS PROFIT	10,296,759	8,044,395
OPERATING EXPENSE		
Selling and marketing	1,902,318	1,162,062
General and administrative	1,680,639	1,798,710
Depreciation and amortization	193,394	167,262
Research and development	314,030	266,649
Total operating expense	4,090,381	3,394,683
INCOME FROM OPERATIONS	6,206,378	4,649,712
OTHER INCOME (EXPENSE)		
Other income	111,953	111,350
Other expense	(1,257)	--
Interest income	122,096	28,360
Total other income (expense)	232,792	139,710
INCOME BEFORE PROVISION FOR INCOME TAXES		
TAXES	6,439,170	4,789,422
PROVISION FOR INCOME TAXES	793,567	48,642
NET INCOME	5,645,603	4,740,780
OTHER COMPREHENSIVE INCOME		
Foreign currency translation adjustment	(227,368)	2,066,916
COMPREHENSIVE INCOME	\$ 5,418,235	\$ 6,807,696
BASIC EARNINGS PER SHARE		
Weighted average number of shares	27,586,593	27,556,893
Earnings per share	\$ 0.20	\$ 0.17
DILUTED EARNINGS PER SHARE		
Weighted average number of shares	28,210,911	28,153,181
Earnings per share	\$ 0.20	\$ 0.17

CHINA FIRE & SECURITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008

ASSETS

	March 31, 2009	December 31, 2008
CURRENT ASSETS:	(Unaudited)	
Cash and cash equivalents	\$ 29,356,116	\$ 26,655,333
Restricted cash	4,212,181	5,377,933
Notes receivable	1,031,811	3,670,259
Accounts receivable, net of allowance for doubtful accounts of \$4,642,324 and \$4,370,362 as of March 31, 2009 and December 31, 2008, respectively	26,588,723	25,826,343
Receivables from related party	503,544	466,223
Other receivables	1,663,413	1,532,259
Inventories	6,027,870	6,538,938
Costs and estimated earnings in excess of billings	22,953,939	17,821,708
Employee advances	1,236,897	743,868
Prepayments and deferred expenses	2,389,344	2,816,976
Total current assets	95,963,838	91,449,840
PLANT AND EQUIPMENT, net	8,540,571	8,445,254
OTHER ASSETS:		
Restricted cash - non current	2,602,073	1,872,828
Accounts receivable - retentions	1,363,980	1,107,450
Advances on building and equipment purchases	--	249,859
Investment in joint ventures	1,167,010	1,167,238
Intangible assets, net of accumulated amortization	1,096,800	1,116,449
Total other assets	6,229,863	5,513,824
Total assets	\$ 110,734,272	\$ 105,408,918

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 6,023,062	\$ 6,664,090
Customer deposits	5,138,306	6,102,026
Billings in excess of costs and estimated earnings	2,780,379	4,237,528
Other payables	448,707	837,973
Accrued liabilities	7,795,775	6,785,409
Taxes payable	4,195,612	2,092,745
Total current liabilities	26,381,841	26,719,771
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.001 par value, 65,000,000 shares authorized, 27,586,593 shares issued and outstanding as of March 31, 2009 and December 31, 2008	27,586	27,586
Additional paid-in-capital	19,602,458	19,357,409
Statutory reserves	7,148,827	7,148,827
Retained earnings	50,495,784	44,850,181
Accumulated other comprehensive income	7,077,776	7,305,144
Total shareholders' equity	84,352,431	78,689,147
Total liabilities and shareholders' equity	\$ 110,734,272	\$ 105,408,918

SOURCE China Fire & Security Group, Inc.



First quarter 2009 Earnings Conference Call

May 11, 2009

Operator: Please stand by. The conference is about to begin. Good day everyone. Welcome to the first quarter 2009 Earnings Conference for China Fire and Security Group Incorporated. Today's conference is being recorded.

At this time, I would like to turn the call over to Mr. Michael Tieu of ICR for opening remarks and introduction. Please go ahead sir.

Michael Tieu: Thank you everyone for joining us for the China Fire and Security Group's first quarter 2009 Earnings Call. With us today is Brian Lin, China Fire's Chief Executive Officer, and Robert Yuan, China Fire's Principal Accounting Officer.

