SEN YU INTERNATIONAL HOLDINGS, INC.
Form 10-Q/A
July 19, 2011

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

FORM 10-Q/A
Amendment No. 3

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

For the quarterly period ended September 30, 2010

[ ] 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: 000-12792

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.)
19 West 44th Street, Suite 1108 New York, NY (Address of principal executive offices)	10036 zip code

Registrant's telephone number (including area code): 212-997-8585

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 _ X _

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 [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

(Do not check if a 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 X

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Date 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). [ ]

As of November 15, 2010, there were 20,892,982 shares of company’s common stock issued and outstanding.

SEN YU INTERNATIONAL HOLDINGS, INC.

QUARTERLY REPORT ON FORM 10-Q/A

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EXPLANATORY NOTE

Sen Yu International Holdings, Inc. (f/k/a China Swine Genetics, Inc), or the Company, is filing this Amendment No. 2 on Form 10-Q/A to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, or the Form 10-Q, which was originally filed with the Securities and Exchange Commission, or SEC, on November 15, 2010 and amended on December 2, 2010 and May 20, 2011

Amendment No. 1 includes the following revisions:

- Revised disclosure with regard to the number of weighted shares of common stock outstanding on a fully diluted basis;

- Revised its effect on the diluted earnings per share in the Company's Consolidated Statements of Operation in Part I; and

- Revised the weighted average effect of the dilutive securities in Note 14 to the Financial Statements

Amendment No. 2 includes the following revisions:

- Revised disclosure with regard to "derivative liabilities-warrants" and other related changes in the Company's Consolidated Balance Sheets in Part I, the change in fair value of warrants, net income before noncontrolling interest and foreign currency translation income in the Company's Consolidated Statements of Comprehensive Income in Part I;

- Revised net income and changes in fair value of warrants in the Company's Consolidated Statements of Cash Flows in Part I;

- Revised adjusted exercise prices of Series A and B Warrants, the summary status of Warrants Outstanding as of September 30, 2010, the fair value of those warrants as of September 30, 2010 in Item C of Note 13 to the Financial Statements;

- Revised the net income for basic and diluted calculation, the weighted average effect of the dilutive securities in Note 14 to the Financial Statements; and

- Revised the change in fair value of warrants and other related changes in the Results of Operations for three months ended September 30, 2010 in the Management's Discussion and Analysis or Plan of Operation section ("MD&A"), total other expenses or losses and certain numbers in Other Income (Expense or Losses) section of MD&A, the accumulated other comprehensive income in Net Income and Comprehensive Income section of MD&A, numbers related to working capital in the Liquidity and Capital Resources section of MD&A, and the net income in Net Cash (Used in) Provided by Operating Activities section of MD&A.

Amendment No. 3 includes the following revisions:

- Revised Consolidated Statements of Cash Flows to include "Net Income for the consolidated group as a whole before deducting the non-controlling interest portion";

- Revised "Disclosure controls and procedures" to include management's conclusion that our internal controls and procedures were not effective as of September 30, 2010

- Revised Note 12 relating to commercial hog sales contracts;

- Revised disclosure in Note 13 Stockholders' Equity 13(d)-Common Stock and 13(g) relating to Stock Base Compensation and Unearned Compensation;

- Revised Note 14-Basic and Diluted Earnings Per Share to include Series A to E warrants and Convertible Notes;

- Revised Note 18-Restatement, Statement of Income Data to include financial data three months ended September 30, 2009 for comparative purpose;

- Revised disclosure to the MD&A-Bad Debt for Advance to Suppliers relating to adoption of bad debt allowance; and

- Revised disclosure to the MD&A-Cost of Sales and Gross Profit relating to losses on disposal of inventories.

This Form 10-Q/A continues to speak as of the date of the Form 10-Q and no attempt has been made to modify or update disclosures in the original Form 10-Q except as noted above. This Form 10-Q/A does not reflect events occurring after the filing of the Form 10-Q or modify or update any related disclosures and any information not affected by the amendments contained in this Form 10-Q/A is unchanged and reflects the disclosure made at the time of the filing of the Form 10-Q with the SEC. Currently dated Exhibits 31.1, 31.2, 32.1 and 32.2 are included in this Form 10Q/A.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains forward looking statements identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts, “potential,” “proposed,” “intended,” or “continue” or the negative of these terms or other comparable terminology. The forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in such forward looking statements. 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 ability to consummate or integrate acquisitions;

our liquidity and ability to finance our operations and acquisition and development activities;

the timing, cost and procedure for proposed acquisitions;

