

BODISEN BIOTECH, INC
Form 10-Q
May 15, 2009

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

Form 10-Q

Quarterly report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2009

Transition report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

001-31539
(Commission file number)

BODISEN BIOTECH, INC.
(Exact name of registrant as specified in its charter)

Delaware 98-0381367
(State or Other Jurisdiction (IRS Employer
of Incorporation or Identification
Organization) No.)

Room 2001, FanMei Building
No. 1 Naguan Zhengjie
Xi'an, Shaanxi 710068
People's Republic of China
(Address of Principal Executive Offices)

011-86-29-87074957
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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, a non-accelerated filer, or a smaller reporting company. See the definitions 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

Accelerated filer

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Smaller reporting
company

(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

On May 14, 2009 there were 18,710,250 of the registrant's common stock were outstanding.

BODISEN BIOTECH, INC.
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BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008

| | March 31, 2009 (unaudited) | December 31, 2008 |
|--|----------------------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash & cash equivalents | \$ 224,605 | \$ 90,716 |
| Accounts receivable and other receivable, net of allowance for doubtful accounts of \$5,577,944 and \$6,069,700 | 2,063,532 | 719,607 |
| Other receivables | 401,856 | 375,780 |
| Inventory | 1,998,342 | 2,629,280 |
| Advances to suppliers | 174,142 | |
| Prepaid expense and other current assets | 787,180 | 803,091 |
| Total current assets | 5,649,657 | 4,618,474 |
| PROPERTY AND EQUIPMENT, net | 5,258,688 | 5,373,232 |
| CONSTRUCTION IN PROGRESS | 17,533,332 | 17,542,626 |
| MARKETABLE SECURITY | 5,468,985 | 6,191,304 |
| INTANGIBLE ASSETS, net | 5,031,415 | 5,093,073 |
| OTHER ASSETS | 2,960,954 | 3,669,063 |
| LOAN RECEIVABLE | | - |
| TOTAL ASSETS | \$ 41,903,031 | \$ 42,487,772 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 374,717 | \$ 710,475 |
| Accrued expenses | 82,823 | 102,556 |
| Total current liabilities | 457,540 | 813,031 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, \$0.0001 per share; authorized 5,000,000 shares; nil issued and outstanding | | |
| Common stock, \$0.0001 per share; authorized 30,000,000 shares; issued and outstanding 18,710,250 and 18,710,250 | 1,871 | 1,871 |
| Additional paid-in capital | 33,945,822 | 33,945,822 |
| Other comprehensive income | 10,664,293 | 11,440,962 |
| Statutory reserve | 4,314,488 | 4,314,488 |
| Retained Earnings | (7,480,983) | (8,028,402) |
| Total stockholders' equity | 41,445,491 | 41,674,741 |



| | | | | |
|---|----|------------|----|------------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ | 41,903,031 | \$ | 42,487,772 |
|---|----|------------|----|------------|

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

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

| | Three Months Ended March 31, | |
|---|------------------------------|-------------|
| | 2009 | 2008 |
| | (unaudited) | (unaudited) |
| Net Revenue | \$ 1,535,035 | \$ 908,519 |
| Cost of Revenue | 1,323,284 | 567,288 |
| Gross profit | 211,751 | 341,231 |
| Operating expenses | | |
| Selling expenses | 12,246 | 182,259 |
| General and administrative expenses | 152,482 | 659,344 |
| Loss on disposal of assets | 11,914 | - |
| Total operating expenses | 176,642 | 841,603 |
| Loss from operations | 35,109 | (500,372) |
| Non-operating income (expense): | | |
| Other income (expense) | 482,797 | 2,212,059 |
| Interest income | 192 | 56,248 |
| Interest expense | (75) | - |
| Loss on the sale of investment | (130,247) | - |
| Equity income in investment | 159,643 | - |
| Total non-operating income (expense) | 512,310 | 2,268,307 |
| Loss before provision for income taxes | 547,419 | 1,767,935 |
| Provision for income taxes | - | - |
| Net income | 547,419 | 1,767,935 |
| Other comprehensive income (loss) | | |
| Foreign currency translation gain (loss) | (54,350) | 1,900,030 |
| Unrealized loss on marketable equity security | (722,319) | (3,281,391) |
| Comprehensive income (loss) | \$ (229,250) | \$ 386,574 |
| Weighted average shares outstanding : | | |
| Basic | 18,710,250 | 18,310,250 |
| Diluted | 18,710,250 | 18,310,250 |
| Earnings per share: | | |
| Basic | \$ 0.03 | \$ 0.10 |
| Diluted | \$ 0.03 | \$ 0.10 |

