

BODISEN BIOTECH, INC
Form 10-Q
November 21, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

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

For the transition period from _____ to _____

001-32616

(Commission file number)

BODISEN BIOTECH, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

98-0381367

(IRS Employer
Identification No.)

Room 2001, FanMei Building

No. 1 Naguan Zhengjie

Xi'an, Shaanxi 710068

People's Republic of China

(Address of Principal Executive Offices)

86-29-870749

(Registrant's Telephone Number, Including Area Code)

North Part of Xinquia Road, Yang Ling AG

High-Tech Industries Demonstration Zone

Yang Ling, China 712100/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act). (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **As of November 12, 2007: 18,310,250 shares of common stock outstanding**

BODISEN BIOTECH, INC.
Index

		Page Number
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Balance Sheet as of September 30, 2007 (unaudited)	2
	Consolidated Statements of Operations and Other Comprehensive Income (Loss) for the three and nine months ended September 30, 2007 and 2006 (unaudited)	3
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2007 and 2006 (unaudited)	4
	Notes to Consolidated Financial Statements (unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	23
Item 4.	Controls and Procedures	24
PART II.	OTHER INFORMATION	25
Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	25
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 3.	Defaults Upon Senior Securities	25
Item 4.	Submission of Matters to a Vote of Security Holders	25
Item 5.	Other Information	25
Item 6.	Exhibits	25
	SIGNATURES	26

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	September 30, 2007 (unaudited)	December 31, 2006
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 962,534	\$ 11,824,327
Accounts receivable, net of allowance for doubtful accounts of \$901,621 and \$659,653	24,729,956	18,875,368
Other receivable	2,130,282	888,230
Inventory	1,258,339	1,794,585
Advances to suppliers	8,853,953	12,662,139
Prepaid expense and other current assets	4,452,306	195,821
Total current assets	42,387,370	46,240,470
PROPERTY AND EQUIPMENT, net	5,249,471	5,195,283
CONSTRUCTION IN PROGRESS	7,481,447	3,669,807
MARKETABLE SECURITY	14,239,999	6,500,869
INTANGIBLE ASSETS, net	2,032,211	2,054,346
OTHER ASSETS	3,698,060	3,553,433
LOAN RECEIVABLE	2,297,236	1,982,410
TOTAL ASSETS	\$ 77,385,794	\$ 69,196,618
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 989,106	\$ 1,022,352
Accrued expenses	136,217	347,948
Total current liabilities	1,125,323	1,370,300
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.0001 per share; authorized 5,000,000 shares; nil issued and outstanding		
Common stock, \$0.0001 per share; authorized 30,000,000 shares; issued and outstanding 18,310,250 and 18,310,250	1,831	1,831
Additional paid-in capital	33,860,062	33,860,062
Other comprehensive income	15,688,846	5,431,910
Statutory reserve	4,314,488	4,314,488
Retained earnings	22,395,244	24,218,027

Total stockholders' equity	76,260,471	67,826,318
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 77,385,794	\$ 69,196,618

The accompanying notes are an integral part of these consolidated financial statements.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Revenue	\$ 2,314,059	\$ 12,713,217	\$ 10,494,694	39,630,766
Cost of Revenue	1,207,774	7,839,351	5,876,565	24,108,725
Gross profit	1,106,285	4,873,866	4,618,129	15,522,041
Operating expenses				
Selling expenses	596,921	557,965	1,276,208	1,703,608
General and administrative expenses	2,879,530	1,154,673	5,423,524	2,005,635
Total operating expenses	3,476,451	1,712,638	6,699,732	3,709,243
Income (loss) from operations	(2,370,166)	3,161,228	(2,081,603)	11,812,798
Non-operating income (expense):				
Other income (expense)	(639,729)	(31,771)	(143)	500,604
Interest income	83,418	60,835	262,870	118,129
Interest expense	(1,531)	(247)	(3,907)	(679,165)
Total non-operating income (expense)	(557,842)	28,817	258,820	(60,432)
Net income (loss)	(2,928,008)	3,190,045	(1,822,783)	11,752,366
Other comprehensive income				
Foreign currency translation gain (loss)	859,916	662,012	2,517,806	780,115
Unrealized gain (loss) on marketable equity security	5,200,695	165,102	7,739,130	(928,695)
Comprehensive Income (loss)	\$ 3,132,603	\$ 4,017,159	\$ 8,434,153	\$ 11,603,786
Weighted average shares outstanding :				
Basic	18,310,250	18,176,917	18,310,250	17,859,878
Diluted	18,310,250	18,303,299	18,310,250	18,002,639
Earnings per share:				
Basic	\$ (0.16)	\$ 0.18	\$ (0.10)	\$ 0.66
Diluted	\$ (0.16)	\$ 0.17	\$ (0.10)	\$ 0.65

The accompanying notes are an integral part of these consolidated financial statements.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2007	2006
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (1,822,783)	\$ 11,752,366
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	354,753	335,842
Amortization of debt discounts	-	603,886
Exchange gain (loss)	-	(16,828)
Value of vested option issued to directors	-	7,523
Allowance for bad debts	210,095	-
(Increase) / decrease in assets:		
Accounts receivable	(5,469,096)	(12,336,536)
Other receivable & Loan Receivable	(1,407,655)	(4,968,421)
Inventory	598,013	(246,935)
Advances to suppliers	4,243,485	(3,599,885)
Prepaid expense	(4,159,646)	-
Other assets	-	3,960
Increase / (decrease) in current liabilities:		
Accounts payable	(57,313)	99,935
Other payable	-	3,374,315
Accrued expenses	(221,025)	51,735
Net cash provided by (used in) operating activities	(7,731,172)	(4,939,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment		