

RENHUANG PHARMACEUTICALS INC  
Form 8-K  
October 01, 2009

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

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 1, 2009

Renhuang Pharmaceuticals, Inc.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other  
jurisdiction of  
incorporation)

O-24512  
(Commission  
File Number)

88-1273503  
(I.R.S. Employer  
Identification No.)

No. 281, Taiping Road, Taiping District,  
Harbin, Heilongjiang Province, 150050  
P. R. China  
(Address of principal executive offices) (zip code)

86-451-5762-0378  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On September 18, 2009, the management of Renhuang Pharmaceuticals, Inc., a Nevada corporation (the “Company”), concluded that the Company’s previously issued audited consolidated financial statements for the year ended October 31, 2008, included in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on September 8, 2009 (the “10-K”), contained the errors specified below and should no longer be relied upon. Therefore, the Company plans to restate its financial statements for such period and will present the restated financial statements in an amendment to the 10-K, which the Company expects to file as soon as practicable. Such restatement pertains to the following issue:

The Company provides incentive sales rebates to its sales agents. The rebate rate, which is determined on a product basis, averaged sixteen percent of sales for the year ended October 31, 2008. After the issuance of the annual financial statements, the Company determined that an error had been made in calculating the full amount of the sales incentive rebate. As a result, sales for the year ended October 31, 2008 were overstated by approximately \$1,700,000.

The decision to restate the financial statements as of and for the year ended October 31, 2008 was approved by the Company’s board of directors (the “Board”) on September 18, 2009. Representatives of the Board and members of the Company’s executive management team have discussed the above matters with the Company’s independent registered public accounting firm.

The restatement will affect the following financial statement line items for the year ended October 31, 2008:

| Assets as of October 31, 2008  | As Originally<br>Reported | To Be Restated    |
|--|---------------------------|-------------------|
| <b>CURRENT ASSETS</b>  |                           |                   |
| Accounts receivable, net   | 22,588,580                | 20,844,478        |
| <b>TOTAL CURRENT ASSETS</b>  | <b>35,128,995</b>         | <b>33,384,894</b> |
| <b>TOTAL ASSETS</b>  | <b>37,749,944</b>         | <b>36,005,843</b> |
| <br>   |                           |                   |
| Liabilities and Stockholders’ Equity<br>as of October 31, 2008         | As Originally<br>Reported | To Be Restated    |
| <b>Reserves</b>  | <b>3,036,617</b>          | <b>2,867,674</b>  |
| Retained earnings  | 22,765,757                | 21,245,267        |
| Accumulated other comprehensive income                                 | 3,355,986                 | 3,301,318         |
| <b>TOTAL STOCKHOLDERS’ EQUITY</b>                                      | <b>35,788,857</b>         | <b>34,044,756</b> |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY</b>                      | <b>37,749,944</b>         | <b>36,005,843</b> |
| <br>   |                           |                   |
| Income and Comprehensive Income<br>for the Year Ended October 31, 2008 | As Originally<br>Reported | To Be Restated    |
| <b>Sales</b>   | <b>36,163,919</b>         | <b>34,474,490</b> |
| Gross Profit   | 20,183,281                | 18,493,852        |
| Income from Operations   | 11,862,836                | 10,173,407        |
| Net Income   | 11,980,528                | 10,291,099        |

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|   |            |            |
|---|------------|------------|
| Foreign Currency Translation Adjustment | 2,446,528  | 2,391,856  |
| Comprehensive Income                    | 14,427,056 | 12,682,955 |
| Basic Earnings Per Share                | 0.34       | 0.29       |
| Diluted Earnings Per Share              | 0.34       | 0.29       |

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| Changes in Stockholders' Equity<br>for the Year Ended October 31, 2008 | As Originally<br>Reported | To Be Restated |
|--|---------------------------|----------------|
| Transfer to reserves   | 1,194,883                 | 1,025,940      |
| Balance at October 31, 2008, Reserves                                  | 3,036,617                 | 2,867,674      |
| Balance at October 31, 2008, Retained Earnings                         | 22,765,757                | 21,245,271     |
| Balance at October 31, 2008, Accumulated Other comprehensive<br>income | 3,355,986                 | 3,301,314      |
| Balance at October 31, 2008, Total Stockholders' Equity                | 35,788,857                | 34,044,756     |

| Cash Flows for the Year Ended October 31, 2008 | As Originally<br>Reported | To Be Restated |
|--|---------------------------|----------------|
| Net income                                     | 11,980,528                | 10,291,099     |
| Accounts receivable                            | 13,120,769                | 11,431,340     |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 1, 2009

Renhuang Pharmaceuticals, Inc.,  
a Nevada corporation

/s/ Shaoming Li

By: Shaoming Li

Its: Chief Executive Officer