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

BODISEN BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------------|
| | 2009 | 2008 |
| | (unaudited) | (unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 547,419 | \$ 1,767,935 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 147,101 | 118,141 |
| Loss on disposal of assets | 11,914 | - |
| Loss on the sale of investment | 130,247 | - |
| Recovery of bad debts | (483,514) | (2,370,691) |
| Equity income in investment | (159,643) | |
| (Increase) / decrease in assets: | | |
| Accounts receivable | (861,484) | 1,670,737 |
| Other receivable & Loan Receivable | (26,589) | (1,264,440) |
| Inventory | 627,397 | (495,907) |
| Advances to suppliers | (174,154) | 682,752 |
| Prepaid expense | 14,817 | 49,372 |
| Increase / (decrease) in current liabilities: | | |
| Accounts payable and accrued expenses | (335,494) | (89,350) |
| Accrued expenses | (16,640) | (44,532) |
| Net cash provided by (used in) operating activities | (578,623) | 24,017 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property and equipment | | (64,214) |
| Additions to construction in progress | (14,624) | - |
| Proceeds from sale of investment | 735,480 | 47,403 |
| Net cash provided by (used in) investing activities | 720,856 | (16,811) |
| Effect of exchange rate changes on cash and cash equivalents | (8,344) | 143,788 |
| NET INCREASE IN CASH & CASH EQUIVALENTS | 133,889 | 150,994 |
| CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD | 90,716 | 617,406 |
| CASH & CASH EQUIVALENTS, END OF PERIOD | \$ 224,605 | \$ 768,400 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - |

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

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BODISEN BIOTECH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

Yang Ling Bodisen Biology Science and Technology Development Company Limited (“BBST”) was founded in the People’s Republic of China on August 31, 2001. BBST, located in Yang Ling Agricultural High-Tech Industries Demonstration Zone, is primarily engaged in developing, manufacturing and selling pesticides and compound organic fertilizers in the People’s Republic of China.

On February 24, 2004, Bodisen International, Inc. (“BII”), the non-operative holding company of BBST (accounting acquirer) consummated a merger agreement with Stratabid.com, Inc. (legal acquirer) (“Stratabid”), a Delaware corporation, to exchange 12,000,000 shares of Stratabid to the stockholders of BII, in which BII merged into Bodisen Holdings, Inc. (BHI), an acquisition subsidiary of Stratabid, with BHI being the surviving entity. As a part of the merger, Stratabid cancelled 3,000,000 shares of its issued and outstanding stock owned by its former president and declared a stock dividend of three shares on each share of its common stock outstanding for all stockholders on record as of February 27, 2004.

Stratabid was incorporated in the State of Delaware on January 14, 2000 and before the merger, was a start-up stage Internet based commercial mortgage origination business based in Vancouver, BC, Canada.

The exchange of shares with Stratabid has been accounted for as a reverse acquisition under the purchase method of accounting because the stockholders of BII obtained control of Stratabid. On March 1, 2004, Stratabid was renamed Bodisen Biotech, Inc. (the “Company”). Accordingly, the merger of the two companies has been recorded as a recapitalization of the Company, with the Company (BII) being treated as the continuing entity. The historical financial statements presented are those of BII.

As a result of the reverse merger transaction described above the historical financial statements presented are those of BBST, the operating entity.

In March 2005, Bodisen Biotech Inc. completed a \$3 million convertible debenture private placement through an institutional investor. Approximately \$651,000 in incremental and direct expenses relating to this private placement has been amortized over the term of the convertible debenture. None of the expenses were paid directly to the institutional investor. The net proceeds from this offering were invested as initial start-up capital in a newly created wholly-owned Bodisen subsidiary by the name of “Yang Ling Bodisen Agricultural Technology Co., Ltd. (“Agricultural”). In June 2005, Agricultural completed a transaction with Yang Ling Bodisen Biology Science and Technology Development Company Limited (“BBST”), Bodisen Biotech, Inc.’s operating subsidiary in China, which resulted in Agricultural owning 100% of BBST.

In June 2006, BBST created another wholly owned subsidiary in the Uygur autonomous region of Xinjiang, China by the name of Bodisen Agriculture Material Co. Ltd. (“Material”).

Basis of Presentation

The unaudited consolidated financial statements have been prepared by Bodisen Biotech, Inc. (the “Company”), pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein

reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K. The results of the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year ending December 31, 2009.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Foreign Currency Translation

The accounts of the Company's Chinese subsidiaries are maintained in the Chinese Yuan Renminbi (RMB) and the accounts of the U.S. parent company are maintained in the U.S. Dollar (USD). The accounts of the Chinese subsidiaries were translated into USD in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation," with the RMB as the functional currency for the Chinese subsidiaries. According to the Statement, all assets and liabilities were translated at the exchange rate on the balance sheet date, stockholders' equity are translated at the historical rates and statement of operations items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income".

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. It is possible that accounting estimates and assumptions may be material to the Company due to the levels of subjectivity and judgment involved.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Company maintains reserves for potential credit losses for accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded based on the Company's historical collection history.

Advances to Suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. The Management compares the cost of inventories with the market value and allowance is made for writing down their inventories to market value, if lower.

