

Genesis Pharmaceuticals Enterprises, Inc.
Form 10-Q
November 14, 2008

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **September 30, 2008**

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

For the transition period from _____ to _____

Commission file number: **333-86347**

GENESIS PHARMACEUTICALS ENTERPRISES, INC.
(Exact name of small business issuer as specified in its charter)

Florida
(State or other jurisdiction of incorporation or organization)

65-1130026
(IRS Employer Identification No.)

**Middle Section, Longmao Street, Area A, Laiyang Waixiangxing Industrial Park
Laiyang City, Yantai, Shandong Province, People's Republic of China 265200**
(Address of principal executive offices)

(0086) 535-7282997
(issuer's telephone number)

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

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer 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, 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 smaller reporting company)
Smaller reporting company

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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 CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The total shares outstanding at November 12, 2008 was 10,331,448.

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GENESIS PHARMACEUTICALS ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (Unaudited)	June 30, 2008
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 61,269,936	\$ 48,195,798
Restricted cash	7,894,348	7,839,785
Investment	886,509	2,055,241
Accounts receivable, net of allowance for doubtful accounts of \$219,400 and \$155,662, respectively	25,354,209	24,312,077
Accounts receivable - related parties	187,509	673,808
Inventories	3,066,280	3,906,174
Other receivables	192,954	152,469
Other receivables - related parties	377,941	-
Advances to suppliers and other assets	892,489	1,718,504
Total current assets	100,122,175	88,853,856
PLANT AND EQUIPMENT, net	11,129,878	11,225,844
OTHER ASSETS:		
Restricted investments	1,078,875	2,481,413
Financing cost, net	1,746,868	1,916,944
Intangible assets, net	9,870,494	9,916,801
Total other assets	12,696,237	14,315,158
Total assets	\$ 123,948,290	\$ 114,394,858
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,536,337	\$ 2,341,812
Short term bank loans	-	2,772,100
Notes payable	7,894,348	5,843,295
Other payables	4,583,078	3,671,703
Other payables - related parties	391,723	164,137
Accrued liabilities	954,231	334,439
Liabilities assumed from reorganization	552,220	1,084,427
Taxes payable	6,452,277	166,433
Total current liabilities	23,364,214	16,378,346
CONVERTIBLE DEBT, net of discount of \$31,837,406 and \$32,499,957 as of September 30, 2008 and June 30, 2008, respectively	3,162,594	2,500,043
Total Liabilities	26,526,808	18,878,389
COMMITMENTS AND CONTINGENCIES		

SHAREHOLDERS' EQUITY:

Preferred stock (\$0.001 par value; 20,000,000 shares authorized; none issued, or outstanding)	-	-
Common stock (\$0.001 par value, 22,500,000 and 15,000,000 shares authorized, respectively; 9,771,448 and 9,767,844 shares issued and outstanding, respectively)	9,773	9,770
Paid-in-capital	73,392,365	45,554,513
Capital contribution receivable	(27,845,000)	(11,000)
Retained earnings	41,550,881	39,008,403
Statutory reserves	3,844,884	3,253,878
Accumulated other comprehensive income	6,468,579	7,700,905
Total shareholders' equity	97,421,482	95,516,469
Total liabilities and shareholders' equity	\$ 123,948,290	\$ 114,394,858

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

GENESIS PHARMACEUTICALS ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(UNAUDITED)