

Jiangbo Pharmaceuticals, Inc.
Form 10-Q/A
May 14, 2010

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

Amendment No. 1
FORM 10-Q/A

(Mark One)

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

For the quarterly period ended: March 31, 2009

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

For the transition period from _____ to _____

Commission file number: 000-53037

JIANGBO PHARMACEUTICALS, 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.)

25 Haihe Road, Laiyang Economic Development
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) 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, 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

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 registrant's classes of common stock, as of the latest practicable date. The total shares outstanding at May 12, 2010 were 12,078,552.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Explanatory Note:

This Quarterly Report on Form 10-Q/A is being filed as Amendment No. 1 to our Quarterly Report on Form 10-Q (the "Amendment") for the period ended March 31, 2009, which was originally filed with the Securities Exchange Commission on May 15, 2009, to restate the diluted earnings (loss) per share included in the consolidated Statements of Income. This Amendment is filed solely to include revision in Part I, Item 1 in the "Financial Statements" to revise and update diluted earnings (loss) per share calculation on page F-4 and certain disclosure in paragraph 1 of Note 2- Summary of significant accounting policies, Note 3- Acquisition and Note 4 – "Earnings (loss) per share". In addition, new officer certifications are filed as exhibits to this Amendment. Except as specifically referenced herein, this Amendment does not reflect any event occurring subsequent to May 15, 2009 the filing date of the original report.

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JIANGBO PHARMACEUTICALS, INC. AND SUBSIDIARIES
(FORMERLY KNOWN AS GENESIS PHARMACEUTICALS ENTERPRISES, INC.)
CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (Unaudited)	June 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash	\$ 82,338,527	\$ 48,195,798
Restricted cash	3,713,775	7,839,785
Investments	672,682	2,055,241
Accounts receivable, net of allowance for doubtful accounts of \$525,268 and \$155,662, respectively	21,688,723	24,312,077
Accounts receivable - related parties	187,766	673,808
Inventories	3,863,947	3,906,174
Other receivables	81,784	152,469
Other receivables - related parties	317,412	-
Advances to suppliers and other assets	130,088	1,718,504
Total current assets	112,994,704	88,853,856
PLANT AND EQUIPMENT, net	14,162,421	11,225,844
OTHER ASSETS:		
Investments, restricted	400,050	2,481,413
Financing costs, net	1,406,717	1,916,944
Intangible assets, net	17,404,557	9,916,801
Total other assets	19,211,324	14,315,158
Total assets	\$ 146,368,449	\$ 114,394,858
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,523,666	\$ 2,341,812
Short term bank loan	2,197,500	2,772,100
Notes payable	3,713,775	5,843,295
Other payables	4,074,203	3,671,703
Customer deposits	4,102,000	-
Other payables - related parties	176,666	324,972
Accrued liabilities	754,315	173,604
Liabilities assumed from reorganization	1,613,935	1,084,427
Taxes payable	5,276,690	166,433
Total current liabilities	27,432,750	16,378,346
CONVERTIBLE DEBT, net of discount of \$29,820,431 and \$32,499,957 as of March 31, 2009 and June 30, 2008, respectively	5,019,569	2,500,043
Total Liabilities	32,452,319	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; 10,435,099 and 9,767,844 shares issued and outstanding at March 31, 2009 and June 30, 2008 respectively)	10,436	9,770
Paid-in-capital	76,168,319	45,554,513
Capital contribution receivable	(27,845,000)	(11,000)
Retained earnings	56,396,950	39,008,403
Statutory reserves	3,253,878	3,253,878
Accumulated other comprehensive income	5,931,547	7,700,905
Total shareholders' equity	113,916,130	95,516,469
Total liabilities and shareholders' equity	\$ 146,368,449	\$ 114,394,858