Property & Equipment and Capital Work In Progress

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of:

| | |
|---------------------|----------|
| Operating equipment | 10 years |
| Vehicles | 8 years |
| Office equipment | 5 years |
| Buildings | 30 years |

The following are the details of the property and equipment at March 31, 2009 and December 31, 2008, respectively:

| | March 31, 2009 | December 31, 2008 |
|-------------------------------|----------------|-------------------|
| Operating equipment | \$ 1,111,339 | \$ 1,112,855 |
| Vehicles | 722,903 | 760,694 |
| Office equipment | 87,432 | 87,552 |
| Buildings | 5,113,686 | 5,120,667 |
| | 7,035,360 | 7,081,768 |
| Less accumulated depreciation | (1,776,672) | (1,708,536) |
| | \$ 5,258,688 | \$ 5,373,232 |

Depreciation expense for the three months ended March 31, 2009 and 2008 was \$92,383 and \$80,506, respectively.

On March 31, 2009 and December 31, 2008, the Company had "Capital Work in Progress" representing the construction in progress of the Company's manufacturing plant amounting \$17,533,332 and \$17,542,626 respectively.

Marketable Securities

Marketable securities consist of 2,063,768 shares of China Natural Gas, Inc. (traded on the OTCBB: CHNG). This investment is classified as available-for-sale as the Company plans to hold this investment for the long-term. This investment is reported at fair value with unrealized gains and losses included in other comprehensive income. The fair value is determined by using the securities quoted market price as obtained from stock exchanges on which the security trades.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Investment income, principally dividends, is recorded when earned. Realized capital gains and losses are calculated based on the cost of securities sold, which is determined by the "identified cost" method.

Long-Lived Assets

The Company applies the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of March 31, 2009 there were no significant impairments of its long-lived assets.

Intangible Assets

Intangible assets consist of Rights to use land and Fertilizers proprietary technology rights. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Fair Value of Financial Instruments

On January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table represents our assets and liabilities by level measured at fair value on a recurring basis at March 31, 2009.

| Description | Level 1 | Level 2 | Level 3 |
|-----------------------|---------|--------------|---------|
| Assets | | | |
| Marketable securities | \$ - | \$ 5,468,985 | \$ - |

Revenue Recognition

The Company's revenue recognition policies are in compliance with Staff accounting bulletin (SAB) 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising Costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three months ended March 31, 2009 and 2008 were insignificant.

Stock-Based Compensation

The Company adopted SFAS No. 123 (Revised 2004), Share Based Payment ("SFAS No. 123R"), under the modified-prospective transition method on January 1, 2006. SFAS No. 123R requires companies to measure and recognize the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. Share-based compensation recognized under the modified-prospective transition method of SFAS No. 123R includes share-based compensation based on the grant-date fair value determined in accordance with the original provisions of SFAS No. 123, Accounting for Stock-Based Compensation, for all share-based payments granted prior to and not yet vested as of January 1, 2006 and share-based compensation based on the grant-date fair-value determined in accordance with SFAS No. 123R for all share-based payments granted after January 1, 2006. SFAS No. 123R eliminates the ability to account for the award of these instruments under the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and allowed under the original provisions of SFAS No. 123. Prior to the adoption of SFAS No. 123R, the Company accounted for our stock option plans using the intrinsic value method in accordance with the provisions of APB Opinion No. 25 and related interpretations.

Income Taxes

The Company utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax 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 income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the

amount expected to be realized.

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BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

In March 2005, Bodisen Biotech Inc. formed Agricultural. Under Chinese law, a newly formed wholly owned subsidiary of a foreign company enjoys an income tax exemption for the first two years and a 50% reduction of normal income tax rates for the following 3 years. In order to extend such tax benefits, in June 2005, Agricultural completed a transaction with BBST, which resulted in Agricultural owning 100% of BBST.

Foreign Currency Transactions and Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company's Chinese subsidiaries is the Chinese Yuan Renminbi. Translation gains of \$8,062,654 and \$8,117,004 at March 31, 2009 and December 31, 2008, respectively are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet. During the three months ended March 31, 2009 and 2008, other comprehensive income in the consolidated statements of operations and other comprehensive income included translation gains (loss) of \$(54,350) and \$1,900,030, respectively.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with the Statement of Financial Accounting Standards No. 128 (SFAS No. 128), "Earnings per share." SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Earnings (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

The following is a reconciliation of the number of shares (denominator) used in the basic and diluted earnings per share computations for the three months ended March 31, 2009 and 2008:

| | 2009 | | 2008 | |
|---|------------|------------------|------------|------------------|
| | Shares | Per Share Amount | Shares | Per Share Amount |
| Basic earnings per share | 18,710,250 | \$ 0.03 | 18,310,250 | \$ 0.10 |
| Effect of dilutive stock options/warrants | - | - | - | - |
| Diluted earnings per share | 18,710,250 | \$ 0.03 | 18,310,250 | \$ 0.10 |

BODISEN BIOTECH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Statement of Cash Flows

In accordance with Statement of Financial Accounting Standards No. 95, "Statement of Cash Flows," cash flows from the Company's operations are calculated based upon the local currencies. 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.