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);

estimates, plans and projections relating to construction of facilities and the acquisition of facilities or businesses;

the possibility that our acquisitions may involve unexpected costs;

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 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 (F/K/A CHINA SWINE GENETICS, INC.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Stated in US Dollars)
(restated)

Assets	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
Current Assets:		
Cash and equivalents	$ 4,990,379	$ 5,825,842
Accounts receivable	627,419	-
Inventories, net	1,174,827	943,642
Advance to suppliers, net	35,208,988	30,830,691
Prepayments and other current assets	168,320	176,777
Total Current Assets	42,169,933	37,776,952
Property, Plant, Equipment and Breeding Stock, net	1,914,507	1,983,760
Construction in Progress	21,657	14,801
Total Long-Term Assets	1,936,164	1,998,561
Total Assets	44,106,097	39,775,513
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	320,613	390,644
Loans payable, net	1,106,753	1,066,924
Convertible note, net	2,165,000	2,165,000
Loans from shareholders/officers, net	8,538	5,460
Deferred interest income	14,129	39,036
Other current liabilities	16,694	1,721
Derivative liabilities-warrants	11,309,271	13,654,111
Total Current Liabilities	14,940,998	17,322,896
Total Liabilities	14,940,998	17,322,896
Shareholders' Equity:		
Series B Convertible Preferred Stock ,$0.001 par value,10,000,000 shares authorized,1,152,380 shares issued and outstanding, respectively	1,152	1,152
Common stock, $0.001 par value, 300,000,000 shares authorized, 20,892,982 issued and outstanding, respectively *	20,893	20,893
Additional paid-in capital *	10,860,373	10,860,373
Reserve funds	4,197,440	3,570,029
Retained earnings	13,279,137	7,864,011
Accumulated other comprehensive income	1,534,898	967,009
Unearned compensation	(1,016,667)	(1,116,667)
Total Sen Yu International Holdings, Inc. Shareholders' Equity	28,877,226	22,166,800

Noncontrolling Interest		287,873		285,817
Total Equity		29,165,099		22,452,617
Total Liabilities and Equity	$	44,106,097	$	39,775,513

*: As restated to show recapitalization and reverse split.

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

SEN YU INTERNATIONAL HOLDINGS, INC (F/K/A CHINA SWINE GENETICS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENEDED SEPTEMBER 30, 2010 AND 2009
(UNAUDITED)
(Stated in US Dollars)

		For The Three Months Ended September 30, 2010 (restated) Unaudited		2009 Unaudited
Revenues	$	23,562,468	$	21,895,508
Cost of Goods Sold		18,221,146		17,407,041
Gross Profit		5,341,322		4,488,467
Operating Expenses				
Selling expenses		832,828		671,363
General and administrative expenses		485,825		68,172
Losses on disposal of fixed assets		48,479		107,753
Bad debt for advanced to suppliers		202,962		178,830
Total Operating Expenses		1,570,094		1,026,118
Income From Operations		3,771,228		3,462,349
Other Income (Expense)				
Interest expense (income), net		(71,034)		554
Other expense net		(442)		(6,242)
Change in fair value of warrants		2,344, 841		-
Total Other Income (Expense)		2,273,365		(5,688)
Income from Continuing Operations Before Income Taxes		6,044,593		3,456,661
Income Tax Provision		-		-
Net Income Before Noncontrolling Interest		6,044,593		3,456,661
Less: Net income (loss) attributable to the noncontrolling interest		2,056		(103,814)
Net Income Attributable to Sen Yu International Holdings, Inc.	$	6,042, 537	$	3,560,475
Earnings Per Share:				
- Basic	$	0.29	$	49.04
- Diluted	$	0.23	$	0.18
Weighted Common Shares Outstanding *				
- Basic		20,892,982		72,598
- Diluted		26,100,162		20,031,181

*: As restated to show recapitalization and reverse split.

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

SEN YU INTERNATIONAL HOLDINGS, INC (F/K/A CHINA SWINE GENETICS, INC) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENEDED SEPTEMBER 30, 2010 AND 2009
(UNAUDITED)
(Stated in US Dollars)

	For the Three Months Ended September 30, 2010 (restated) (Unaudited)	2009 (Unaudited)
Net Income Before Noncontrolling Interest	$ 6,044,593	$ 3,456,661
Other Comprehensive Income:		
Foreign Currency Translation Income	567,889	17,410
Comprehensive Income	$ 6,612,482	$ 3,474,071

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

SEN YU INTERNATIONAL HOLDINGS, INC (F/K/A CHINA SWINE GENETICS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ETHNDED SEPTEMBER 30, 2010
(UNAUDITED)
(Stated in US Dollars)

