RICH STAR DEVELOPMENT, CORP
Form 10-Q
August 09, 2012

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

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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 No. 333-166454

Rich Star Development Corporation
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Nevada | 42-1769584 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 10300 Charleston Blvd., Las Vegas, NV | 89135 |
| (Address of principal executive offices) | (Zip Code) |

(702) 722-0865
(Registrant's telephone number, including area code)

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 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.
ý Yes o 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
ý Yes o No (Not required)

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 o Accelerated filer o

Non-accelerated filer o Smaller reporting company ý

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

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date: 3,500,000 shares of common stock as of August 3, 2012

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RICH STAR DEVELOPMENT CORPORATION
FOR THE SIX MONTHS ENDED
JUNE 30, 2012

INDEX TO FORM 10-Q

PART I

Item 1 Financial Statements

Rich Star Development Corporation
(A Development Stage Company)
Balance Sheets

| | June 30, 2012 Unaudited | December 31, 2011 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | $ 31 | $ 115 |
| Total current assets | 31 | 115 |
| | | |
| Total assets | $ 31 | $ 115 |
| | | |
| **Liabilities and Stockholders' Deficit** | | |
| Current liabilities | | |
| Accounts payable | $ 6,785 | $ 11,100 |
| Notes payable | 21,286 | 1,016 |
| Total current liabilities | 28,071 | 12,116 |
| | | |
| Stockholders' deficit | | |
| Common stock, $0.001 par value, 75,000,000 shares authorized; 3,500,000 shares issued and outstanding | 3,500 | 3,500 |
| Additional paid in capital | 98,000 | 98,000 |
| Deficit accumulated during the development stage | (129,540) | (113,501) |
| Total stockholders' deficit | (28,040) | (12,001) |
| | | |
| Total liabilities and stockholders' deficit | $ 31 | $ 115 |

See accompanying notes to financial statements

Rich Star Development Corporation
(A Development Stage Company)
Statements of Operations
Unaudited

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | From May 29, 2009 (Inception) to June 30, 2012 |
|---|---|---|---|---|---|
| General and administrative expenses | $6,472 | $ 16,506 | $16,039 | $ 17,425 | $ 129,540 |
| Net loss | $(6,472) | $ (16,506) | $(16,039) | $ (17,425) | $ (129,540) |
| Net loss per common share - basic and fully diluted | $(0.00) | $ (0.00) | $(0.00) | $ (0.00) | $ (0.04) |
| Weighted average number of common shares outstanding during the period - basic and fully diluted | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,111,076 |

See accompanying notes to financial statements

Rich Star Development Corporation
(A Development Stage Company)
Statement of Stockholders' Equity (Deficit)

| | Common Stock Shares | Common Stock Amount | Additional Paid in Capital | Deficit Accumulated During the Development Stage | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|
| Issuance of common stock for services at $0.001 per share | 1,500,000 | $1,500 | $ - | $ - | $ 1,500 |
| Issuance of common stock for cash at $0.05 per share | 2,000,000 | 2,000 | 98,000 | - | 100,000 |
| Net loss | - | - | - | (51,529) | (51,529) |
| Balance, December 31, 2009 | 3,500,000 | 3,500 | 98,000 | (51,529) | 49,971 |
| Net loss | - | - | - | (34,882) | (34,882) |
| Balance, December 31, 2010 | 3,500,000 | 3,500 | 98,000 | (86,411) | 15,089 |
| Net loss | - | - | - | (27,090) | (27,090) |
| Balance, December 31, 2011 | 3,500,000 | 3,500 | 98,000 | (113,501) | (12,001) |
| Net loss | - | - | - | (16,039) | (16,039) |
| Balance, June 30, 2012 (Unaudited) | 3,500,000 | $3,500 | $ 98,000 | $ (129,540) | $ (28,040) |

See accompanying notes to financial statements

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Rich Star Development Corporation
(A Development Stage Company)
Statements of Cash Flows
Unaudited