Segment Reporting

Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosure About Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company. SFAS 131 has no effect on the Company's consolidated financial statements as the Company consists of one reportable business segment. All revenue is from customers in People's Republic of China. All of the Company's assets are located in People's Republic of China.

Recent Pronouncements

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Values When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This FSP provides guidance on (1) estimating the fair value of an asset or liability when the volume and level of activity for the asset or liability have significantly declined and (2) identifying transactions that are not orderly. The FSP also amends certain disclosure provisions of SFAS No. 157 to require, among other things, disclosures in interim periods of the inputs and valuation techniques used to measure fair value. This pronouncement is effective prospectively beginning April 1, 2009. The Company is currently evaluating the impact of this standard, but would not expect it to have a material impact on the Company's consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP 115-2). This FSP modifies the requirements for recognizing other-than-temporarily impaired debt securities and changes the existing impairment model for such securities. The FSP also requires additional disclosures for both annual and interim periods with respect to both debt and equity securities. Under the FSP, impairment of debt securities will be considered other-than-temporary if an entity (1) intends to sell the security, (2) more likely than not will be required to sell the security before recovering its cost, or (3) does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). The FSP further indicates that, depending on which of the above factor(s) causes the impairment to be considered other-than-temporary, (1) the entire shortfall of the security's fair value versus its amortized cost basis or (2) only the credit loss portion would be recognized in earnings while the remaining shortfall (if any) would be recorded in other comprehensive income. FSP 115-2 requires entities to initially apply the provisions of the standard to previously other-than-temporarily impaired debt securities existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment potentially reclassifies the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption from retained earnings to accumulated other comprehensive income. This pronouncement is effective April 1, 2009. The Company does not believe this standard

will have a material impact on the Company's consolidated results of operations or financial condition.

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BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." This FSP essentially expands the disclosure about fair value of financial instruments that were previously required only annually to also be required for interim period reporting. In addition, the FSP requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value of financial instruments. These additional disclosures will be required beginning with the quarter ending June 30, 2009. The Company is currently evaluating the requirements of these additional disclosures.

Note 3 – Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Bodisen Biotech, Inc., its 100% wholly-owned subsidiaries Bodisen Holdings, Inc. (BHI), Yang Ling Bodisen Agricultural Technology Co., Ltd (Agricultural), which was incorporated in March 2005, and Sinkiang Bodisen Agriculture Material Co., Ltd. (Material), which was incorporated in June 2006, as well as the accounts of Agricultural's 100% wholly-owned subsidiary Yang Ling Bodisen Biology Science and Technology Development Company Limited (BBST). All significant inter-company accounts and transactions have been eliminated in consolidation.

Note 4 – Inventory

Inventory at March 31, 2009 and December 31, 2008 consisted of the following:

| | March 31, 2009 | December 31, 2008 |
|---------------------------|----------------|-------------------|
| Raw Material | \$ 999,172 | \$ 1,290,591 |
| Packaging | 103,981 | 100,926 |
| Finished Goods | 895,189 | 1,237,761 |
| | 1,998,342 | 2,629,278 |
| Less Obsolescence Reserve | - | -- |
| Inventory, net | \$ 1,998,342 | \$ 2,629,278 |

Note 5 – Marketable Security

During 2005, the Company purchased 2,063,768 shares of China Natural Gas, Inc. (traded on the OTCBB: CHNG) for \$2,867,346. At March 31, 2009 and December 31, 2008, the fair value of this investment was \$5,468,985 and \$6,191,304, respectively. As a result of the change in fair value of this investment the Company recorded an unrealized loss of (\$722,319) and \$(3,281,391) for the three months ended March 31, 2009 and 2008, respectively; which is included in other comprehensive income (loss). At March 31, 2009, this represented a 7.1% interest in China Natural Gas, Inc. The CEO of China Natural Gas was a former board member of the Company. See Note 13 for litigation regarding these shares of common stock of China Natural Gas, Inc.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
 (UNAUDITED)

Note 6 -Other Long-term Assets

During 2006, the Company acquired a 19.5% and a 19.8% interest in two local companies by investing a total amount of \$1,156,861 in cash. One of these investments was sold during the three months ended March 31, 2009 resulting in a loss of \$130,247.

During 2008, the Company exchanged \$3,291,264 of receivables for a 28.8% ownership interest in a Chinese company. The Company has written down the value of this investment by \$987,860 at December 31, 2008. This investment is accounted for under the equity method and the Company recorded equity income in this investment for the three months ended March 31, 2009 of \$159,643.

Note 7– Intangible Assets

Net intangible assets at March 31, 2009 and December 31, 2008 were as follows:

| | March 31, 2009 | December 31, 2008 |
|---|----------------|-------------------|
| Rights to use land | \$ 5,039,125 | \$ 5,061,427 |
| Fertilizers proprietary technology rights | 1,172,000 | 1,173,600 |
| | 6,211,125 | 6,235,027 |
| Less Accumulated amortization | (1,179,710) | (1,141,954) |
| | \$ 5,031,415 | \$ 5,093,073 |

The Company's office and manufacturing site is located in Yang Ling Agricultural High-Tech Industries Demonstration Zone in the province of Shanxi, People's Republic of China. The Company leases land per a real estate contract with the government of People's Republic of China for a period from November 2001 through November 2051. Per the People's Republic of China's governmental regulations, the Government owns all land.