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

JIANGBO PHARMACEUTICALS, INC. AND SUBSIDIARIES
(FORMERLY GENESIS PHARMACEUTICALS ENTERPRISES, INC.)
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
	RESTATED	RESTATED	RESTATED	RESTATED
REVENUES:				
Sales	\$ 25,725,837	\$ 26,231,191	\$ 85,991,330	\$ 66,648,051
Sales- related parties	-	1,869,092	243,943	4,611,849
TOTAL REVENUE	25,725,837	28,100,283	86,235,273	71,259,900
Cost of sales	6,853,810	5,896,113	19,705,020	16,626,461
Cost of sales -related parties	-	441,709	54,500	1,117,918
COST OF SALES	6,853,810	6,337,822	19,759,520	17,744,379
GROSS PROFIT	18,872,027	21,762,461	66,475,753	53,515,521
RESEARCH AND DEVELOPMENT EXPENSE	1,098,675	967,930	3,295,125	2,170,240
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,477,356	12,136,164	31,111,752	29,269,330
INCOME FROM OPERATIONS	13,295,996	8,658,367	32,068,876	22,075,951
OTHER (INCOME) EXPENSE:				
Other (income) expense, net	(281,570)	1,244,892	1,062,959	1,217,385
Other (income)-related parties	(76,552)	(27,415)	(313,276)	(80,851)
Non-operating (income) expense	150,466	(529)	(471)	(232)
Interest expense, net	1,241,843	526,509	4,143,968	925,993
Loss from discontinued operations	103,008	228,812	1,693,830	341,743
OTHER EXPENSE , NET	1,137,195	1,972,269	6,587,010	2,404,038
INCOME BEFORE PROVISION FOR INCOME TAXES	12,158,801	6,686,098	25,481,866	19,671,913
PROVISION FOR INCOME TAXES	3,302,953	2,211,265	8,093,320	6,808,625
NET INCOME	\$ 8,855,848	\$ 4,474,833	\$ 17,388,546	\$ 12,863,288
OTHER COMPREHENSIVE INCOME:				
Unrealized holding (loss) gain	\$ (200,025)	\$ (270,351)	\$ (2,147,642)	\$ 1,347,852
Foreign currency translation adjustment	(201,173)	1,960,948	378,284	3,428,779
COMPREHENSIVE INCOME	\$ 8,454,650	\$ 6,165,430	\$ 15,619,188	\$ 17,639,919
	10,277,762	9,740,129	9,937,189	6,507,435

BASIC WEIGHTED AVERAGE NUMBER OF
SHARES

BASIC EARNINGS PER SHARE	\$	0.86	\$	0.46	\$	1.75	\$	1.98
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DILUTED WEIGHTED AVERAGE NUMBER OF
SHARES

		14,632,762		10,240,129		14,305,589		6,854,013
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DILUTED EARNINGS (LOSS) PER SHARE	\$	(1.49)	\$	(0.01)	\$	(0.86)	\$	1.18
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The accompanying notes are an integral part of these consolidated financial statements.

JIANGBO PHARMACEUTICALS, INC. AND SUBSIDIARIES
(FORMERLY KNOWN AS GENESIS PHARMACEUTICALS ENTERPRISES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 17,388,546	\$ 12,863,288
Loss from discontinued operations	1,693,830	341,743
Income from continuing operations	19,082,376	13,205,031
Adjustments to reconcile net income to cash, net of acquisition, provided by operating activities:		
Depreciation	464,094	375,456
Amortization of intangible assets	371,925	113,578
Amortization of deferred debt issuance costs	510,227	47,583
Amortization of debt discount	2,679,526	671,296
Bad debt expense	368,840	(112,459)
Realized (gain) loss on marketable securities	(106,865)	19,819
Unrealized loss on marketable securities	1,255,522	1,150,516
Other non-cash settlement	(20,000)	-
Stock-based compensation	43,340	28,750
Changes in operating assets and liabilities		
Accounts receivable	2,353,566	(7,246,740)
Accounts receivable - related parties	488,646	(1,403,383)
Notes receivables	-	59,790
Inventories	205,471	27,542
Other receivables	63,170	(254,886)
Other receivables - related parties	(317,303)	(81,384)
Advances to suppliers and other assets	1,602,693	(391,526)
Accounts payable	3,171,180	1,159,105
Accrued liabilities	682,145	301,290
Other payables	194,283	2,146,659
Other payables - related parties	(58,580)	(962,509)
Customer deposit	4,100,600	-
Liabilities assumed from reorganization	(1,164,323)	(1,162,133)
Taxes payable	5,107,831	10,006,057
Net cash provided by operating activities	41,078,364	17,697,452
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash used in acquisition	(8,581,970)	-
Proceeds from sale of marketable securities	167,623	605,882
Prepayment for land use rights	-	(8,246,830)
Cash receipt from reverse acquisition	-	534,950
Purchase of equipment	(130,814)	(401,302)
Net cash used in investing activities	(8,545,161)	(7,507,300)
CASH FLOWS FROM FINANCING ACTIVITIES:		

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Change in restricted cash	4,149,305	(5,361,849)
Proceeds from sale of common stock and options exercised	-	337,500
Proceeds from sale of treasury stock	-	1,977
Proceeds from convertible debt	-	5,000,000
Payments on debt issuance costs	-	(354,408)
Dividends paid	-	(10,520,000)
Proceeds from bank loans	2,196,750	3,255,360
Payments for bank loans	(2,782,550)	(5,425,600)
Proceeds from officers	-	27,128
Proceeds from notes payable	7,009,097	10,729,040
Principal payments on notes payable	(9,161,912)	(5,367,191)
Net cash provided by (used in) financing activities	1,410,690	(7,678,043)
EFFECTS OF EXCHANGE RATE CHANGE IN CASH		
	198,836	1,324,727
INCREASE IN CASH	34,142,729	3,836,836
CASH, beginning	48,195,798	17,737,208
CASH, ending	\$ 82,338,527	\$ 21,574,044
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 1,130,837	\$ 331,431
Income taxes paid	\$ 4,883,039	\$ 3,615,867
Non-cash investing and financing activities:		
Common stock issued to acquire Hongrui	\$ 2,597,132	\$ -