Before we get started, I'm going to review the Safe Harbor Statement regarding today's conference call.

This conference call may contain, in addition to historical information, forward-looking statements within the meaning of the Federal Securities Laws regarding China Fire. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements other than statements that are historical in nature. These forward-looking statements are based on current management's expectations and are subject to risks and uncertainties that may result in expectations not being realized and may cause actual outcomes to differ materially from expectations reflected in these forward-looking statements. Potential risks and uncertainties include product and service demand acceptance, changes in technology or economic conditions, the impact of competition and pricing, the impact of government regulations and other risks contained in this statement filed from time to time with the SEC. All such forward-looking statements, whether written or oral and whether made by or on behalf of the company are expressly qualified by the cautionary statements. Because forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on these statements. Forward-looking statements made during this conference call only represent management's estimates as of today, May 11, 2009. China Fire & Security Group assumes no obligation to update these projections in the future as market conditions change. For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 360 days on our corporate website, www.chinafiresecurity.com

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At this point, I would like to introduce Brian Lin, Chief Executive Officer of China Fire & Security Group. Brian.

Brian Lin: Thank you very much Michael. Good morning everyone to those in the U.S. and good evening to those participants in Asia. Welcome to our first quarter 2009 Conference Call. Today, we will discuss our financial results, talk about our recent developments and our strategic plans, and conclude with our outlook for the remainder of 2009.

[1] **Highlights**

As many of you know, the first quarter is seasonally our slowest period due to our customers' tendency to defer starting new projects around the Chinese New Year holidays. To that extent, even though our contract wins during the first quarter exceeded our internal targets, our recognized revenue, which is based on completion of project milestones, is effectively deferred.

I am pleased that our first quarter results continue to validate our growth strategy and demonstrate our sound execution. We continued to grow our business and our brand successfully, and we have further strengthened our position as the leading provider of industrial fire protection solutions in China.

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Before we get to the details of our first quarter 2009 financial results, allow me to share with you highlights of our achievements during the quarter, as we continued to reach new records in our business.

- Our revenue increased to \$16.7 million compared to \$14.7 million for the same period in 2008.
- We achieved record gross margin of 61.6%, which is 690 basis points higher than the gross margin of first quarter 2008.
- Our net income increased 19.1% YoY to \$5.6 million for the first quarter of 2009
- We ended the quarter with a record strong backlog of \$85 million, as compared to \$72 million at the end of 2008.
- We signed a large contract worth approximately US\$9.4 million with Jinan Iron & Steel for fire protection turn-key solutions.
- We won additional contract worth approximately \$6.7 million with China Nuclear Power Engineering Co., Ltd. (CNPEC) for its Yangjiang Nuclear Power Station (“YNPS”) Phase I project as its fire-extinguishing product provider.
- We won a major contract worth approximately US\$3.4 million with China Minmetals Corporation.
- And, as previously mentioned, we had two contract wins in India and Indonesia, totaling more than \$3.4 million.

As you can see from our many achievements, we are delighted with our first quarter performance. From our views, the Chinese government’s stimulus plan is showing early signs of success, as bidding activities at our Tier-1 customers continue to trend up, and we continue to benefit from the accelerated infrastructure upgrades across our targeted verticals. Another indicator that manufacturing in China is heading towards reacceleration is the recent sharp rise in CLAS’s purchasing managers’ index for China. We believe we are well positioned to capture further revenue opportunities arising from improving market conditions. As we continue to grow our company, expand our market leadership, and deepen our competitive advantages in the rapidly growing Chinese industrial fire protection industry, I am excited about the remainder of 2009, which I will discuss in more details later in this conference call.

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At this point, however, let me turn the call over to Robert for a detailed discussion on our first quarter financial results. Afterwards, I will return to discuss our recent developments and our strategic plans, and conclude with an update on our guidance for the remainder of 2009. Robert.

Robert Yuan: Thank you Brian. Echoing Brian's assessment, I am pleased with our financial performance in the first quarter of 2009.

[2] 1Q 09 Financial Results

First quarter Results

Our revenue for the first quarter of 2009 grew 13.7% to \$16.7 million, compared to \$14.7 million for the first quarter of 2008. As Brian had mentioned, our customers have a tendency to defer starting new projects around the Chinese New Year holidays. During the first quarter, we generated revenue from 212 total solution, product sales and maintenance contracts, up from 146 contracts from first quarter of 2008.

