

SEN YU INTERNATIONAL HOLDINGS, INC.
Form 10-Q
February 14, 2012

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

FORM 10-Q

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

For the quarterly period ended December 31, 2011

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: 0-12792

SEN YU INTERNATIONAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

84-0916585
(I.R.S. Employer Identification No.)

308 Baowei Road, 6th Floor, Qianjin District,
Jiamusi City, China
(Address of principal executive offices,)

154002
(Zip Code)

Registrant's telephone number (including area code): (86) 454-844-2728

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 or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting
company)

Accelerated filer
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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

As of February 13, 2012, there were 26,155,511 shares of company common stock issued and outstanding.

SEN YU INTERNATIONAL HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Cautionary Note on Forward Looking Statement

Item 1.	Financial Statements	2
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	42
Item 4.	Controls and Procedures	42

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	43
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	43
Item 3.	Defaults Upon Senior Securities	43
Item 4.	Mine Safety Disclosures	43
Item 5.	Other Information	43
Item 6.	Exhibits	43

SIGNATURES	44
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CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains forward looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in such forward looking statements. In some cases, you can identify forward looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “proposes,” “continue” or the negative of these terms or other comparable terminology. Readers are cautioned not to place undue reliance on these forward looking statements, which reflect management’s opinions only as of the date thereof. In evaluating such forward looking statements, readers should carefully review the discussion of risks and uncertainties in this Quarterly Report on Form 10-Q and in our most recent Annual Report on Form 10-K as well as in other filings with the Securities and Exchange Commission (“SEC”) including, without limitation:

- our financial position, business strategy and other plans and objectives for future operations;
- the ability of our management team to execute its plans to meet its goals;
- our ability to attract and retain management;
- our growth strategies;
- anticipated trends in our business;
- our liquidity and ability to finance our operations and acquisition and development activities;
- the impact of government regulation in China and elsewhere;
- estimates regarding future net revenues or profits;
- planned capital expenditures (including the amount and nature thereof);
- the impact of competition;
- general economic conditions, whether internationally, nationally or in the regional and local market areas in which we are doing business, that may be less favorable than expected; and
- other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations and pricing.

The discussion of risks and uncertainties set forth in this Quarterly Report on Form 10-Q and in our most recent Annual Report on Form 10-K, as amended, as well as in other filings with the SEC, is not necessarily a complete or exhaustive list of all risks facing the Company at any particular point in time. We operate in the People’s Republic of China (“China” or “PRC”) in a highly competitive and rapidly changing environment. Therefore, it is likely that new risks will emerge, and that the nature and elements of existing risks will change, over time. It is not possible for management to predict all such risk factors or changes therein, or to assess either the impact of all such risk factors on our business or the extent to which any individual risk factor, combination of factors, or new or altered factors, may cause results to differ materially from those contained in any forward looking statement.

Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, growth rates, and levels of activity, performance or achievements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

PART I – FINANCIAL INFORMATION
SEN YU INTERNATIONAL HOLDINGS, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Stated in US Dollars)

Assets	December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
Current Assets:		
Cash and equivalents	\$ 13,973,237	\$ 11,440,584
Inventories	2,411,520	1,544,675
Advance to suppliers, net	82,211,267	53,473,785
Prepayments and other current assets	58,317	72,169
Total Current Assets	98,654,341	66,531,213
Long-Term Assets:		
Property, plant, equipment and breeding stock, net	1,677,338	1,816,987
Construction in progress	-	213
Total Long-Term Assets	1,677,338	1,817,200
Total Assets	100,331,679	68,348,413
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	791,233	455,044
Loans payable, net	1,189,421	1,128,517
Loans from shareholders/officers, net	740,435	794,354
Deferred interest income	-	31,858
Performance bond	1,110,126	1,083,016
Other current liabilities	8,137	9,169
Derivative liabilities-warrants	620,023	3,793,314
Total Current Liabilities	4,459,375	7,295,272
Temporary Equity:		
Redeemable shares of common stock, 804,000 shares issued and outstanding, respectively	1,277,355	1,217,055
Total Liabilities	5,736,730	8,512,327
Shareholders' Equity:		
Series B Convertible Preferred Stock ,\$.001 par value, 10,000,000 shares authorized,1,285,805 and 1,988,429 shares issued and outstanding, respectively	1,286	1,988
Common Stock, \$.001 par value, 300,000,000 shares authorized, 26,155,511 and 25,263,113 issued and outstanding, respectively	26,156	25,263
Additional paid-in capital	11,598,742	11,573,432
Reserve funds	9,394,071	6,745,351
Retained earnings	69,742,124	40,766,555
Accumulated other comprehensive income	5,421,805	3,393,871
Unearned compensation	(1,961,959)	(2,956,141)
Total Sen Yu International Holdings, Inc. Shareholders' Equity	94,222,225	59,550,319
Noncontrolling Interest	372,724	285,767
Total Equity	94,594,949	59,836,086
Total Liabilities and Equity	\$ 100,331,679	\$ 68,348,413

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

SEN YU INTERNATIONAL HOLDINGS, INC AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (UNAUDITED)
 (Stated in US Dollars)

	For The Three Months Ended December 31,		For The Six Months Ended December 31,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
Revenues	\$ 52,334,532	\$ 29,081,466	\$ 106,390,815	\$ 52,643,934
Cost of Goods Sold	37,055,621	22,049,508	71,871,890	40,270,654
Gross Profit	15,278,911	7,031,958		