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

JIANGBO PHARMACEUTICALS, INC. AND SUBSIDIARIES
(FORMERLY KNOWN AS GENESIS PHARMACEUTICALS ENTERPRISES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009
(UNAUDITED)

Note 1 - Organization and business

Jiangbo Pharmaceuticals, Inc. (the "Company" or "Jiangbo") was originally incorporated in the state of Florida on August 15, 2001, under the name Genesis Technology Group, Inc. with the principal business objective of operating as a business development and marketing firm that specializes in advising and providing a turnkey solution for small and mid-sized Chinese companies entering western markets. On October 12, 2007, after a share exchange transaction, the Company's corporate name was changed to Genesis Pharmaceuticals Enterprises, Inc. ("Genesis").

Pursuant to a Certificate of Amendment to the Amended and Restated Articles of Incorporation filed with the State of Florida which took effect as of April 16, 2009, the Company's name was changed from "Genesis Pharmaceuticals Enterprises, Inc." to "Jiangbo Pharmaceuticals, Inc." (the "Corporate Name Change"). The Corporate Name Change was approved and authorized by the Board of Directors of the Company as well as the holders of a majority of the outstanding shares of the Company's voting stock by written consent.

As a result of the Corporate Name Change, the stock symbol changed to "JGBO" with the opening of trading on May 12, 2009 on the OTCBB.

On October 1, 2007, the Company completed a share exchange transaction by and among the Company, Karmoya International Ltd. ("Karmoya"), a British Virgin Islands company, and Karmoya's shareholders. As a result of the share exchange transaction, Karmoya, a company which was established as a "special purpose vehicle" for the foreign capital raising activities of its Chinese subsidiaries, became our wholly-owned subsidiary and our new operating business. Karmoya was incorporated under the laws of the British Virgin Islands on July 17, 2007, and owns 100% of the capital stock of Union Well International Limited ("Union Well"), a Cayman Islands company. Karmoya conducts its business operations through Union Well's wholly-owned subsidiary, Genesis Jiangbo (Laiyang) Biotech Technology Co., Ltd. ("GJBT"). GJBT was incorporated under the laws of the People's Republic of China ("PRC") on September 16, 2007, and registered as a wholly foreign owned enterprise ("WOFE") on September 19, 2007. GJBT has entered into consulting service agreements and equity-related agreements with Laiyang Jiangbo Pharmaceutical Co., Ltd. ("Laiyang Jiangbo"), a PRC limited liability company incorporated on August 18, 2003.

As a result of the share exchange transaction, our primary operations consist of the business and operations of Karmoya and its subsidiaries, which are conducted by Laiyang Jiangbo in the PRC. Laiyang Jiangbo produces and sells western pharmaceutical products in China and focuses on developing innovative medicines to address various medical needs for patients worldwide.

Note 2 - Summary of significant accounting policies

Restatement

The Company previously excluded the dilutive effect of its May 2008 convertible debentures from the diluted earnings per share calculation for the periods ended March 31, 2009 and the dilutive effect of its November 2007 convertible debentures was excluded from the diluted earnings per share calculation for the three months ended March 31, 2008. The Company has revised its accounting to include the dilutive effect of the November 2007 and May 2008 convertible debentures in its diluted earnings per share calculation. The interest expense and amortization expenses on the financing costs and note discounts were added back and all the unamortized financing costs and debt discounts at

beginning of the periods were subtracted from the March 31, 2009 and 2008 diluted earnings per share calculation.

The restatement had no effect on the Company's consolidated balance sheet, consolidated statement of cash flow, and consolidated statements of shareholders' equity as of and for the periods March 31, 2009 and 2008. The Company's consolidated statement of income and other comprehensive income for the periods ended March 31, 2009 and 2008 have been restated as follows:

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Diluted earnings (loss) per share

	Original	Increase (Decrease)	Restated
For the three months ended March 31,2009:			
Net income for basic earnings per share	\$ 8,855,848	\$ -	\$ 8,855,848
Add: interest expense	75,000	447,600	522,600
Add: financing cost amortization	29,534	140,542	170,076
Add: note discount amortization	219,362	813,929	1,033,291
Subtract: unamortized financing cost at beginning of the period	(218,223)	(1,358,570)	(1,576,793)
Subtract: unamortized debt discount at beginning of the period	(4,134,724)	(26,718,998)	(30,853,722)
Net income (loss) for diluted earnings per share	\$ 4,826,797	\$ (26,675,497)	\$ (21,848,700)
Weighted average shares used in basic computation	10,277,762	—	10,277,762
Diluted effect of stock options and warrants	4,481	(4,481)	-
Diluted effect of convertible notes	625,000	3,730,000	4,355,000
Weighted average shares used in diluted computation	10,907,243	3,725,519	14,632,762
Earnings (loss) per share:			
Basic	\$ 0.86	\$ -	\$ 0.86
Diluted	\$ 0.44		