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | From May 29, 2009 (Inception) to June 30, 2012 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net loss | $(16,039) | $ (17,425) | $ (129,540) |
| Adjustments to reconcile net loss to net cash used in operating activities | | | |
| Stock issued for services | - | - | 1,500 |
| Changes in operating assets and liabilities: | | | |
| Accounts payable | (4,315) | 8,089 | 6,785 |
| Net cash used in operating activities | (20,354) | (9,336) | (121,255) |
| | | | |
| Cash flows from financing activities: | | | |
| Proceeds from notes payable | 20,270 | - | 86,286 |
| Repayments on notes payable | - | - | (65,000) |
| Proceeds from issuance of common stock | - | - | 100,000 |
| Net cash provided by financing activities | 20,270 | - | 121,286 |
| | | | |
| Net increase (decrease) in cash | (84) | (9,336) | 31 |
| | | | |
| Cash - beginning of period | 115 | 22,949 | - |
| | | | |
| Cash - end of period | $31 | $ 13,613 | $ 31 |
| | | | |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | $- | $ - | $ - |
| Taxes | $- | $ - | $ - |

See accompanying notes to financial statements

Rich Star Development Corporation
(A Development Stage Company)
Notes to Financial Statements
June 30, 2012
Unaudited

## 1. DESCRIPTION OF BUSINESS

Rich Star Development Corporation ("the Company") was incorporated in the State of Nevada on May 29, 2009.

We are a start-up wholesale distribution company that plans to import and source locally products in the food service business including food, paper products, janitorial products, restaurant utensils and equipment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information.

The financial information as of December 31, 2011 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the years ended December 31, 2011 and 2010. The unaudited interim financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with the Plan of Operations for the year ended December 31, 2011.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the six months ended June 30, 2012 are not necessarily indicative of results for the full fiscal year.

Year-End - The Company has selected December 31 as its year end.

Development Stage Company - The Company's unaudited interim financial statements are presented as those of a development stage enterprise. Activities during the development stage primarily include negotiating distribution agreements and marketing the territory for product distribution outlets. The Company, while seeking to implement its business plan, will look to obtain additional debt and/or equity related funding opportunities. The Company has not generated any revenues since inception.

Rich Star Development Corporation
(A Development Stage Company)
Notes to Financial Statements
June 30, 2012
Unaudited

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions have an impact on the fair value of share-based payments, estimates and the valuation allowance for deferred tax assets due to continuing and expected future operating losses.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Cash and cash equivalents - The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2012 and December 31, 2011, respectively.

Concentration of Credit Risk for Cash Held at Banks - The Company maintains cash balances at an institution that is insured by the Federal Deposit Insurance Corporation. As of June 30, 2012 no amounts were in excess of the federally insured program.

Fair Value of Financial Instruments - The Company discloses, when reasonably attainable, the fair market values of its assets and liabilities which are deemed to be financial instruments. As of June 30, 2012 the carrying amounts and estimated fair values of the Company's financial instruments approximate their fair value due to the short-term nature of such financial instruments.

Share-based Compensation - The Company recognizes share-based compensation, including stock option grants, warrants, restricted stock grants and stock appreciation rights, at their fair value on the grant date. Share based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. Compensation expense is generally recognized on a straight-line basis over the vesting period.

Dividends - The payment of dividends by the Company in the future will be at the discretion of the Board of Directors and will depend on earnings, capital requirements and financial condition, as well as other relevant factors. The Company does not intend to pay any cash dividends in the foreseeable future but intend to retain all earnings, if any, for use in the business.

Earnings (Loss) per Share - Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss), adjusted for changes in income or loss that resulted from the assumed conversion of convertible shares, by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Rich Star Development Corporation
(A Development Stage Company)
Notes to Financial Statements
June 30, 2012
Unaudited

The computation of basic and diluted loss per share for the periods presented is equivalent since the Company had continuing losses. The Company had no common stock equivalents as of June 30, 2012.

Risks and Uncertainties - The Company’s operations and future are dependent in a large part on its ability to develop its business model in a competitive market. The Company intends to operate in an industry that is subject to intense competition and change in consumer demand. The Company's operations are subject to significant risk and uncertainties including financial and operational risks and the potential risk of business failure. The Company’s inability to meet its business plan and target customer demand may have a material adverse effect on its financial condition, results of operations and cash flows.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by valuation allowances when necessary.

Assessing whether deferred tax assets are realizable requires significant judgment. The Company considers all available positive and negative evidence, including historical operating performance and expectations of future operating performance. The ultimate realization of deferred tax assets is often dependent upon future taxable income and therefore can be uncertain. To the extent the Company believes it is more likely than not that all or some portion of the asset will not be realized, valuation allowances are established against the Company’s deferred tax assets, which increase income tax expense in the period when such a determination is made.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions, or obtaining new information on particular tax positions may cause a change to the effective tax rate. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the statements of operations.