During July 2003, the Company leased another parcel of land per a real estate contract with the government of the People's Republic of China for a period from July 2003 through June 2053.

The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over a period of fifty years. The "Rights to use land" is being amortized over a 50 year period.

The Company acquired Fluid and Compound Fertilizers proprietary technology rights with a life ending December 31, 2011. The Company is amortizing Fertilizers proprietary technology rights over a period of ten years.

On July 15, 2008, the Company entered into a 50 year land rights agreement.

Amortization expense for the Company's intangible assets for the three month periods ended March 31, 2009 and 2008 amounted to \$54,718 and \$37,635, respectively.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

Note 8 – Stock Options and Warrants

Stock Options

Following is a summary of the stock option activity:

| | Options outstanding | Weighted Average Exercise Price | Aggregate Intrinsic Value |
|--------------------------------|------------------------|--|---------------------------------|
| Outstanding, December 31, 2008 | 536,000 | \$ 1.89 | \$ 0 |
| Granted | - | - | |
| Forfeited | - | - | |
| Exercised | - | - | |
| Outstanding, March 31, 2009 | 536,000 | \$ 1.89 | \$ 0 |

Following is a summary of the status of options outstanding at March 31, 2009:

| Outstanding Options | | Exercisable Options | | | |
|---------------------|---------|---|---------------------|---------|------------------------------|
| Exercise Price | Number | Average Remaining Contractual Life | Average Exercise | | Average Exercise Price |
| | | | Price | Number | |
| \$5.00 | 100,000 | 0.43 | \$5.00 | 100,000 | \$5.00 |
| \$5.80 | 10,000 | 1.00 | \$5.80 | 10,000 | \$5.80 |
| \$6.72 | 26,000 | 1.75 | \$6.72 | 26,000 | \$6.72 |
| \$0.70 | 400,000 | 2.00 | \$0.70 | 400,000 | \$0.70 |

Note 9 – Employee Welfare Plans

The Company has established its own employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to employee welfare plan. The total expense for the above plan were \$0 and \$0 for the three months ended March 31, 2009 and 2008, respectively. The Company has recorded welfare payable of \$0 and \$0 at March 31, 2009 and December 31, 2008, respectively, which is included in accrued expenses in the accompanying consolidated balance sheet.

Note 10 – Statutory Common Welfare Fund

As stipulated by the Company Law of the People's Republic of China (PRC), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

- i. Making up cumulative prior years' losses, if any;

BODISEN BIOTECH, INC. AND SUBSIDIARIES
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- ii. Allocations to the "Statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;
- iii. Allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory common welfare fund", which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and
- iv. Allocations to the discretionary surplus reserve, if approved in the stockholders' general meeting.

Pursuant to the new Corporate Law effective on January 1, 2006, there is now only one "Statutory surplus reserve" requirement. The reserve is 10 percent of income after tax, not to exceed 50 percent of registered capital.

The Company has appropriated \$0 and \$0 as reserve for the statutory surplus reserve and welfare fund for the three months ended March 31, 2009 and 2008, respectively.

Note 11 – Factory Location and Lease Commitments

The Company's principal executive offices are located at North Part of Xinquia Road, Yang Ling Agricultural High-Tech Industries Demonstration Zone Yang Ling, Shaanxi province, People's Republic of China. BBST owns two factories, which includes three production lines, an office building, one warehouse, and two research labs and, is located on 10,900 square meters of land. These leases require monthly rental payments of \$2,546 and the leases expire in 2013. Future payments under these leases is as follows: 2009 - \$22,917; 2010 - \$30,556; 2011 - \$30,556; 2012 - \$30,556; and 2013 - \$3,726.

Note 12 – Current Vulnerability Due to Certain Concentrations

Three vendors provided 48.6%, 33.5% and 10.7% of the Company's raw materials for the three months ended March 31, 2009 and three vendors provided 74.8%, 14.3% and 5.0%, of the Company's raw materials for the three months ended March 31, 2008.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Note 13 – Litigation

The Company is involved in a variety of claims, suits, investigations and proceedings that arise from time to time in the ordinary course of its business, including actions with respect to contracts, intellectual property (IP), product liability, employment, benefits, securities, and other matters. These actions may be commenced by a number of different constituents, including competitors, partners, clients, current or former employees, government and regulatory agencies, stockholders, and representatives of the locations in which it does business. The following is a discussion of some of the more significant legal matters involving the Company.

