BODISEN BIOTECH, INC
Form 10QSB/A
August 02, 2006

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

FORM 10-QSB/A

(Amendment No. 1)

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

[_] TRANSITION REPORT UNDER 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 small business issuer as specified in its charter)

Delaware	**98-0381367**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

North Part of Xinquia Road, Yang Ling AG
High-Tech Industries Demonstration Zone
Yang Ling, China 712100
(Address of principal executive offices)

86-29-870749
(Issuer's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X] No [_]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of July 31, 2006 - 18,176,917 shares of common stock

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

Transitional Small Business Disclosure Format (check one): Yes [_] No [X]

BODISEN BIOTECH, INC.
Index

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2006

		March 31, 2006
ASSETS		(unaudited)
CURRENT ASSETS:		
Cash & cash equivalents	$	26,085,746
Accounts receivable, net of allowance for doubtful accounts of $398,509		11,848,040
Other receivable		1,058,775
Inventory		1,377,426
Advances to suppliers		3,021,216
Prepaid expense		60,961
Other current assets		2,770
Total current assets		43,454,934
PROPERTY AND EQUIPMENT, net		4,894,079
CONSTRUCTION IN PROGRESS		2,236,125
MARKETABLE SECURITY		9,101,217
INTANGIBLE ASSETS		2,100,175
TOTAL ASSETS	$	61,786,530
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$	777,648
Other payables		3,408,113
Accrued expenses		473,253
Total current liabilities		4,659,014
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.0001 per share; authorized 5,000,000 shares; none issued		
Common stock, $0.0001 per share; authorized 30,000,000 shares; issued and outstanding 18,176,917		1,818
Additional paid-in capital		32,860,075
Other comprehensive income		6,781,292
Statutory reserve		2,892,854
Retained earnings		14,591,477

Total stockholders' equity		57,127,516
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	61,786,530

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

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

	Three Months Ended March 31, 2006 (Unaudited)	2005 (Unaudited)
Net Revenue	$ 10,535,360	$ 4,701,675
Cost of Revenue	6,299,121	3,047,498
Gross profit	4,236,239	1,654,177
Operating expenses		
Selling expenses	474,174	148,140
General and administrative expenses	304,224	278,470
Total operating expenses	778,398	426,610
Income from operations	3,457,841	1,227,567
Non-operating income (expense):		
Other income (expense)	(124,541)	(416,703)
Interest income	28,063	—
Interest expense	(678,720)	(14,131)
Total non-operating income (expense)	(775,198)	(430,834)
Net income	$ 2,682,643	$ 796,733
Other comprehensive income		
Foreign currency translation (loss)	(40,500)	—
Unrealized gain on marketable equity security	2,290,783	—
Comprehensive Income	$ 4,932,926	$ 796,733
Weighted average shares outstanding :		

(35,692)

Balance, December 31, 2007	
	-
	-
	40,700,000
	40,700
	(91,107)
	39,678
	(35,692)
	(46,421)

Net Loss for the Year Ended December 31, 2008

-

-

-

-

-

-

(26,550)

(26,550)

Balance, December 31, 2008

-

$

-

40,700,000

$

40,700

$
(91,107)
$
39,678
$
(62,242)
$
(72,971)

See Notes to Consolidated Financial Statements

F-5

RUB MUSIC ENTERPRISES, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2008	2007	Cumulative Amounts During Development Stage
Cash Flows from Operating Activities			
Net Loss	$ (26,550)	$ (35,692)	$ (62,242)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:			
Increase (Decrease) in:			
Accounts Payable	(14,008)	19,960	5,952
Accounts Payable Related Party	-	(6,000)	(6,000)
Accrued Interest Payable	-	(340)	(340)
Accrued Interest Payable Related Party	1,835	-	1,835
Income Taxes Payable	(3,200)	-	(3,200)
Net Cash Used In Operating Activities	(41,923)	(22,072)	(63,995)
Cash flows from Investing Activities	-	-	-
Cash Flows from Financing Activities:			
Proceeds from Issuance of Notes Payable Related Party	40,000	-	40,000
Payments of Notes Payable	-	(3,000)	(3,000)
Net Cash Provided By (Used In) Financing Activities	40,000	(3,000)	37,000
Net Decrease in Cash	(1,923)	(25,072)	(26,995)
Cash, Beginning of Period	5,149	30,221	30,221

Cash, End of Period	$	3,226	$	5,149	$	3,226

See Notes to Consolidated Financial Statements

RUB MUSIC ENTERPRISES, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Development Stage

Rub Music Enterprises, Inc. (Rub Music) and its wholly owned subsidiary, Rub Music Library, Inc. (Rub Music Library), (collectively the Company) were incorporated under the laws of the State of Nevada on May 6, 2004. The Company s principal business was to produce and market original musical pieces for use in the commercial and entertainment industries. The Company encountered difficulties in developing this business, and recently ceased its operations. The Company once again became a development stage company, effective January 1, 2007, and is currently seeking a business opportunity.

Effective February 10, 2009, Rub Music transferred its interest in Rub Music Library to its former CEO in exchange for the forgiveness of accounts payable to the former CEO of $21,776.

Principles of Consolidation

The consolidated financial statements include the accounts of Rub Music and Rub Music Library. All significant inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Since inception, the Company has not held any short-term investments considered to be cash equivalents.

