

CHINA NORTH EAST PETROLEUM HOLDINGS LTD
Form 10QSB/A
November 14, 2007

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

**FORM 10-QSB
Amendment No. 1**

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended March 31, 2007
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to _____

Commission file number 0-49846

CHINA NORTH EAST PETROLEUM HOLDINGS LIMITED
(Exact name of small business issuer as specified in its charter)

Nevada
(State of other jurisdiction of
incorporation or organization)

87-0638750
(IRS Employer identification No.)

20337 Rimview Place, Walnut, California 91789
(Address of principal executive offices)

(909) 468-2840
(Issuer's telephone number)

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 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 shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Number of shares of common stock outstanding as of May 18, 2007: 29,224,080

Transitional Small Business Disclosure Format: Yes No

EXPLANATORY STATEMENT

This Amendment No. 1 to Form 10-QSB, which amends the Company's Form 10-QSB for the period ended March 31, 2007, filed with the Securities and Exchange Commission (the "SEC") on May 21, 2007, is being filed to do the following:

- (i) Added notes 7, 8, 9 and 15 to the notes to the Condensed Consolidated Financial Statements to include more detailed disclosure of our oil and gas properties, oil and gas properties under construction, accounts payable and restatement of financial statements.
- (ii) Revise note 15 to the Condensed Consolidated Financial Statements to reflect the retroactive effect of the acquisition of Yu Qiao as a reorganization of entities under common control.
- (iii) revise the disclosure under the heading "Controls and Procedures" to state that the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's controls and procedures were effective as of March 31, 2007.

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SPECIAL NOTE REGARDING FORWARD—LOOKING STATEMENTS

On one or more occasions, we may make forward-looking statements in this Quarterly Report on Form 10-QSB regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events. Words or phrases such as “anticipates,” “may,” “will,” “should,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will likely result,” “will continue” or similar expressions identify forward-looking statements. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to those listed below and those business risks and factors described elsewhere in this report and our other Securities and Exchange Commission filings.

Forward-looking statements involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed. We caution that while we make such statements in good faith and believe such statements are based on reasonable assumptions, including without limitation, management’s examination of historical operating trends, data contained in records and other data available from third parties, we cannot assure you that our projections will be achieved. Factors that may cause such differences include but are not limited to:

- Our expectation of continued growth in the demand for our oil;
- Our expectation that we will have adequate liquidity from cash flows from operations;
- A variety of market, operational, geologic, permitting, labor and weather related factors; and
- The other risks and uncertainties which are described below under “RISK FACTORS”, including, but not limited to, the following:
 - Unanticipated conditions may cause profitability to fluctuate.
 - Decreases in purchases of oil by our customer will adversely affect our revenues.

We have attempted to identify, in context, certain of the factors that we believe may cause actual future experience and results to differ materially from our current expectation regarding the relevant matter or subject area. In addition to the items specifically discussed above, our business and results of operations are subject to the uncertainties described under the caption “Risk Factors” which is a part of the disclosure included in Item 2 of this Report entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

From time to time, oral or written forward-looking statements are also included in our reports on Forms 10-KSB, 10-QSB and 8-K, Proxy Statements on Schedule 14A, press releases, analyst and investor conference calls, and other communications released to the public. Although we believe that at the time made, the expectations reflected in all of these forward looking statements are and will be reasonable, any or all of the forward-looking statements in this quarterly report on Form 10-QSB, our reports on Forms 10-KSB and 8-K, our Proxy Statements on Schedule 14A and any other public statements that are made by us may prove to be incorrect. This may occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Quarterly Report on Form 10-QSB, certain of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Quarterly Report on Form 10-QSB or other public communications that we might make as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent annual and periodic reports filed with the SEC on Forms 10-KSB, 10-QSB and 8-K and Proxy Statements on Schedule 14A.

Unless the context requires otherwise, references to “we,” “us,” “our,” the “Company” and “CNEH” refer specifically to China North East Petroleum Holdings Limited and its subsidiaries.

PART I**Item 1 - Financial Statements (Unaudited)****CHINA NORTH EAST PETROLEUM HOLDINGS LIMITED AND SUBSIDIARIES****Condensed Consolidated Balance Sheet***At March 31, 2007 (Unaudited)***ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$	526,058
Accounts receivable, net		391,753
Prepaid expenses and other current assets		953,748
Due from related parties		113,867
Value added tax recoverable		388,702
Total Current Assets		2,374,128

PROPERTY AND EQUIPMENT

Oil and gas properties, net		25,421,324
Fixed assets, net		860,091
Oil and gas properties under construction		8,885,909
Total Property and Equipment		35,167,324

INTANGIBLE ASSETS, NET		50,496
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TOTAL ASSETS	\$	37,591,948
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LIABILITIES AND STOCKHOLDERS' EQUITY**CURRENT LIABILITIES**

Accounts payable	\$	21,726,953
Other payables and accrued liabilities		1,395,565
Note payable		129,184
Income tax and other tax payable		770,236
Due to a stockholder		1,746,128
Due to related parties		29,712
Total Current Liabilities		25,797,778

LONG-TERM LIABILITIES

Due to a related party		5,451,685
Note payable		258,368
Total Long-term Liabilities		5,710,053
TOTAL LIABILITIES		31,507,831

COMMITMENTS AND CONTINGENCIES		-
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MINORITY INTERESTS