

Genesis Pharmaceuticals Enterprises, Inc.  
Form 10QSB  
February 14, 2008

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

**FORM 10-QSB**

(Mark One)

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

For the quarterly period ended: **December 31, 2007**

TRANSITION REPORT UNDER 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 710075**  
(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)

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 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 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**

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes " No "

**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of February 14, 2008, there were 388,978,760 shares of the issuer's common stock outstanding.

Transitional Small Business Disclosure Format (Check one): Yes " No x

---

**INDEX**

**PART I - FINANCIAL INFORMATION**

	<b>Page</b>
<b>Item 1. Financial Statements.</b>	
Consolidated Balance Sheet December 31, 2007 (Unaudited)	1
Consolidated Statements of Operations For the Six months and three months ended December 31, 2006 and 2007 (Unaudited)	2
Consolidated Statements of Cash Flows For the Six Months ended December 31, 2006 and 2007 (Unaudited)	3
Notes to Consolidated Financial Statements December 31, 2006 and 2007 (Unaudited)	4
<b>Item 2. Management's Discussion and Analysis or Plan of Operation.</b>	28
<b>Item 3. Controls and Procedures.</b>	50
 <b>PART II - OTHER INFORMATION</b>	
<b>Item 1. Legal Proceedings.</b>	51
<b>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</b>	52
<b>Item 3. Defaults upon Senior Securities.</b>	52
<b>Item 4. Submission of Matters to a Vote of Securities Holders.</b>	52
<b>Item 5. Other Information.</b>	53
<b>Item 6. Exhibits</b>	53
 <b>Signatures</b>	 56

**CAUTIONARY NOTICE REGARDING FORWARD-LOOKING INFORMATION**

All statements contained in this Quarterly Report on Form 10-QSB (“Form 10-QSB”) for Genesis Pharmaceuticals Enterprises, Inc., other than statements of historical facts, that address future activities, events or developments are forward-looking statements, including, but not limited to, statements containing the words “believe,” “anticipate,” “expect” and words of similar import. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actual results to differ materially.

Such risks include, among others, the following: international, national and local general economic and market conditions; our ability to sustain, manage or forecast our growth; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Consequently, all of the forward-looking statements made in this Form 10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations. As used in this Form 10-QSB, unless the context requires otherwise, “we” or “us” or “Genesis” or the “Company” means Genesis Pharmaceuticals Enterprises, Inc. and its subsidiaries.

---

**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements**

## GENESIS PHARMACEUTICALS ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2007ASSETSDecember 31, 2007  
(Unaudited)

## CURRENT ASSETS:

Cash	\$	13,633,781
Restricted cash		4,711,652
Marketable equity securities		49,974
Accounts receivable, net of allowance for doubtful accounts of \$73,882		17,782,763
Accounts receivable - related parties		1,642,401
Inventories		4,591,112
Other receivables		118,869
Advances to suppliers		2,638,344
Other assets		5,450
Total current assets		45,174,346

PLANT AND EQUIPMENT, net	10,666,198
--------------------------	------------

## OTHER ASSETS:

Restricted marketable securities	3,072,652
Restricted marketable securities pledged for short term loans	3,542,500
Prepayment for land use right	2,604,900
Debt issuance cost, net	336,359
Intangible assets, net	1,106,924
Total other assets	10,663,335

Total assets	\$	66,503,879
--------------	----	------------

LIABILITIES AND SHAREHOLDERS' EQUITY

## CURRENT LIABILITIES:

Accounts payable	\$	1,543,688
Short term bank loans		5,346,900
Notes payable		4,386,652
Other payables		649,010
Other payables - related parties		986,580
Accrued liabilities		544,459

Edgar Filing: Genesis Pharmaceuticals Enterprises, Inc. - Form 10QSB

Liabilities assumed from reorganization	1,476,233
Taxes payable	3,439,358
Total current liabilities	18,372,880
CONVERTIBLE DEBT, net of discount \$4,745,370	254,630
COMMITMENTS AND CONTINGENCIES	-
MINORITY INTEREST	121,063
SHAREHOLDERS' EQUITY:	
Common Stock (\$0.001 par value, 600,000,000 shares authorized, 388,978,760 shares issued and outstanding)	388,980
Treasury stock	(2,805)
Paid-in-capital	22,647,981
Capital contribution receivable	(7,711,000)
Retained earnings	24,791,871
Statutory reserves	3,407,804
Accumulated other comprehensive income	4,232,475
Total shareholders' equity	47,755,306
Total liabilities and shareholders' equity	\$ 66,503,879

The accompanying notes are an integral part of these statements.

-1-

GENESIS PHARMACEUTICALS ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2007 AND 2006  
(UNAUDITED)

	Three months ended December 31,		Six months ended December 31	
	2007	2006	2007	2006
REVENUES:				
Sales	\$ 25,154,071	\$ 17,457,782	\$ 40,416,860	\$ 34,403,433
Sales - related party	1,394,662	1,452,386	2,742,757	2,508,291
<b>TOTAL REVENUE</b>	<b>26,548,733</b>	<b>18,910,168</b>	<b>43,159,617</b>	<b>36,911,724</b>
<b>COST OF SALES</b>	<b>6,816,443</b>	<b>5,264,077</b>	<b>11,406,557</b>	<b>10,335,236</b>