	For The Three Months Ended September 30, 2010 (restated) Unaudited	2009 Unaudited
Cash Flows From Operating Activities:		
Net Income	$ 6,044,593	$ 3,456,661
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	122,476	131,668
Bad debt adjustment	202,963	178,830
Consulting fees adjusted from deferred	100,000	-
Amortization of financing costs	48,300	-
Loss on disposal of fixed assets	48,479	107,753
Loss on disposal of inventories	6,277	239,179
Provision for losses on inventories	(1,245)	-
Change in fair value of warrants	2,344,841)	-
Changes in operating assets and liabilities:		
Accounts receivable	(627,419)	634,550
Inventories	(243,331)	(29,720)
Advanced to suppliers	(4,112,156)	(3,817,792)
Prepayments and other current assets	(37,602)	52,826
Accounts payable and accrued expenses	(67,651)	(83,410)
Customer deposit	-	24,580
Deferred interest income	(25,095)	(14,538)
Other current liabilities	14,751	(22,625)
Net Cash (Used in) Provided by Operating Activities	(871,501)	857,962
Cash Flows From Investing Activities:		
Payment for purchase of equipment	(59,200)	(34,571)
Payment for construction in progress	(34,929)	-
Proceeds from sale of property and equipment	26,740	23,760
Net Cash Used in Investing Activities	(67,389)	(10,811)
Cash Flows From Financing Activities:		
Proceeds from discount on loans payable	25,095	14,538
Payments for loans to shareholders/officers	(16,717)	(4,585)
Proceeds the repayment of loans by shareholders/officers	19,795	147,701
Net Cash Provided by Financing Activities	28,173	157,654
Net (Decrease)Increase in Cash and Equivalents	(910,717)	1,004,805

Effect of Exchange Rate Changes on Cash	75,254	2,811
Cash and Equivalents at Beginning of Period	5,825,842	82,854
Cash and Equivalents at End of Period	$ 4,990,379	$ 1,090,470
Cash Flows From Financing Activities:		
Interest paid	$ 153,033	$ -
Income taxes paid	$ -	$ -

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Inventory transferred out to be breeding stock in fixed assets	$ 22,755	$ 4,801
Construction in progress transferred out to be fixed assets	$ 28,745	$ -
Majority shareholder waive his right to the Company's debt	$ -	$ 11,169,236
Offset debt by fixed assets	$ 6,648	$ -

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

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SEN YU INTERNATIONAL HOLDINGS, INC (F/K/A CHINA SWINE GENETICS, INC.)
AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Stated in US Dollars)

1. Interim Financial Statements:

The unaudited consolidated financial statements of Sen Yu International Holdings, Inc. f/k/a China Swine Genetics Inc ("Sen Yu International" or the "Company") and its subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles (the "U.S. GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. However, the information included in these interim financial statements reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for the fair presentation of the consolidated financial position and the consolidated results of operations of the Company. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full year. The consolidated balance sheet information as of June 30, 2010 was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2010. These interim financial statements should be read in conjunction with that report.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions have been eliminated.

2. Organization and Nature of Operations

Sen Yu International was founded as a Colorado corporation on June 29, 1983 and was reinstated in Colorado on March 15, 2007. The Company's Board of Directors ("Board") and shareholders approved a change of domicile from Colorado to Delaware on December 6, 2007. In connection with the Company's change of domicile from Colorado to Delaware, the Company's authorized capital was increased to 310,000,000 of which 300,000,000 are classified as common stock, par value $0.001 per share, and 10,000,000 are classified as Preferred Stock, par value $0.001 per share, issuable in series with such powers, designations, preferences and relative, participating, optional or other specific rights, and qualifications, limitations or restrictions thereof, as the Board may fix from time to time by resolution or resolutions. For at least ten years prior to August 13, 2009, the Company had not engaged in any business operations.

On August 13, 2009, Sen Yu International acquired all of the outstanding capital stock of Advanced Swine Genetics, Inc., a Nevada corporation ("Advanced Swine"). In exchange for the outstanding shares of Advanced Swine, Sen Yu International issued 4,646.05933 shares of its Series A Convertible Preferred Stock ("Preferred A Stock") to the shareholders of Advanced Swine (the "Share Exchange"). Each share of Preferred A Stock is convertible into Four Thousand One Hundred Sixty-Six and (4,166.66) shares of common stock. In November 2009, all shares of Preferred A Stock were converted into 20,044,689 (with additional fractional shares issued in or after November 2009) shares of Sen Yu International's common stock, representing approximately 99% of the issued and outstanding shares.