Recent Accounting Pronouncements - In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The guidance in ASU 2011-04 changes the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements, including clarification of the FASB's intent about the application of existing fair value and disclosure requirements and changing a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this ASU should be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the Company’s financial position or results of operations.

Rich Star Development Corporation
(A Development Stage Company)
Notes to Financial Statements
June 30, 2012
Unaudited

3. GOING CONCERN

As reflected in the accompanying financial statements, the Company had a net loss of $16,039 and net cash used in operations of $20,354 for the six months ended June 30, 2012 and a working capital deficit and stockholders' deficit of $28,040 at June 30, 2012. The Company had no revenues and incurred losses since inception resulting in a deficit accumulated during the development stage of $129,540.

The Company anticipates that it will continue to generate losses from operations in the near future. The Company believes its current available cash, along with anticipated revenues, may be insufficient to meet its cash needs for the near future.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets until such time that funds provided by operations are sufficient to fund working capital requirements.

The accompanying unaudited interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

4. NOTE PAYABLE

During the year ended December 31, 2009, the Company received stockholder advances in the amount of $50,000 for general and administrative purposes. In January 2010, the stockholder advanced an additional $15,000. In January 2010, the $65,000 was repaid.

As of June 30, 2012, the stockholder advanced an additional $21,286 for general working capital purposes. All advances are non-interest bearing, unsecured, and due on demand. See also Note 6 for additional advances subsequent to June 30, 2012.

5. STOCKHOLDERS' EQUITY (DEFICIT)

Stock Issued for Services - In August 2009, the Company issued 1,500,000 shares of common stock to its founders for pre-incorporation services, at $0.001 per share having a fair value of $1,500, based upon the fair value of the services rendered. The Company expensed this stock issuance as a component of general and administrative expense.

Rich Star Development Corporation
(A Development Stage Company)
Notes to Financial Statements
June 30, 2012
Unaudited

Stock Issued for Cash - In November 2009, under the terms of a private placement, the Company issued 2,000,000 shares of common stock at $0.05 per share for total gross proceeds of $100,000.

6. SUBSEQUENT EVENTS

As of August 4, 2012, the stockholder referenced in Note 4, Note Payable, advanced an additional $8,285 for a total due of $29,571. The advances are non-interest bearing, unsecured and due on demand.

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

This information should be read in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of Part I of this Quarterly Report on Form 10-Q. This discussion highlights key information as determined by management, but may not contain all of the information that is important to you. For a more complete understanding, the following should be read in conjunction with the Company's 2011 Annual Report on Form 10-K, including the audited financial statements therein (and notes to such financial statements) and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in that report.

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended. Forward-looking statements may also be made in the Company's other reports filed with or furnished to the United States Securities and Exchange Commission (the "SEC") and in other documents. In addition, from time to time, the Company through its management may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "wi "should," "could," "would," "likely" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance, and therefore, you should not put undue reliance upon them. The Company undertakes no obligation to update or revise any forward-looking statements.

History and Overview

Rich Star Development Corporation ("the Company") was incorporated in the State of Nevada on May 29, 2009.

Plan of Operations

We are a start-up wholesale distribution company that plans to import and source locally products in the food service business including food, paper products, janitorial products, restaurant utensils and equipment.

Our business is in the developmental stage. The Company's ability to commence operations is entirely dependent upon our ability to raise additional capital. If we cannot raise additional capital, we will not be able to establish a base of operations to generate revenue. We do not have any formal or informal agreements to attain such financing. We cannot assure any investor that, if needed, sufficient financing can be obtained or, if obtained, that it will be on reasonable terms.

Sources of Supply

Future plans include buying products directly from factories, joint venturing and private branding products to achieve best possible cost levels and maximize profitability.

Customers

Our initial customers will include the restaurant and hospitality industries as well as small retail grocery stores primarily located in the western United States.

Employees

We do not currently have any employees.

Competition

The food service industry is a highly competitive market. Industry sources estimate that there are more than 15,000 companies engaged in food service distribution in the United States. Our customers may also choose to purchase products directly from retail outlets or negotiate prices directly with our suppliers.

Many of our competitors have significant advantages over our Company in terms of scale, operating histories, number of locations in operation, customer base, capital and other resources. The intense competition constitutes significant risk factors for our operations in the industry. We are a start-up company that has yet to commence commercial operations. Accordingly, there can be no assurances that the Company can successfully compete in the food service distribution market.