Accounts Receivable

The Company records accounts receivable at the lower of cost or fair value. The Company estimates allowances for doubtful accounts based on its review of aged receivable balances, and writes off accounts receivable when management concludes the receivable is uncollectible. The Company considers accounts receivable to be past due or delinquent based on contractual terms. The Company had no accounts receivable at December 31, 2008 and 2007.

Revenue Recognition

The Company records royalty revenue when earned in accordance with the underlying agreements. Consulting and service revenue is recognized as services are performed. Through December 31, 2008, the Company had not earned any consulting and service revenues.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Deferred income taxes are provided for items reported in different periods for income tax purposes than for financial reporting purposes.

Earnings Per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during the period.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the period. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive. The Company has not granted any stock options or warrants since inception.

RUB MUSIC ENTERPRISES, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109. SFAS No. 109 requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting and any available operating loss or tax credit carryforwards.

Deferred tax assets are comprised of the following:

	December 31,			
	2008		2007	
Net operating loss carryforward	$	30,469	$	24,202
Organization costs		20		67
Less valuation allowance		(30,489)		(24,269)
	$	-	$	-

The amount and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the Company s future earnings, and other future events, the effects of which cannot be determined. At December 31, 2008 and 2007, the Company has recorded a valuation allowance to fully offset its deferred tax assets.

The reconciliation of the provision (benefit) for income taxes computed at the U.S. federal statutory tax rate to the Company s effective tax rate for the years ended December 31, 2008 and 2007 is as follows:

	Years Ended December 31,			
	2008		2007	
Federal benefit at statutory rate	$	(4,208)	$	(5,114)
State income tax, net of federal benefit		(2,012)		(2,557)
State minimum tax		(1,500)		1,600
Change in valuation allowance		6,220		7,671
Provision (benefit) for income taxes	$	(1,500)	$	1,600

At December 31, 2008, the Company has a net operating loss carryforward available to offset future taxable income of approximately $135,000, which expires in various years through 2028. Substantial changes in the Company s ownership have occurred, and therefore there is an annual limitation of the amount of the net operating loss carryforward which can be utilized.

NOTE 3 RELATED PARTY TRANSACTIONS

On January 1, 2005, the Company entered into a contract to purchase the royalty revenue stream for two years from the former CEO for $75,000. Also according to the contract, the former CEO could transfer in other intangible assets into a library and be paid up to an additional $50,000. The Company has received the royalty revenue stream, and rights to the additional intangible assets in the total amount of $125,000. The rights were recorded at the former CEO s carryover basis of $0. The difference between the carryover basis and the consideration paid, net of tax effect of $28,125, reduced by a valuation allowance of $28,125 leaving a net effect of $0 has been recorded as a special equity distribution. The net result of this transaction was to increase accounts payable related party by $125,000, reduce additional paid-in capital by $118,407, and reduce retained earnings by $6,593. The Company had outstanding accounts payable related party in the amount of $21,776 that relates to this contract as of December 31, 2008 and 2007.

Effective February 10, 2009, Rub Music transferred its interest in Rub Music Library to the former CEO in exchange for the forgiveness of accounts payable related party of $21,776.

As of December 31, 2008, the Company had outstanding notes payable totaling $40,000 to its CEO. The notes are payable on demand, are unsecured and bear interest at an annual rate of 8%. Accrued interest payable on the note as $1,835 as of December 31, 2008.

NOTE 4 CAPITAL STOCK

The Company s preferred stock may have such rights, preferences and designations and may be issued in such series as determined by the Board of Directors. No shares were issued and outstanding at December 31, 2008.

NOTE 5 SUPPLEMENTAL STATEMENTS OF CASH FLOWS INFORMATION

During the year ended December 31, 2008, the Company paid $1,700 for income taxes.

During the year ended December 31, 2007, the Company paid $1,600 for income taxes.

During the year ended December 31, 2007, the Company paid $340 for interest expense.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company s financial instruments consist of cash and accounts payable. The carrying amount of cash and accounts payable approximates fair value because of the short-term nature of these items.

NOTE 7 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109 , Statement of Financial Accounting Standards (SFAS) No. 163, Accounting for Financial Guarantee Insurance Contracts an Interpretation of FASB Statement No. 60 , SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles , SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities , SFAS No. 141R, Business Combinations , SFAS No. 160, Noncontrolling Interests in Consolidated Subsidiaries , SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 , SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans , SFAS No. 157, Fair Value Measurements , SFAS No. 156, Accounting for Servicing of Financial Assets , SFAS No. 155, Accounting for Certain Hybrid Instruments , and SFAS No. 154, Accounting Changes and Error Corrections a replacement of APB Opinion No. 20 and FASB Statement No. 3 , were recently issued. These recently-enacted accounting standards have no current applicability to the Company or their effect on the financial statements would not have been significant.

NOTE 8 GOING CONCERN

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company was only recently formed and has a limited operating history. Further, the Company has current liabilities in excess of current assets and a stockholders deficit at December 31, 2008. The Company is currently seeking a business opportunity. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard management is proposing to raise any necessary additional funds not provided by operations through additional sales of its common stock. There is no assurance that the Company will be successful in raising this additional capital or in sustaining profitable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

F-9