Effective on September 30, 2009, the Company filed an amendment to its certificate of incorporation to change the name of the Company from Apogee Robotics, Inc. to "China Swine Genetics, Inc." and implementing a 1-for-24 reverse split of the Company's common stock. On June 28, 2010, the Company changed its name to "Sen Yu International Holdings, Inc."

Advanced Swine was incorporated under the laws of Nevada on June 29, 2007. It is an intermediate holding company without its own operations. On February 28, 2008, Advanced Swine acquired 100% of the equity interests of Heilongjiang Sen Yu Animal Husbandry Co., Ltd. ("Heilongjiang Sen Yu"). Heilongjiang Sen Yu was incorporated on September 3, 2004, under the laws of the People's Republic of China ("PRC"). On December 20, 2007, Advanced Swine entered into the stock transfer agreement with Heilongjiang Sen Yu through which Advance Swine acquired all the equity interests of Heilongjiang Sen Yu. The share transfer was approved on February 4, 2008 by the Heilongjiang Provincial Government, and the updated business license of Heilongjiang Sen Yu with the new shareholder's name was issued on February 28, 2008 by Jiamusi Administration for Industry and Commerce. As a result, Heilongjiang Sen Yu became a foreign wholly owned enterprise on February 28, 2008.

Heilongjiang Sen Yu was originally founded with registered capital of RMB10 million (equivalent to approximately $1,208,211) on September 3, 2004 and increased its registered capital to RMB50 million (equivalent to approximately $6,165,762) and RMB80 million (equivalent to approximately $9,933,896) on January 18 and August 29, 2006, respectively.

Heilongjiang Sen Yu was in the development stage and incurred minor selling expenses and significant general and administrative expenses prior to September, 2005. In September 2005, Heilongjiang Sen Yu accepted its first sales order of commercial hogs and breeding swine, and started its business as a farmer enterprise for breeding, feeding and marketing the grandparent and parent generation breeding swine, and commercial hogs.

In December 2005, Heilongjiang Sen Yu entered into a joint venture agreement with Polar Genetics, Inc., a Canadian corporation (the "Polar Genetics") and the business license of this joint venture was issued in March 2006. The registered capital of Sino-Canadian Sen Yu Polar Swine Genetics Company Limited ("Sino-Canadian Sen Yu") is RMB16.7 million (equivalent to approximately $2,068,368 as of December 20, 2005). According to the joint venture agreement, Heilongjiang Sen Yu and Polar Genetics are required to contribute RMB10 million (equivalent to approximately $1,238,543 as of December 20, 2005) and 628 primary genetic breeding swine worth RMB6.7 million (equivalent to approximately $829,825 as of December 20, 2005), respectively, in order to own 60% and 40% of the joint venture, respectively. This joint venture was approved by the Jiamusi Administration for Industry and Commerce on March 30, 2006, and the actual capital of RMB10 million (equivalent to approximately $1,246,028) was contributed by Heilongjiang Sen Yu on May 22, 2006. Polar Genetics contributed 628 primary genetic breeding swine worth RMB6.7 million (equivalent to approximately $892,263) on October 12, 2007. Since China custom officers did not complete the full inspection, and released the primary genetic boars to Sino-Canadian Sen Yu until November 27, 2007, this joint venture was considered to be in development stage and did not commence principal operations until November, 27, 2007.

Sen Yu International, Advanced Swine, Heilongjiang Sen Yu, and Sino-Canadian Sen Yu, Heilongjiang Sen Yu's 60% owned joint venture will be called, collectively, "the Company" in the accompanying consolidated financial statements.

3. Basis of Presentation

a. Fiscal Year

The Company's fiscal year ends on June 30. The accompanying consolidated financial statements of operations and cash flows include activities for the three months ended September 30, 2010 and 2009.

b. Principle of Consolidation

The accompanying unaudited consolidated financial statements present the financial position, results of operations and cash flows of the Company and all entities in which the Company has a controlling voting interest. These consolidated financial statements include the financial statements of Sen Yu International Holdings, Inc. and its subsidiaries, namely, Advanced Swine, Heilongjiang Sen Yu, and Sino-Canadian Sen Yu. All significant intercompany transactions and balances are eliminated in consolidation.

The accompanying unaudited consolidated financial statements are prepared in accordance with US GAAP. This basis of accounting differs from that used in the statutory accounts of some of the Company's subsidiaries, which were prepared in accordance with the accounting principles and relevant financial regulations applicable to enterprises with foreign investment in the PRC (the "PRC GAAP"). Necessary adjustments were made to the subsidiaries' statutory accounts to conform to U.S. GAAP to be included in these consolidated financial statements.