BODISEN BIOTECH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

In late 2006, various shareholders of the Company filed eight purported class actions in the U.S. District Court for the Southern District of New York against the Company and certain of its officers and directors (among others), asserting claims under the federal securities laws. The complaints contain allegations about prior financial disclosures and its internal controls and a prior, now-terminated relationship with a financial advisor. The eight actions are Stephanie Tabor vs. Bodisen, Inc., et al., Case No. 06-13220 (filed November 2006), Fraser Laschinger vs. Bodisen, Inc., et al., Case No. 06-13254 (filed November 2006), Anthony DeSantis vs. Bodisen, Inc., et. al., Case No. 06-13454 (filed November 2006), Yuchen Zhou vs. Bodisen, Inc., et. al., Case No. 06-13567 (filed November 2006), William E. Cowley vs. Bodisen, Inc., et. al., Case No. 06-13739 (filed December 2006), Ronald Stubblefield vs. Bodisen, Inc., et. al., Case No. 06-14449 (filed December 2006), Adam Cohen vs. Bodisen, Inc., et. al., Case No. 06-15179 (filed December 2006) and Lawrence M. Cohen vs. Bodisen, Inc., et. al., Case No. 06-15399 (filed December 2006). Plaintiffs have not specified an amount of damages they seek. In 2007, the Court consolidated each of the actions into a single proceeding. The Court entered a judgment in favor of the Company and closed the case. Plaintiff had 30 days after the judgment to file an appeal but did not file a notice of appeal. Plaintiff's time to appeal the Court's decision has expired.

In 2007, Ji Xiang, a shareholder of China Natural Gas (and son of its Chairman and CEO) instituted litigation in the Chinese court system in Shaanxi province challenging the validity of the Company's ownership of 2,063,768 shares of China Natural Gas common stock. The Company obtained these shares in September 2005 in a share transfer agreement and asserts that it has fully performed its obligations under the agreement and is entitled to own the shares. The parties in the Chinese litigation have submitted their evidence and now await a decision from the Chinese court. Also, in January 2008, the same shareholder instituted litigation in a Utah state court against Yangling Bodisen Biotech Development Co. Ltd. and Interwest Transfer Co. (China Natural Gas's transfer agent) seeking to prevent the Company from selling its shares in China Natural Gas. Plaintiff has obtained an order from the Utah court provisionally preventing the Company from selling the China Natural Gas shares pending a decision on the merits of the underlying dispute. The Company intends to vigorously and thoroughly defend itself against this claim. While the Company believes it will prevail in these litigation matters and establish its right of ownership to the China Natural Gas shares, an adverse outcome could have a material adverse effect on its business, financial condition, results of operations or liquidity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this quarterly report and our annual audited consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended December 31, 2008, which was filed with the Securities and Exchange Commission (the "Form 10-K"). The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and in the Form 10-K, particularly under "Risk Factors" and "Note Regarding Forward-Looking Statements."

Virtually all of our revenues and expenses were denominated in Renminbi ("RMB"), the currency of the People's Republic of China. Because we report our financial statements in U.S. dollars, we are exposed to translation risk resulting from fluctuations of exchange rates between the RMB and the U.S. dollar. There is no assurance that exchange rates between the RMB and the U.S. dollar will remain stable. A devaluation of the RMB relative to the U.S. dollar could adversely affect our business, financial condition and results of operations. See "Risk Factors" in the Form 10-K. We do not engage in currency hedging and to date, inflation has not had a material impact on our business.

Overview

We are incorporated under the laws of the state of Delaware and our operating subsidiary, Yang Ling, is headquartered in Shaanxi Province, the People's Republic of China. We are engaged in developing, manufacturing and selling organic fertilizers, liquid fertilizers, pesticides and insecticides in the People's Republic of China and produce numerous proprietary product lines, from pesticides to crop-specific fertilizers. We market and sell our products to distributors throughout the People's Republic of China, and these distributors, in turn, sell our products to farmers. We also conduct research and development to further improve existing products and develop new formulas and products.

Critical Accounting Policies

The accounting and reporting policies that we use affect our consolidated financial statements. Certain of our accounting and reporting policies are critical to an understanding of our results of operations and financial condition, and in some cases, the application of these policies can be significantly affected by the estimates, judgments and assumptions made by management during the preparation of our consolidated financial statements. These accounting and reporting policies are described below. See Note 2 to our consolidated financial statements for further discussion of our accounting policies.

Accounts receivable

We maintain reserves for potential credit losses on accounts receivable and record them primarily on a specific identification basis. In order to establish reserves, we review the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. This analysis and evaluation requires the use of judgments and estimates. Because of the nature of the evaluation, certain of the judgments and estimates are subject to change, which may require adjustments in future periods.

Inventories

We value inventories at the lower of cost (determined on a weighted average basis) or market. When evaluating our inventory, we compare the cost with the market value and make allowance to write them down to market value, if lower. The determination of market value requires the use of estimates and judgment by our management.

