

China Huaren Organic Products, Inc.  
Form 10QSB  
August 17, 2007

U. S. Securities and Exchange Commission

Washington, D. C. 20549

FORM 10-QSB

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

For the quarterly period ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-25380

CHINA HUAREN ORGANIC PRODUCTS, INC.

(Name of Small Business Issuer in its Charter)

Delaware

43-1401158

(State or Other Jurisdiction of

(I.R.S. Employer I.D. No.)

incorporation or organization)

100 Wall Street, 15th Floor, New York, NY 10005

(Address of Principal Executive Offices)

Issuer's Telephone Number: 212-232-0120

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 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 X                      No \_\_\_

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes \_\_\_                      No X

**APPLICABLE ONLY TO CORPORATE ISSUERS:** Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

August 17, 2007

Common Stock: 14,699,853 shares

Transitional Small Business Disclosure Format (check one):                      Yes \_\_\_                      No X

CHINA HUAREN ORGANIC PRODUCTS, INC. .

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QUARTERLY PERIOD ENDED June 30, 2006

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**Part I****Financial Information****Item 1.****Financial Statements**

**CHINA HUAREN ORGANIC PRODUCTS INC. AND  
SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Revenues	\$ 1,345,385	\$ 1,053,909	\$ 6,580,678	\$ 1,157,218
Cost of Goods Sold	789,864	521,975	5,773,838	605,270
Gross Profit	555,521	531,934	806,840	551,948
Operating Expenses				
Selling expenses	3,102	24,860	73,048	44,947
General and administrative expenses	99,712	59,471	164,086	128,436
Total Operation Expenses	102,814	84,331	237,134	173,383
Income From Operations	452,707	447,603	569,706	378,565
Other Income (Expenses)				
Interest income	4,228	8,332	8,423	24,042
Other expense, net	32,629	-	77,463	6
Total Other (Expenses) Income	(28,401)	8,332	(69,040)	24,036

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Income Before Income Taxes		424,306		455,935		500,666		402,601
Provision for Income Taxes		140,021		132,858		165,220		132,858
Net Income	\$	284,285	\$	323,077	\$	335,446	\$	269,743
Foreign Currency Translation Adjustment		124,251		22,262		209,474		71,812
Comprehensive Income	\$	408,536	\$	345,339	\$	544,920	\$	341,555
Net Income Per Common Share								
-Basic	\$	0.02	\$	0.02	\$	0.02	\$	0.02
-Diluted	\$	0.02	\$	0.02	\$	0.02	\$	0.02
Weight Average Number of Share Outstanding*								
-Basic		14,699,853		14,699,853		14,699,853		14,699,853
-Diluted		14,999,850		14,999,850		14,999,850		14,999,850

\* As restated to reflect recapitalization and the subsequent reverse stock split.

See notes to consolidated financial statements.

**CHINA HUAREN ORGANIC PRODUCTS INC. AND  
SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

	<b>Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Cash flows From Operation Activities:</b>		
<b>Net Income</b>	\$ 335,446	\$ 269,743
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Bad debt expenses	20,358	2,403
Depreciation	6,145	6,127
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(4,026,577)	(478,305)
Inventories	4,417,882	(559,888)
Other receivable	-	901,463
Employee travel and operation advance	15,248	-
Advances to suppliers	49,478	17,560
Prepaid expenses	194,259	12,290
Other current assets	-	(13,375)
Accounts payable and accrued expenses	67,777	99,912
Customers' deposit	(75,052)	125,373
Welfare payable	-	(2,470)
Tax payable	423,251	181,193
Other current liabilities	642	(74,483)
<b>Net Cash Provided by Operating Activities</b>	<b>1,428,857</b>	<b>487,543</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	-	1,097
Advance to related parties	37,441	536,387
Payment for deposit for purchase of fixed assets	(1,513,948)	(931,887)
<b>Net Cash Used in Investing Activities</b>	<b>(1,476,507)</b>	<b>(394,403)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from officers/shareholders loans	2,202	(12,045)
Payment for loan to officers/shareholders	1,885	(75,512)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>4,087</b>	<b>(87,557)</b>
<b>Net (Decrease) Increase in Cash and Equivalent</b>	<b>(43,563)</b>	<b>5,583</b>



<b>Effect of Exchange Rate Changes on Cash</b>		(3,026)	(3,082)
<b>Cash and Equivalents, Beginning of Period</b>		86,266	41,868
<b>Cash and Equivalents, End of Period</b>	\$	39,677	\$ 44,369

See notes to consolidated financial statements.

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**China Huaren Organic Products Inc. and Subsidiary**

**Notes to Consolidated Financial Statements (Unaudited)**

***1. Organization and Nature of Business***

China Huaren Organic Products Inc. ( CHOP or We ) through its indirect wholly-owned subsidiary, Jilin Huaren Organic Product Co., Ltd. ("Jilin Huaren "), develops, produces, and sells a wide array of organic foods and healthcare and cosmetic products..

In November 2006, we acquired all the ownership interest in China Organic Health Products Inc. ( China Organic ), a Delaware corporation organized in January 2006. The Company acquired China Organic in exchange for shares of common stock and shares of Series D Preferred Stock of the Company. The capitalizations are described in further detail in Note 13 to the accompanying consolidated financial statements.

China Organic was organized under the laws of Delaware in January 2006. It never initiated any business activity. Most of the Company's activities are conducted through its 100% equity ownership in Jilin Huaren established in the People's Republic of China. Jilin Huaren is engaged in the business of research, development, production and sale of organic foods and healthcare products. All of Jilin Huaren s business is currently in China.

Jilin Huaren is a domestic enterprise incorporated in Jilin district of People Republic of China ( PRC ) in February 2000. Jilin Huaren was formally known as Jilin KangJian Technology Trade Center (Jilin KangJian) and changed its name to Jilin Huaren Organic Product Co., Ltd. in December 23, 2004.

Jilin KangJian remained inactive and incurred minor administrative expenses prior to December 31, 2003. It was only in March 2004 that Jilin KangJian began its business operation as a wholesaler of organic agricultural products, nutritional health food products, and cosmetics related merchandises in PRC. The company is selling the cosmetics products under the Huaren brand name.