4. Summary of Significant Accounting Policies

a. Use of Estimates

The preparation of unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amount reported in the unaudited consolidated financial statements and the accompany notes. Significant estimates include the estimated useful lives and fair values of the assets. Actual results could differ from those estimates.

b. Foreign Currency Translation

The accompanying unaudited consolidated financial statements are presented in U.S. dollars. The Company's functional currency is the Renminbi ("RMB"). In general, for consolidation purposes, the Company translates its assets and liabilities into US dollars using the applicable exchange rates prevailing at the balance sheet date, and the statement of income and cash flows are translated at average exchange rates during the reporting period. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet. Equity accounts are translated at historical rates. Adjustments resulting from the translation of the financial statements are recorded as accumulated other comprehensive income.

The following rates are used in translating the RMB to the U.S. dollar presentation disclosed in these consolidated financial statements for the three months ended September 30, 2010 and 2009, respectively.

	For The Three Months Ended September 30,		
	2010	2009	
Assets and liabilities	$0.14945	$0.14649	/ RMB
Revenue and expenses	$0.14773	$0.14639	/ RMB

c. Revenue Recognition

Revenues from products sales are recorded when both title to the goods and risk of ownership are transferred to the customer upon shipment, provided that no significant obligations remain. Net sales reflect units shipped at selling prices reduced by certain sales allowances.

d. Income Taxes

SenYu International is subject to U.S. federal income taxes, State of New York income taxes, and State of Delaware annual franchise taxes, and its U.S. subsidiary, Advanced Swine, is subject to U.S. federal income taxes and State of Nevada annual reporting. Its PRC subsidiaries were exempt from the income taxes per PRC tax laws and regulations that exempt companies engaged in the agricultural breeding of livestock. In particular, under current Chinese law, Heilongjiang Sen Yu and Sino-Canadian Sen Yu are exempt from corporate income tax in China for as long as they operate as hog farming enterprises. However, the exemption is only for a three year period and the renewal is subject to review by the Jiamushi City State Tax Bureau. The tax exempt status of both Heilongjiang Sen Yu and Sino-Canadian Sen Yu expires on May 31, 2012. The Company's PRC subsidiaries expect to use their retained earnings to support their PRC operations, and will not declare any dividends within the predictable future. In addition, there was no net income generated by SenYu International or its U.S. subsidiary, Advanced Swine, during the quarter ended September 30, 2010 and 2009. Therefore, for the three months ended September 30, 2010 and 2009, the Company's income taxes were $0 and $0 in PRC and U.S.

The Company follows ASC 740 – “Accounting for Income Taxes”, which requires recognition of deferred taxes, assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), codified in FASB ASC Topic 740, on January 1, 2007. As a result of the implementation of FIN 48, the Company made a comprehensive review of its portfolio of tax positions in accordance with recognition standards established by FIN 48, and the Company recognized no material adjustments to liabilities or stockholders equity. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest associated with unrecognized tax benefits are classified as interest expense and penalties are classified in general and administrative expenses in the statements of income. The adoption of FIN 48 did not have a material impact on the Company’s financial statements. At September 30, 2010 and June 30, 2010, the Company did not take any uncertain positions that would necessitate recording of tax related liability.

e. Stock-Based Compensation

The Company measures compensation expense for its non-employee stock-based compensation under the FASB ASC 505-50, “Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services”. The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. Fair value is measured as the value of the common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty’s performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital.

f. Basic and diluted net income per share

The Company accounts for net income per common share in accordance with the FASB issued ASC 260, “Earnings per Share” (“EPS”). ASC 260 requires the disclosure of the potential dilution effect of exercising or converting securities or other contracts involving the issuance of common stock. Basic net income per share is determined based on the weighted average number of common shares outstanding for the period. Diluted net income per share is determined based on the assumption that all dilutive convertible shares and stock options were converted into or exercised for common stock.

g. Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates market value.

h. Accounts Receivable

Accounts receivable are recognized and carried at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Per historical records, the Company had no uncollectible amounts. Therefore, the Company had not recorded any allowance for uncollectible accounts as of September 30, 2010 and 2009.

i. Inventories, Net

Inventories are stated at the lower of cost or market. Cost of raw materials is determined on a first-in, first-out basis. Finished goods are determined on a weighted average basis and are comprised of direct materials, direct labor and an appropriate proportion of overhead. The Company estimates an inventory allowance for excessive, slow moving, obsolete inventory and changes in price level as well as inventory whose carrying value is in excess of net realized value. Inventory amounts are reported net of such allowances.