Intangible assets

Since July 1, 2002, we have evaluated potential goodwill impairment in accordance with SFAS No. 142, which applied to our financial statements beginning July 1, 2002. We evaluate intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. This evaluation requires the use of judgments and estimates, in particular with respect to recoverability. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Recent Accounting Pronouncements

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Values When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This FSP provides guidance on (1) estimating the fair value of an asset or liability when the volume and level of activity for the asset or liability have significantly declined and (2) identifying transactions that are not orderly. The FSP also amends certain disclosure provisions of SFAS No. 157 to require, among other things, disclosures in interim periods of the inputs and valuation techniques used to measure fair value. This pronouncement is effective prospectively beginning April 1, 2009. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP 115-2). This FSP modifies the requirements for recognizing other-than-temporarily impaired debt securities and changes the existing impairment model for such securities. The FSP also requires additional disclosures for both annual and interim periods with respect to both debt and equity securities. Under the FSP, impairment of debt securities will be considered other-than-temporary if an entity (1) intends to sell the security, (2) more likely than not will be required to sell the security before recovering its cost, or (3) does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). The FSP further indicates that, depending on which of the above factor(s) causes the impairment to be considered other-than-temporary, (1) the entire shortfall of the security's fair value versus its amortized cost basis or (2) only the credit loss portion would be recognized in earnings while the remaining shortfall (if any) would be recorded in other comprehensive income. FSP 115-2 requires entities to initially apply the provisions of the standard to previously other-than-temporarily impaired debt securities existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment potentially reclassifies the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption from retained earnings to accumulated other comprehensive income. This pronouncement is effective April 1, 2009. We do not believe this standard will have a material impact on our consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." This FSP essentially expands the disclosure about fair value of financial instruments that were previously required only annually to also be required for interim period reporting. In addition, the FSP requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value of financial instruments. These additional disclosures will be required beginning with the quarter ending June 30, 2009. We are currently evaluating the requirements of these additional disclosures.

For information regarding these and other recent accounting pronouncements and their expected impact on our future financial condition or results of operations, see Note 2 to our consolidated financial statements.

Results of Operations

Three months ended March 31, 2009 compared to Three months ended March 31, 2008

Revenue. We generated revenues of \$1,535,035 for the three months ended March 31, 2009, an increase of \$626,516 or 69.0%, compared to \$908,519 for the three months ended March 31, 2008. The significant increase in revenue is due to a decrease in our products price which resulted in a large increase in our sales volume.

Gross Profit. We achieved a gross profit of \$211,751 for the three months ended March 31, 2009, a decrease of \$129,480 or 37.9%, compared to \$341,231 for the three months ended March 31, 2008. The decrease in gross profit was due to increased costs of revenue. Gross margin (gross profit as a percentage of revenues), decreased from 37.6% for the three months ended March 31, 2008, to 13.8% for the three months ended March 31, 2009 primarily as a result of an increase in raw material costs.

Operating expenses. We incurred net operating expenses of \$176,642 for the three months ended March 31, 2009, a decrease of \$664,961 or 79.0% compared to \$841,603 for the three months ended March 31, 2008. The decrease in our operating expenses is primarily related to a decrease in our general cost of operations due to the reduction in our revenues during the past few years.

Aggregated selling expenses accounted for \$12,246 of our operating expenses for the three months ended March 31, 2009, a decrease of \$170,013 or 93.3% compared to \$182,259 for the three months ended March 31, 2008. The decrease in our aggregated selling expenses is due to the decrease in our marketing costs. General and administrative expenses accounted for the remainder of our net operating expenses of \$152,482 for the three months ended March 31, 2009, which decreased \$506,862 or 76.9% compared to \$659,344 for the three months ended March 31, 2008. The decrease in general and administrative expenses is primarily related to a general cost of operations due to the reduction in our revenues during the past few years.

Non Operating Income and Expenses. We had total non-operating income of \$512,310 for the three months ended March 31, 2009 compared to total non-operating income of \$2,268,307 for the three months ended March 31, 2008. Other income was \$482,797 for the three months ended March 31, 2009 compared to \$2,212,059 for three months ended March 31, 2008. The other income for both periods in 2009 and 2008 is primarily due to a bad debt recoveries. Total non-operating income includes interest income of \$192 for the three months ended March 31, 2009 compared to \$56,248 of interest income for the three months ended March 31, 2008. The decrease in interest income in 2009 is due less cash in the bank generating interest income. Also included in non-operating income (expense) for the three months ended March 31, 2009 is \$130,247 related to the loss on the sale of an investment and equity income in an investment of \$159,643.

Net Income. For the foregoing reasons, we had a net income of \$547,419 for the three months ended March 31, 2009 compared to \$1,767,935 for the three months ended March 31, 2008. We had earnings per share of \$0.03 and \$0.10 for the three months ended March 31, 2009 and 2008, respectively.

Liquidity and Capital Resources

We are primarily a parent holding company for the operations carried out by our indirect operating subsidiary, Yang Ling, which carries out its activities in the People's Republic of China. Because of our holding company structure, our ability to meet our cash requirements apart from our financing activities, including payment of dividends on our common stock, if any, substantially depends upon the receipt of dividends from our subsidiaries, particularly Yang Ling.