System contracting revenue increased 14.8% to \$13.0 million derived from 121 contracts, versus \$11.3 million in the first quarter of 2008, generated from 81 contracts. The revenue increase from system contracting projects was mainly driven by the higher number of system contracting projects and execution of large-size projects from Xinyu Iron and Steel Group and Capital Iron and Steel Group during first quarter.

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Our product sales grew by \$0.2 million year-over-year to \$3.1 million. Maintenance and service revenue increased 20.3% to \$0.6 million, driven by our effort to keep expanding our customer base.

As we continue to fulfill large contracts with our core customers, the iron and steel industry remains the largest vertical, contributing approximately 74% of total first quarter revenue. Power generation has become one of largest verticals in the first quarter contributing approximately 18% revenue. Petrochemical and other verticals contributed approximately 8.1% of our revenue during the quarter.

Our first quarter gross margin expanded 690 basis points to 61.6% versus gross margin of 54.7% for the same period of 2008. The record high gross margin benefited from our greater and deeper expertise, as we significantly improved our efficiency in the execution of large projects and substantially lowered our costs.

Our selling expenses were \$1.9 million for the first quarter of 2009 as compared to \$1.2 million for the first quarter of 2008, an increase of approximately \$0.7 million or 63.7 percent. The significant increase in our selling expenses was mainly attributable to the increase in our sales-related activities including building up the relationship with new clients and marketing of our new products and solutions and our efforts to expand our business in new industries including nuclear power and transportation and to international markets. General administrative expenses were \$1.7 million for the first quarter of 2009, as compared to \$1.8 million for the same period of 2008, a decrease of approximately \$0.1 million or 6.6 percent. The decrease in general administrative expenses were mainly attributable to our improved control over operating expenditure and lower bad debt expenses, offset by the increase in non-cash option expenses of \$240,000 and the increase in the employee salary expense as the result of the increase in number of employee during the period. R&D expense was \$314,000 as compared to \$267,000 in the same period of 2008, as we continue to our efforts to develop further innovations to our LHDs, water mist systems, and software for our detection and control systems.

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Operating income for the first quarter grew 33.5% to \$6.2 million, from \$4.6 million for the same period last year. Driven by the increase in revenue and higher gross margin, our operating margin also expanded 550 basis points to 37.1% from 31.6% a year ago.

Total other income was \$233,000 for the first quarter of 2009, compared to \$140,000 for the same period 2008, as we earned higher interest income during this period.

Our provision for income taxes was approximately \$214,000 in the first quarter of 2009, compared to approximately \$49,000 provision for income tax for the same period of last year. This significant increase in our provision for income tax during the period was mainly due to the fact that Sureland Industrial, our major operating subsidiary, began to pay 12.5 percent of income tax rate, starting from the first quarter of 2009, after the expiration of its tax exempt period.

Our GAAP net income for the first quarter of 2009 grew 19.1%, or \$0.9 million, to \$5.6 million as compared to \$4.7 million for the same period of 2008. As a result, our fully diluted GAAP EPS grew more than 18.8% to \$0.20, from \$0.17 a year ago.

Back log

At the end of the first quarter, our total backlog, which includes winning bids, grew by \$13 million sequentially, to \$85 million, reflecting our strong new contract wins during the quarter. We expect to convert a majority of the total backlog to revenue in the remainder of 2009.

Balance Sheet

Now, I would like to turn your attention to our balance sheet and cash flows. Because the balance sheet is a snapshot at a moment in time, I'd like to address specifically only line items that have significantly changed or that I believe can have material impact to our on-going operations.

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During the quarter, we generated \$2.5 million cash from operation, compared to a net cash used by operating activities of \$ 1.8 million in the same period of 2008. As a result, net cash increased \$2.7 million to \$29.4 million at the end of March 31, 2009, from \$26.7 million at the end of 2008. Our net receivables totaled \$26.6 million, up slightly from \$25.8 million in the previous quarter. Our inventory was \$6.0 million, a decrease of \$0.5 million, from \$6.5 million at the end of 2008. Accordingly, our working capital increased by approximately \$4.9 million to \$70 million, up from \$65 million at the end of the fourth quarter. We currently have no bank loans or long-term debt, and as such, our total shareholders' equity increased sequentially by \$5.7 million to \$84.4 million at the end of March 31, 2009.