j. Bad Debt Allowance

In order to acquire significant amounts of commercial hogs, the Company advanced additional money to Heilongjiang Wang Da Feedstuff Co., Ltd. ("Wang Da"). Since the advances to Wang Da were a significant part of total assets, the Company's subsidiary, Heilongjiang Sen Yu, adopts a bad debt allowance of 5% of the amount of money advanced to Wang Da commencing April 2009.

k. Plant, Property, Equipment and Breeding Stock

Depreciation of property, plant, equipment, and breeding stock is computed using the straight-line method over the estimated useful lives of assets as follows:

	Years
Land improvements	10 years
Leasehold improvements	Lower of term of lease or 5 years
Buildings	10 years
Machinery and equipment	2 years to 10 years
Breeding stock	3 years to 5 years

Repairs and maintenance expenditures which do not extend the useful lives of the related assets are expensed as incurred, whereas significant renewals and betterments are capitalized.

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in our statements of operations.

l. Non-Controlling Interest

Effective July 1, 2009, the Company adopted FASB ASC Topic 810, "Consolidation," which established new standards governing the accounting for and reporting of noncontrolling interests (NCIs) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs (previously referred to as minority interests) be treated as a separate component of equity, not as a liability (as was previously the case), that increases and decreases in the parent's ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance.

The net income (loss) attributed to the NCI was separately designated in the accompanying statements of operations and comprehensive income. Losses attributable to the NCI in a subsidiary may exceed the NCI's interests in the subsidiary's equity. The excess attributable to the NCI is attributed to those interests. The NCI shall continue to be attributed its share of losses even if that attribution results in a deficit NCI balance.

m. Cost of Sales

Cost of sales consists primarily of purchase cost of fodder, direct labor, depreciation and manufacturing overhead, which are directly attributable to the production of breeding hogs.

n. Selling, General and Administrative Costs

Selling costs consist primarily of salaries, freight costs and advertising fees, which are incurred in the course of the sale of goods. General and administrative costs consist of salaries, entertainment expenses, consulting fees, professional expenses and other expenses.

o. Reclassification

Certain amounts reflected in the consolidated financial statements for the three months ended September 30, 2009 have been reclassified to conform to the presentation for the three months ended September 30, 2010.

p. Recent Accounting Pronouncements

In April 2010, the FASB issued Accounting Standard Update 20-10-17, “Revenue Recognition—Milestone Method (Topic 605): Milestone Method of Revenue Recognition” or ASU 2010-17. This update provides guidance on the recognition of revenue under the milestone method, which allows a vendor to adopt an accounting policy to recognize all of the arrangement consideration that is contingent on the achievement of a substantive milestone (milestone consideration) in the period the milestone is achieved. The pronouncement is effective on a prospective basis for milestones achieved in fiscal years and interim periods within those years, beginning on or after June 15, 2010. The adoption of this ASU does not have a material impact on the Company’s consolidated financial statements.

In April 2010, the FASB issued Accounting Standards Update 2010-13, “Compensation—Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades,” or ASU 2010-13. ASU 2010-13 provides amendments to Topic 718 to clarify that an employee share-based payment award with an exercise price denominated in currency of a market in which a substantial portion of the entity’s equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The Company does not expect the adoption of this ASU to have a material impact on the Company’s consolidated financial statements.

In March 2010, the FASB issued ASU No. 2010-11 –Scope Exception Related to Embedded Credit Derivatives. Embedded credit-derivative features related only to the transfer of credit risk in the form of subordination of one financial instrument to another are not subject to potential bifurcation and separate accounting, as clarified by recently issued FASB guidance. Other embedded credit-derivative features are required to be analyzed to determine whether they must be accounted for separately. This update provides guidance on whether embedded credit-derivative features in financial instruments issued by structures such as collateralized debt obligations (CDOs) and synthetic CDOs are subject to bifurcation and separate accounting. The guidance is effective at the beginning of a company’s first fiscal quarter beginning after June 15, 2010. The Company does not expect the adoption of this ASU to have a material impact on the Company’s consolidated financial statements.