The Company will offer a complete package of high quality products to its customers at competitive price. Management believes that these characteristics will provide us with the ability to compete successfully in this industry.

Government Regulation

As a distributor of food products, we will be subject to the U.S. Federal Food, Drug and Cosmetic Act and regulations promulgated by the U.S. Food and Drug Administration (FDA).

The FDA regulates food safety through various statutory and regulatory mandates. The agency also specifies the standards of identity for certain foods, prescribes the format and content of information required to appear on food product labels, regulates food contact packaging and materials, and maintains a Reportable Food Registry for the industry to report when there is a reasonable probability that an article of food will cause serious adverse health consequences.

For certain product lines, we may also be subject to the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Perishable Agricultural Commodities Act, the Packers and Stockyard Act and regulations promulgated by the U.S. Department of Agriculture (USDA) to interpret and implement these statutory provisions. The USDA imposes standards for product safety, quality and sanitation through the federal meat and poultry inspection program. The USDA reviews and approves the labeling of these products and also establishes standards for the grading and commercial acceptance of produce shipments from our suppliers.

We are also subject to the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, which imposes certain registration and record keeping requirements on facilities that manufacture, process, pack or hold food for human or animal consumption.

We are also subject to regulation by numerous federal, state and local regulatory agencies, including, but not limited to, the U.S. Department of Labor, which set employment practice standards for workers, and the U.S. Department of Transportation, which regulate transportation of perishable and hazardous materials and waste, and similar state, provincial and local agencies.

Compliance with these laws is not anticipated to have a material effect on our capital expenditures, earnings or competitive position.

Patents and Trademarks

We do not own, either legally or beneficially, any patent or trademark.

Subsidiaries

We do not currently have any subsidiaries.

Results of Operations

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future.

For the three and six months ended June 30, 2012 and 2011 and for the period from May 29, 2009 (inception) to June 30, 2012:

Revenue

The Company did not generate any revenue during the period from May 29, 2009 (inception) to June 30, 2012. During this development stage, the Company was primarily focused on corporate organization, the initial public offering and the development of our business plan.

Expenses

Our total expenses for three months ended June 30, 2012 were $6,472 for general and administrative expenses, as compared to $16,506 for the three months ended June 30, 2011. The largest components of general and administrative expense were professional fees in the amounts of $4,050 and $12,650, respectively.

Our total expenses for six months ended June 30, 2012 were $16,039 for general and administrative expenses, as compared to $17,425 for the six months ended June 30, 2011. The largest components of general and administrative expense were professional fees in the amounts of $13,515 and $13,575, respectively.

Our total expenses for the period from May 29, 2009 (inception) to June 30, 2012 were $129,540 for general and administrative expenses. The largest components of general and administrative expense during that period were professional fees in the amount of $54,735 and consulting fees in the amount of $65,000.

Net Loss

Our net loss for the three months ended June 30, 2012 was $6,472 as compared to a net loss of $16,506 for the three months ended June 30, 2011. Our net loss for the six months ended June 30, 2012 was $16,039 and our net loss for the six months ended June 30, 2011 was $17,425. Our deficit accumulated during the development stage for the period from May 29, 2009 (inception) to June 30, 2012 was $129,540.

Liquidity and Financial Condition

As of June 30, 2012 we had current assets of $31, current liabilities of $28,071 and a working capital deficit of $28,040 as compared to current asset of $115, current liabilities of $12,116 and working capital of $12,001 at December 31, 2011.

Operating Activities

During the six months ended June 30, 2012, the Company used cash in the amount of $20,354 for operating activities. This includes a net loss of $16,039 and a $4,315 decrease in accounts payable.

By comparison, during the six months ended June 30, 2011, the Company used cash in the amount of $9,336 for operating activities. Cash used in operating activities included net loss of $17,425 offset by an $8,089 increase in accounts payable.

During the period from Mary 29, 2009 (inception) to June 30, 2012, the Company used $121,255 of cash in operating activities. This included a net loss of $129,540 offset by stock issued for services in the amount of $1,500 and a $6,785 increase in accounts payable.

Investing Activities

There were no investing activities for the six months ended June 30, 2012 and 2011, or for the period from May 29, 2009 (inception) to June 30, 2012.

Financing Activities

During the six months ended June 30, 2012, the Company received stockholder advances in the amount of $20,270 for total cash provided by financing activities of $20,270. In contrast, there were no financing activities for the six months ended June 30, 2011.

