

CHINA JO-JO DRUGSTORES, INC.
Form 10-Q
August 15, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period
ended June 30, 2013

or

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

For the transition period from _____ to _____

Commission File Number: 001-34711

CHINA JO-JO DRUGSTORES, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or
organization)

98-0557852
(I.R.S. Employer Identification No.)

Room 507-513, 5th Floor A Building, Meidu Plaza

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Gongshu District , Hangzhou, Zhejiang Province
People's Republic of China
(Address of principal executive offices)

(Zip Code)

+86 (571) 88077078
(Registrant's telephone number, including area code)

N/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 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 (Sec.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 the 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 (Do not check if a smaller reporting company) Smaller reporting company

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

As of August 6, 2013, the registrant had 13,571,553 shares of common stock, par value \$0.001 per share, outstanding.

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FOR THE QUARTER ENDED JUNE 30, 2013

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

All statements contained in this Quarterly Report on Form 10-Q (“Form 10-Q”) for the registrant, other than statements of historical facts, that address future activities, events or developments are forward-looking statements, including, but not limited to, statements containing the words “believe,” “anticipate,” “expect” and words of similar import. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actual results to differ materially.

Such risks include, among others, the following: national and local general economic and market conditions; our ability to sustain, manage or forecast our growth; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHINA JO-JO DRUGSTORES, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2013	March 31, 2013
A S S E T S		
CURRENT ASSETS		
Cash	\$2,711,399	\$4,524,094
Notes receivable	291,600	-
Trade accounts receivable, net	11,912,337	12,978,808
Inventories	9,127,235	8,586,999
Other receivables, net	320,355	157,849
Advances to suppliers, net	17,175,750	15,523,034
Restricted cash	3,540,685	2,162,837
Other current assets	2,027,463	1,221,499
Total current assets	47,106,824	45,155,120
PROPERTY AND EQUIPMENT, net	13,071,698	13,288,652
OTHER ASSETS		
Long term deposits	2,805,695	2,760,665
Other noncurrent assets	5,470,095	5,431,326
Intangible assets, net	1,182,433	1,202,258
Total other assets	9,458,223	9,394,249
Total assets	\$69,636,745	\$67,838,021
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loan payable	\$162,000	\$-
Accounts payable, trade	15,374,922	13,780,211
Notes payable	7,136,683	7,186,453
Other payables	1,426,631	1,327,454
Other payables - related parties	1,419,650	1,224,417
Customer deposits	5,274,087	4,828,293
Taxes payable	375,473	371,633
Accrued liabilities	317,407	956,342
Total current liabilities	31,486,853	29,674,803
Purchase option derivative liability	2,944	15,609
Total liabilities	31,489,797	29,690,412

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock; \$0.001 par value; 10,000,000 shares authorized; nil issued and outstanding as of June 30, 2013 and March 31, 2013	-	-
Common stock; \$0.001 par value; 250,000,000 shares authorized; 13,609,003 shares issued and outstanding as of June 30, 2013 and March 31, 2013	13,609	13,609
Additional paid-in capital	16,637,085	16,609,747
Statutory reserves	1,309,109	1,309,109
Retained earnings	16,307,853	17,095,369
Accumulated other comprehensive income	3,881,445	3,121,654
Total stockholders' equity	38,149,101	38,149,488
Noncontrolling interests	(2,153)	(1,879)
Total equity	38,146,948	38,147,609