In March 2010, the FASB issued ASU No. 2010-10 –Amendments for Certain Investment Funds. This update defers the effective date of the amendments to the consolidation requirements made by FASB Statement 167 to a reporting entity’s interest in certain types of entities. The deferral will mainly impact the evaluation of reporting enterprises’ interests in mutual funds, private equity funds, hedge funds, real estate investment entities that measure their investment at fair value, real estate investment trusts, and venture capital funds. The ASU also clarifies guidance in Statement 167 that addresses whether fee arrangements represent a variable interest for all service providers and decision makers. The ASU is effective for interim and annual reporting periods in fiscal years beginning after November 15, 2009. The adoption of this ASU does not have a material impact on the Company’s consolidated financial statements.

On February 25, 2010, the FASB issued Accounting Standards Update (“ASU”) 2010-09 Subsequent Events Topic 855, “Amendments to Certain Recognition and Disclosure Requirements,” effective immediately. The amendments in the ASU remove the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of US GAAP. The FASB believes these amendments remove potential conflicts with the SEC’s literature. Subsequent events have been evaluated through the date the financial statements were issued.

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5. Inventories

Inventories on September 30, 2010 and June 30, 2010 consisted of the following:

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
Raw materials	$ 76,144	$ 46,518
Work in progress	807,854	739,597
Finished goods	290,829	158,772
Less: Inventories provision	-	1,245
Total	$ 1,174,827	$ 943,642

The raw materials generally consist of feedstuff and other raw materials, finished goods consist of the baby hogs, young hogs and commercial hogs which are ready to sell and work in progress consists generally of the direct labor, depreciation of the facilities, manufacturing overhead expenses, and other production related fees.

Inventory turnover for the three months ended September 30, 2010 and 2009 consisted of the following:

	For The Three Months Ended September 30	
	2010	2009
Inventory turnover	20.91	19.26

Cost of goods sold increased for the three months ended September 30, 2010 as compared to the same period in 2009 as a result of the increase in sales. Average inventories decreased in the three months ended September 30, 2010 as compared to the same period in 2009. As a result, the inventories turnover rate, which equals the cost of goods sold divided by the average inventory, for the three months ended September 30, 2010 was higher than in the same period in 2009.

6. Advanced to Suppliers, Net

Heilongjiang Sen Yu entered into a cooperation agreement with Wang Da, a professional fodder provider and a collector for good quality commercial hogs, on October 11, 2007. Pursuant to that agreement, Heilongjiang Sen Yu agreed to loan money to Wang Da to support Wang Da’s farmers’ use of good quality feedstuffs to raise their commercial hogs, and then Wang Da collects the hogs and sells them to Heilongjiang Sen Yu once they mature. Wang Da can offset the loan amount payable to Heilongjiang Sen Yu once it delivers the matured commercial hogs to Heilongjiang Sen Yu. In order to extend the Company’s farmer-based production model and retrieve significant amounts of hogs in the near future from Wang Da, Heilongjiang Sen Yu loaned an aggregate amount of RMB 247,507,927 (equivalent to approximately $36,990,287) to Wang Da as of September 30, 2010. Heilongjiang Sen Yu adopted a bad debt allowance at 5% of the principal amount advanced to Wang Da for the three months ended September 30, 2010 and 2009. Accordingly, the bad debt allowances were RMB12,375,396 (equivalent to approximately $1,849,514) and RMB 11,001,547 (equivalent to approximately $1,622,302) as of September 30, 2010 and June 30, 2010, respectively. Including the amount of advances to suppliers by Sino-Canadian Sen Yu, the Company had a total net amount advanced to suppliers as of September 30, 2010 and June 30, 2010 as follows:

September 30, 2010	June 30, 2010

	(Unaudited)	(Audited)
Advanced to suppliers	$ 37,058,502	$ 32,452,993
Less: Accumulated bad debt allowance	1,849,514	1,622,302
Advanced to suppliers, net	$ 35,208,988	$ 30,830,691

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Heilongjiang Sen Yu entered into a supplementary agreement with Wang Da on December 12, 2008 to secure Heilongjiang Sen Yu's loan to Wang Da. Pursuant to the supplementary agreement, once Wang Da has breached the terms of the cooperation agreement, Heilongjiang Sen Yu can exercise the following rights to secure its loans to Wang Da: (1) step into Wang Da's shoes without any condition, and have all creditor's rights of Wang Da with its contracted farmers, and (2) if such rights still do not satisfy the loss of Heilongjiang Sen Yu, then Heilongjiang Sen Yu will have a secured interest in all of Wang Da's assets, which include but are not limited to the building, equipment, and working capital of Wang Da.