As of March 31, 2009, we had \$224,605 of cash and cash equivalents compared to \$90,716 as of December 31, 2008. Based on past performance and current expectations, we believe our cash and cash equivalents and cash generated from operations will satisfy our current working capital needs, capital expenditures and other liquidity requirements associated with our operations. However, to the extent our allowance for bad debts is insufficient to cover our actual bad debt experience, our liquidity would be negatively impacted.

Cash Flows

Operating. We used \$(578,623) of cash for operating activities for the three months ended March 31, 2009 compared to \$24,017 provided by our operating activities for the three months ended March 31, 2008. The decrease in the use of cash in operating activities is principally due to a reduction in accounts receivables and advances to suppliers.

Investing. Our investing activities generated \$720,856 of cash for the three months ended March 31, 2009, compared to \$(16,811) of cash used in investing activities for the three months ended March 31, 2008. The increase is due to the sale of an investment of \$735,480.

Financing. We had no cash provided by financing activities for the three months ended March 31, 2009 and 2008.

Contractual Commitments

In August 2006, we entered into a 30-year land-lease arrangement with the government of the People's Republic of China, under which we pre-paid \$2,529,818 upon execution of the contract of lease expense for the next 15 years. We agreed to make a prepayment for the next eight years in November 2021, and will make a final pre-payment in November 2029 for the remaining seven years. The annual lease expense amounts to approximately \$169,580. Our land-lease arrangement is currently our only material on- and off-balance sheet expected or contractually committed future obligation.

Off-Balance Sheet Arrangements

We currently do not have any material off-balance sheet arrangements except for the remaining pre-payments under the land-lease arrangement described above.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

N/A

Item 4T. Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Litigation is, however, subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Other than the matters described below, we are currently not aware of any such legal proceedings or claims that we believe would or could have, individually or in the aggregate, a material adverse affect on our business, financial condition, results of operations or liquidity.

In late 2006, various shareholders of our company filed eight purported class actions in the U.S. District Court for the Southern District of New York against our company and certain of our officers and directors (among others), asserting claims under the federal securities laws. The complaints contain allegations about the our prior financial disclosures and our internal controls and a prior, now-terminated relationship with a financial advisor. The complaints do not specify an amount of damages that plaintiffs seek.

The eight actions are Stephanie Tabor vs. Bodisen, Inc., et al., Case No. 06-13220 (filed November 2006), Fraser Laschinger vs. Bodisen, Inc., et al., Case No. 06-13254 (filed November 2006), Anthony DeSantis vs. Bodisen, Inc., et. al., Case No. 06-13454 (filed November 2006), Yuchen Zhou vs. Bodisen, Inc., et. al., Case No. 06-13567 (filed November 2006), William E. Cowley vs. Bodisen, Inc., et. al., Case No. 06-13739 (filed December 2006), Ronald Stubblefield vs. Bodisen, Inc., et. al., Case No. 06-14449 (filed December 2006), Adam Cohen vs. Bodisen, Inc., et. al., Case No. 06-15179 (filed December 2006) and Lawrence M. Cohen vs. Bodisen, Inc., et. al., Case No. 06-15399 (filed December 2006). Plaintiffs have not specified an amount of damages they seek. In 2007, the Court consolidated each of the actions into a single proceeding. The Court entered a judgment in favor of the Company and closed the case. Plaintiff had 30 days after the judgment to file an appeal but did not file a notice of appeal. Plaintiff's time to appeal the Court's decision has expired.

In 2007, Ji Xiang, a shareholder of China Natural Gas (and son of its Chairman and CEO) instituted litigation in the Chinese court system in Shaanxi province challenging the validity of our ownership of 2,063,768 shares of China Natural Gas common stock. We obtained these shares in September 2005 in a share transfer agreement and assert that we have fully performed our obligations under the agreement and are entitled to own the shares. The parties in the Chinese litigation have submitted their evidence and now await a decision from the Chinese court. Also, in January 2008, the same shareholder instituted litigation in a Utah state court against Yangling Bodisen Biotech Development Co. Ltd. and Interwest Transfer Co. (China Natural Gas's transfer agent) seeking to prevent us from selling our shares

in China Natural Gas. Plaintiff has obtained an order from the Utah court provisionally preventing us from selling the China Natural Gas shares pending a decision on the merits of the underlying dispute. We intend to vigorously and thoroughly defend our company against this claim. While we believe we will prevail in these litigation matters and establish our right of ownership to the China Natural Gas shares, an adverse outcome could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Item 1A. Risk Factors

There have been no material changes from the disclosure provided in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

| Exhibit No. | Exhibit Description |
|-------------|--|
| 31.1 | Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bodisen Biotech, Inc.

May 15, 2009

By: /s/ Bo Chen
Bo Chen
Chairman, Chief Executive
Officer and President
(Principal Executive Officer)

May 15, 2009

By: /s/ Junyan Tong
Junyan Tong
Chief Financial Officer
(Principal Financial and Accounting
Officer)

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