

RENHUANG PHARMACEUTICALS INC
Form 10-Q/A
August 11, 2008

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

**Form 10-Q/A
(Amendment No. 1)**

(Mark One)

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

For the quarterly period ended January 31, 2007

- 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: O-24512

RENHUANG PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-1273503
(I.R.S. Employer
Identification No.)

**No. 281, Taiping Road, Taiping District,
Harbin, Heilongjiang Province, 150050, P. R. China**
(Address of principal executive offices)

Registrant's telephone number, including area code 86-451-5762-0378

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):

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

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 12, 2007, there were 35,000,181 shares of common stock, par value \$0.001, issued and outstanding.

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Explanatory Note

This Quarterly Report on Form 10-Q/A (Amendment No. 1) discloses and discusses the impact and effect of a restatement of our previously filed unaudited consolidated financial statements contained in our originally-filed Quarterly Report on Form 10-Q for the period ended January 31, 2007; and amends Items 1 and 2 of Part I of our Quarterly Report on Form 10-Q previously filed with the Securities and Exchange Commission on March 19, 2007.

This restatement is necessary due to the fact that during the review for the quarter ended July 31, 2007, we concluded that our previously reported unaudited consolidated balance sheet as of January 31, 2007, the unaudited consolidated statement of income for the three months ended January 31, 2007, and the unaudited consolidated statements of cash flows for the three months ended January 31, 2007 filed with our originally-filed Quarterly Report on Form 10-Q for the period ended January 31, 2007, did not accrue certain sales rebate payables from sales. As a result, we are filing this amended Quarterly Report on Form 10-Q/A for January 31, 2007, to make the necessary corrections to account for the sales rebates we owed third parties during this period, which contains an explanation in Note 18 to the financial statements. The revisions will result in the correction of certain amounts categorized as accounts payable and accruals to third parties, total current liabilities, and total liabilities, in our unaudited consolidated financial statements for above-mentioned periods.

This First Amended Quarterly Report on Form 10-Q/A for the quarter ended January 31, 2007 amends and restates only those items of the previously filed Quarterly Report on Form 10-Q which have been affected by the restatement.

In order to preserve the nature and character of the disclosures set forth in such items as originally filed, no attempt has been made in this amendment (i) to modify or update such disclosures except as required to reflect the effects of the restatement or (ii) to make revisions to the Notes to the unaudited consolidated financial statements except for those which are required by or result from the effects of the restatement. For additional information regarding the restatement of our unaudited consolidated financial statements, see Note 18 to our unaudited consolidated financial statements included in Part I - Item I. Except for the corrections stated herein, no other information contained in our previously filed Form 10-Q for the quarter ended January 31, 2007 has been updated or amended.

PART I - FINANCIAL INFORMATION

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider" or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 Financial Statements

RENHUANG PHARMACEUTICALS, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEET
AS OF JANUARY 31, 2007****(Amounts in United States Dollars)****ASSETS**

	January 31, 2007	October 31, 2006
	(Unaudited)	(Audited)
	(Restated)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,786,802	\$ 1,021,267
Accounts receivable, net (NOTE 5)	10,614,644	7,566,096
Inventories (NOTE 6)	1,629,150	622,144
Prepayments	434,812	102,473
Other receivables, net	1,513	1,143,834
Deferred expenses (NOTE 9)	117,336	115,823
TOTAL CURRENT ASSETS	15,584,257	10,571,637
PROPERTY, PLANT AND EQUIPMENT, NET (NOTE 7)	2,639,300	2,610,285
CONSTRUCTION IN PROGRESS (NOTE 8)	151,718	106,610
TOTAL ASSETS	\$ 18,375,275	\$ 13,288,532

The accompanying notes are an integral part of the financial statements

RENHUANG PHARMACEUTICALS, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS
AS OF JANUARY 31, 2007**

(Amounts in United States Dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 2007 (Unaudited) (Restated)	October 31, 2006 (Audited)
CURRENT LIABILITIES		
Accounts payables and accruals (NOTE 10)		
- due to related parties	\$ —	\$ 419,910
- due to third parties	619,917	366,805
Other payables (NOTE 11)		
- due to related parties	135,003	—
- due to third parties	2,402,757	1,877,042
TOTAL current LIABILITIES	3,157,677	2,663,757
TOTAL LIABILITIES	3,157,677	2,663,757
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
STOCKHOLDERS' EQUITY		
Common Stock - Authorized common shares 100,000,000, outstanding number of shares 35,000,181 at par value of 0.001; authorized preferred shares 1,000,000	35,000	35,000
Additional Paid-in capital	6,310,822	6,310,822
Reserves (NOTE 13)	1,610,192	847,133
Retained earnings	7,046,610	3,378,081
Accumulated other comprehensive income	214,974	53,739
TOTAL STOCKHOLDERS' EQUITY	15,217,598	10,624,775
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 18,375,275	\$ 13,288,532

The accompanying notes are an integral part of the financial statements

RENHUANG PHARMACEUTICALS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED JANUARY 31, 2007
(Amounts in United States Dollars, Except for Number of Common Shares)**

	(Unaudited) (Restated)
SALES	\$ 9,503,993
COST OF SALES	(4,572,936)
GROSS PROFIT	4,931,057
SELLING AND DISTRIBUTION EXPENSES	(105,575)
ADVERTISING	(9,149)