Heilongjiang Sen Yu renewed the cooperation agreement with Wang Da, which became effective on January 1, 2009. Heilongjiang Sen Yu still finances Wang Da, with fixed profit margins set by Heilongjiang Sen Yu, and Wang Da in turn provides fodder to farmers on credit at discount rates obtained through volume purchasing. Wang Da also guarantees the repurchase of the matured commercial hogs that meet Heilongjiang Sen Yu's quality standards. In case Wang Da breaches the terms of the cooperation agreement, Heilongjiang Sen Yu can still exercise the above rights to secure its loans to Wang Da.

Advances to suppliers aging as of September 30, 2010 and June 30, 2010 consisted of the following:

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
Less than 90 days	$ 22,527,121	$ 9,082,676
91days-180days	9,206,398	13,718,027
181days-365days	5,324,983	9,649,092
More than 365days	-	3,198
Total	$ 37,058,502	$ 32,452,993

The Company's advances to suppliers with ages of less than 91 days represented approximately 61% and 28% of total advances to suppliers as of September 30, 2010 and June 30, 2010, respectively.

The turnover rate for advances to Wang Da for the three months ended September 30, 2010 and 2009 were as the following:

	For The Three Months Ended September 30,	
	2010	2009
turnover rate for advances to Wang Da	0.52	0.72

The purchases of commercial hogs from Wang Da increased for the three months ended September 30, 2010 as compared to the same period in 2009 as a result of the Company's increase in sales of commercial hogs. In order to acquire large numbers of commercial hogs in the coming year, the amount of average advances to Wang Da increased for the quarter ended September 30, 2010 as compared to the same period in 2009. However, the increased amount of average advances was greater than the amount of increased purchases of commercial hogs during the current period. As a result, the turnover rate of advances to Wang Da for the three months ended September 30, 2010 was lower than in the same period in 2009.

7. Prepayments and Other Current Assets

As of September 30, 2010 and June 30, 2010, prepayments and other current assets consisted of the following:

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
Prepaid rent	$ 18,746	$ 15,751
Advance to employees	16,047	3,401
Other receivable	133,527	157,625
Total	$ 168,320	$ 176,777

8. Property, Plant, Equipment, and Breeding Stock, Net

Property, Plant, Equipment, and Breeding Stock, less accumulated depreciation, consisted of the following:

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
Buildings and improvements	$ 1,799,918	$ 1,775,956
Land improvements	283,973	280,193
Leasehold improvements	150,050	116,446
Machinery and equipments	625,992	684,077
Breeding stock	586,581	556,320
Sub-Total	3,446,514	3,412,992
Less: Accumulated depreciation	1,532,007	1,429,232
Total	$ 1,914,507	$ 1,983,760

Depreciation expenses for the three months ended September 30, 2010 and 2009 were $122,476 and $131,688, respectively. Loss on disposal of fixed assets for the three months ended September 30, 2010 and 2009 was $48,479 and $107,753, respectively.

9. Loans Payable, Net

Loans payable as of September 30, 2010 and June 30, 2009 consisted of the following:

Loans payable, net, current maturities	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
On December 1 and 16, 2005, the Company obtained loans in amounts of RMB2.8 million (equivalent to approximately $418,463 and $412,891 as of September 30, 2010 and June 30, 2010, respectively) and RMB0.7 million (equivalent to approximately $104,615 and $103,223 as of September 30 and June 30, 2010, respectively) from Jiamusi Government Financial Bureau (“JGFB”)	$ 523,078	$ 516,114

by pledging certain buildings in Huanan, which have a carrying value of approximately RMB2.6 million (equivalent to approximately $388,572). The term of the debt was originally from October 31, 2005 to 2007. Since the Company is an agricultural enterprise and its business is supported by the Chinese Government, these loans do not bear interest, and the original due date had been extended to December 31, 2008. Furthermore, before December 31, 2008, the due dates of these loans had been rescheduled to December 31, 2009. On December 16, 2009, the due dates of these loans had been rescheduled to December 31, 2010.		
On April 20 and September 25, 2007, Sino-Canadian, obtained loans in amounts of RMB1.5 million (equivalent to approximately $224,176 and $221,192 as of September 30, 2010 and June 30, 2010, respectively) and RMB0.5 million (equivalent to approximately $74,726 and $73,731 as of September 30, 2010 and June 30, 2010, respectively) from TangYuan Government Financial Bureau ("TGFB") by pledging certain buildings in Heijinhe, which have a carrying value of approximately RMB5.1 million (equivalent to approximately $762,200). The term of the debt was originally from January 1, 2007 to December 31, 2008. Since the Chinese government supports the Company's business, these loans do not bear interest and all of their due dates had been extended to December 31, 2009. On December 16, 2009, the due dates of these loans had been rescheduled to December 31, 2010.	298,902	294,923