From May 29, 2009 (inception) to June 30, 2012, the Company received stockholder advances in the amount of $86,286, repaid $65,000 due to the stockholder and received proceeds from the issuance of common stock in the amount of $100,000 for total cash provided by financing activities of $121,286.

We currently do not have sufficient funds to satisfy the minimum cash requirements to implement our business plan over the next twelve months. Due to our brief history and historical net losses, our operations have not been a source of liquidity. Therefore, our ability to continue as a going concern is dependent on our ability to raise additional capital.

We presently do not have any available credit, financing or other external sources of liquidity. In order to obtain capital, we may need to sell additional shares of common stock or borrow funds from private lenders. However, the low trading price of our common stock and a downturn in the U.S. stock and debt markets is likely to make it more difficult to obtain financing through the issuance of equity or debt securities. As a result, there can be no assurance that we will be successful in obtaining additional funding.

Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity or debt securities, stockholders may experience dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of common stock.

Going Concern

As reflected in the accompanying financial statements, the Company had a net loss of $16,039 and net cash used in operations of $20,354 for the six months ended June 30, 2012. The Company had a working capital deficit and stockholders' deficit of $28,040 at June 30, 2012. The Company had no revenues and incurred losses since inception resulting in a deficit accumulated during the development stage of $129,540.

The Company anticipates that it will continue to generate losses from operations in the near future. The Company believes its current available cash, along with anticipated revenues, may be insufficient to meet its cash needs for the near future.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets until such time that funds provided by operations are sufficient to fund working capital requirements.

The accompanying unaudited interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Summary of Significant Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 of our financial statements. While all these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our results of operations, financial position or liquidity for the periods presented in this report.

We believe the following critical accounting policies and procedures, among others, affect our more significant judgments and estimates used in the preparation of our financial statements:

Development Stage

The Company's unaudited interim financial statements are presented as those of a development stage enterprise. Activities during the development stage primarily include negotiating distribution agreements and marketing the territory for product distribution outlets. The Company, while seeking to implement its business plan, will look to obtain additional debt and/or equity related funding opportunities. The Company has not generated any revenues since inception.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions have an impact on the fair value of share-based payments, estimates and the valuation allowance for deferred tax assets due to continuing and expected future operating losses.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Share Based Payments

The Company recognizes share-based compensation, including stock option grants, warrants, restricted stock grants and stock appreciation rights, at their fair value on the grant date. Share based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. Compensation expense is generally recognized on a straight-line basis over the vesting period.

Risks and Uncertainties

The Company's operations and future are dependent in a large part on its ability to develop its business model in a competitive market. The Company intends to operate in an industry that is subject to intense competition and change in consumer demand. The Company's operations are subject to significant risk and uncertainties including financial and operational risks and the potential risk of business failure. The Company's inability to meet its business plan and target customer demand may have a material adverse effect on its financial condition, results of operations and cash flows.

Recent Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The guidance in ASU 2011-04 changes the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements, including clarification of the FASB's intent about the application of existing fair value and disclosure requirements and changing a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this ASU should be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the Company's financial position or results of operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities" (SPEs).

Item 3 Quantitative and Qualitative Disclosures about Market Risk

Not required for a smaller reporting company.

Item 4 Controls and Procedures

Disclosure Controls and Procedures.

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) and 15d-15 (b) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II

## Item 1 Legal Proceedings

None.

## Item 1A Risk Factors

Not required for a smaller reporting company.

## Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

## Item 3 Defaults upon Senior Securities

None.

## Item 4 Mine Safety Disclosures

N/A.

## Item 5 Other Information

None.

## Item 6 Exhibits, Financial Statement Schedules

| Number | Exhibit |
|---|---|
| 3.1 | Articles of Incorporation (1) |
| 3.2 | Bylaws (1) |
| 31.1 | Rule 13a-14(a) Certification of Principal Executive Officer |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Principal Executive Officer |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |

| | |
|---|---|
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document |

(1) Incorporated by reference to the exhibits to the registrant's registration statement on Form S-1, file number 333-166454, filed May 3, 2010.

- Pursuant to applicable securities laws and regulations, we are deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and are not subject to liability under any anti-fraud provisions of the federal securities laws as long as we have made a good faith attempt to comply with the submission requirements and promptly amend the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed and otherwise are not subject to liability.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Rich Star Development Corporation

Date: August 9, 2012

/s/ Man Yee Kung
Man Yee Kung
Chief Executive Officer