In summary, I am very pleased with the way we started 2009 with our strong performance in new contract wins, profitability, and cash flows. I'm incrementally more comfortable with our ability to meet or exceed our annual targets, as our strong sequential growth in backlog is a leading performance indicator for the remainder of the year. That concludes my financial review, so let me turn the call back to Brian for a discussion on our recent developments and our strategic plans. Brian.

[2] **Our Recent Developments and Strategic Plan**

Brian Lin: Thank you Robert. Let me now share with you our growth strategies and the specific macroeconomic trends that continue to validate our aim. We remain focused on executing the strategies that I outlined in five parts in our previous earnings call. It is therefore worth repeating the strategies, as I provide key developments in each of the five components.

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Firstly, we will further expand our leading position and market share by focusing on our Tier-1 customers in China's iron and steel industry.

As we continue to offer our clients the best fire protection solutions currently available on the market, in the first three months of 2009, we won approximately \$20 million of new contracts and winning bids in the iron and steel industry. Driven by a combination of the government's stimulus plan and restructuring and revitalizing of the steel industry, bidding activities at our Tier-1 customers continue to trend up. Our considerable competitive advantages continue to drive our winning the lion's share of these opportunities, demonstrated by our major win with China Minmetals Corporation ("Wukuang"), a Fortune Global 500 Company.

Our technical expertise in implementing environmental-friendly projects is also a major competitive advantage and winning criterion, highlighted by our large contract win with Jinan Iron & Steel -- whose newest facility, with cutting-edge metallurgical technologies and modern furnaces, serves as a key exhibition of the government's vigorous push to significantly reduce industrial pollution emission.

Other additional drivers for our fire protection solutions in this vertical include the State Council's Revitalization Scheme and the new nationwide mandatory fire protection law. At the end of March 2009, China's State Council released details of its *China Iron & Steel Industry's Revitalization Scheme*, which promotes total production control, encourages industry consolidations, and emphasizes the development of new technologies. This stimulus plan provides financial subsidies and loan discounts to leading iron & steel companies, allowing larger and more advanced steel producers to upgrade existing plants and to build new ground-breaking facilities; thus, creating more demand for our solutions.

On May 1st, the Chinese government issued a major amendment of the Fire Protection Law, which requires all fire protection products to comply with the national standards and to pass the compulsory product certification by a qualified certification institution. Product quality supervision department, together with the public security department of the State of Council will also publish a catalogue of fire protection products. The new fire protection law also enforces stricter controls over industrial facilities, while assigning penalty and liability to the facilities' owners in the event of fire hazards. This new fire protection law has increased the importance of fire safety among the public and accordingly will create long term higher demand for better fire protection products and services. As our technical superiority, patented products and comprehensive fire protection solutions truly ensure that our customers' production facilities are fully compliant with China's new mandatory fire protection, we believe that they are indispensable for new or recently-upgraded iron & steel production facilities. Obviously, we are very excited about our revenue opportunities in this core vertical.

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Secondly, we will remain focus on diversifying our revenue stream and customer base by expanding into other verticals.

We are very pleased with our rapid growth in the power generation vertical, as we won contracts totaling \$3.7 million in the first quarter of 2009. We believe that China Fire will directly benefit from China's \$44 billion investment on new power generation capacity this year, as power producers will require our advanced, code-compliant fire protection solutions.

We are also very pleased with the nuclear vertical, which has quickly become another promising contributor to our revenue mix. During the first quarter, we won additional contract worth approximately \$6.7 million with China Nuclear Power Engineering Co., Ltd. (CNPEC) for its Yangjiang Nuclear Power Station ("YNPS") Phase I project as its fire-extinguishing product provider. This project has a nuclear power generating capacity of 6,000 MWe, located in Guangdong Province and is expected be completed within the next three years. We believe with the implementation of the government's \$66 billion nuclear power development plan, we are well positioned to capture a growing share of the opportunities in nuclear vertical in the future.

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The petrochemical vertical remains solid. Though our contract wins in this vertical was a modest \$0.3 million during the quarter, we continue to experience robust sales activities. According to the National Energy Administration's three-year energy blueprint, China plans to build additional large refineries with total crude processing capacity of 2.19 million barrels a day and establish an oil reserve system that could reach 10 million tons of reserves within three years. We anticipate considerable growth opportunities for our advanced fire protection solutions in the petrochemical industry, which includes coal and chemical plants.

Thirdly, we will continue to invest in technology innovations and influence the development of new fire standards and code enhancements. We believe the stricter Fire Protection Law mentioned earlier will accelerate demand for advanced fire safety products and services, and thus drive more demand for our innovative and industry leading solutions. Moreover, we believe that our close participation in developing new standards and code enhancements will continue to elevate our brand and enhances our competitive position.

Currently, we own 76 patents and have 37 patents pending in China and internationally. We believe these patented, proprietary products will strongly support our future business growth in China and enhance our ability to maintain healthy margins. Furthermore, we are highly optimistic about several new innovative products in our development pipeline, including Tri-band Infra-red Flame Detector, Infra-red Combustible Gas Detector, and high pressure water mist system. We are also in the process of certifying our latest Linear Heat Detector products under UL standard, an internationally recognized standard.

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Promoting technical innovation and intellectual property protection has become a national strategy for China in recent years. This year marks the beginning of executing on China's intellectual property strategy, which focuses on setting up the administrative and legal infrastructure necessary for protecting and enforcing intellectual property rights. In recognition of our achievements, we were awarded as one of the Patent Demonstration Company by Beijing Intellectual Property Bureau, and China Fire is the only company from our fire protection industry, and one of a few companies in Beijing, to receive this prestigious award.

Fourthly, we will actively pursue fire protection projects and product sales in international markets. As previously mentioned, we won contracts in the India and Indonesia markets totaling \$3.4 million in the first quarter of 2009. Our long term strategy is to leverage our competitive advantage and industry leading solutions to grow our company in the rapidly growing domestic and international industrial fire protection sector.

Fifthly, we will to continue to proactively explore strategic merger and acquisition targets. Strictly speaking, we expect all of our M&A transactions will be accretive to earnings, and complementary to core fire protection business. We believe that our strong balance sheet enables us to target good companies that have strong market presence in certain industrial verticals, or have strong marketing channels, or companies with recurring maintenance services. We intend to leverage our brand, our technical expertise, and our broad distribution to drive synergistic revenue opportunities.

Finally, while we are focused on executing our growth strategies, we are also optimizing our balance sheet and maximizing cash flows. We will continue to adopt tighter credit controls, implement more proactive receivable collection policies to reduce DSO and increase the cash collected in the future.

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[3] **Outlook for 2009**

We continue to be excited with the growth prospects in our core iron and steel market, and we continue to command firm pricing for our total solutions, as our gross margin continues to exceed our target range. We also are excited with our contract wins in the nuclear, power, petrochemical, and transportation verticals, as well as in the international market. We believe that we are well positioned to capture additional revenue opportunities from the stimulus package, industrial consolidation, and improving market conditions.

Reflecting our strong contract wins and record backlog in the first quarter of 2009, we are reaffirming our revenue and profit forecast for 2009. For the full year 2009, we anticipate revenue will grow between 28% to 38% to a range of \$88 million to \$95 million. Pre-tax income is expected to grow between 22% to 32% to a range of \$30.2 million to \$32.6 million. Assuming an effective tax rate of 13%, net income is estimated to grow between 7% to 15% to a range of \$26.3 million to \$28.4 million, or \$0.93 to \$1.00 per diluted share, based on 28.3 million shares. Please note that our effective tax rate in 2008 was 0.2%.

In closing, we are confident about our strategy to further expand our brand, our market leadership and our technical expertise in fire safety. We continue to broaden our leading brand, distribution, customer base, total solution offering and manufacturing capabilities. We also are proactively pursuing additional growth opportunities in the international market. Our growing cash position, healthy cash flows, and zero debt position us well for higher revenues, greater profits, and a stronger pipeline of expansion prospects, including strategic consolidation opportunities.

This concludes my prepared remarks for the first quarter 2009. Operator, we will now open the call up for questions. Please begin with the first question.

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