

BAZI INTERNATIONAL, INC.
Form 10-Q
August 15, 2011

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2011
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT
For the transition period from N/A to N/A

Commission file No. 000-50875

BAZI INTERNATIONAL, INC.

(Exact name of small business issuer as specified in its charter)

Nevada
(State of incorporation)

84-1575085
(I.R.S. Employer Identification Number)

1730 Blake Street, Suite 305
Denver, CO 80202
(Address of principal executive offices)

(303) 316-8577
(Issuer's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data 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).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-Accelerated filer	<input type="radio"/>	Small reporting company	<input checked="" type="radio"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of August 15, 2011 the Company had 47,250,118 shares of its \$.001 par value common stock issued and outstanding.

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PART I

FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BAZI INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2011	December 31, 2010*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 175,073	\$ 41,067
Accounts receivable, net of allowance for doubtful accounts of \$2,369 and \$1,843, respectively	37,086	6,041
Inventory, net of allowance for obsolescence of \$15,904 and \$28,022, respectively	105,584	43,030
Prepaid expenses and other current assets	104,823	75,087
Deferred offering costs	92,119	-
Deferred loan costs	20,558	465,262
Total current assets	535,243	630,487
Intangible assets, net	20,263	21,185
Property and equipment, net	15,180	26,317
Total assets	\$ 570,686	\$ 677,989
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 1,100,041	\$ 621,020
Return reserve	479	956
Accrued payroll and benefits	200,353	47,983
Accrued interest	5,139	12,552
Other accrued expenses	17,755	19,072
Notes payable	94,944	88,876
Total current liabilities	1,418,711	790,459
Long term liabilities:		
Senior notes payable	92,539	1,814,641
Total liabilities	1,511,250	2,605,100
Commitments and Contingencies		
SHAREHOLDERS' EQUITY (DEFICIT):		
Preferred stock, authorized 5,000,000 shares, \$.001 par value, none issued or outstanding	-	-

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Common stock, authorized 200,000,000 and 5,000,000 shares, \$.001 par value

47,250,118 and 19,952,170 shares issued and outstanding respectively	47,250	19,952
Additional paid in capital	29,965,348	26,073,358
Accumulated (deficit)	(30,953,162)	(28,020,421)
Total shareholders' equity (deficit)	(940,564)	(1,927,111)
Total liabilities and shareholders' equity	\$ 570,686	\$ 677,989

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

* Derived from audited Financial Statements

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BAZI INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Three and Six Months Ended June 30, 2011 and 2010

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Net sales	\$ 393,355	\$ 583,276	\$ 790,761	\$ 1,326,129
Cost of goods sold	223,802	193,088	444,018	375,690
Gross profit	169,553	390,188	346,743	950,439
Operating expenses:				
Selling and marketing expenses	442,574	460,343	1,116,580	1,228,124
General and administrative expenses	404,100	484,947	1,046,707	970,510
Research and development expenses	-	6,200	204	10,213
Depreciation and amortization	6,029	14,519	12,058	18,386
Total operating expenses	852,703	966,009	2,175,549	2,227,233
Net (loss) from operations	(683,150)	(575,821)	(1,828,806)	(1,276,794)
Other income (expense)				
Interest income	46	113	152	288
Interest (expense)	(11,052)	(71,797)	(1,104,087)	(115,240)
Total other income (expense)	(11,006)	(71,684)	(1,103,935)	(114,952)
Net (loss)	\$ (694,156)	\$ (647,505)	\$ (2,932,741)	\$ (1,391,746)
Net (loss) per common share				
Basic and diluted net (loss) per share	\$ (0.02)	\$ (0.04)	\$ (0.07)	\$ (0.09)
Weighted average common shares				
outstanding, basic and diluted	45,185,432	15,758,818	39,722,693	15,728,164

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

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BAZI INTERNATIONAL, INC.		
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)		
	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Cash flows from operating activities:		
Net income (loss)	\$ (2,932,741)	\$ (1,391,746)
Adjustments to reconcile		
Depreciation and amortization	12,058	18,386
Stock and stock options issued for services	372,856	202,869
Amortization of note discount	1,085,008	69,530
Change in valuation reserve on other current assets	-	(64,313)
Change in allowance for doubtful accounts	526	(367)
Change in allowance for inventory obsolescence	(12,118)	(31,637)
Change in allowance for product returns	(477)	(71,080)
Changes in assets and liabilities:		
Accounts receivable	(31,571)	2,197
Inventory	(50,436)	127,984
Other current assets	(29,734)	174,144
Accounts payable and accrued expenses	630,074	(159,486)
Accrued interest	19,061	42,691
Net cash (used) by operating activities	(937,494)	(1,080,828)
Cash flows from investing activities:		
Capital expenditures	-	(18,193)
Net cash (used) by investing activities	-	(18,193)
Cash flows from financing activities:		
Issuance of common stock, net of fees and penalties	1,071,500	-
Issuance of senior secured convertible notes	-	1,065,010
Proceeds from bridge loan financing	-	230,000
Net cash provided from financing activities	1,071,500	1,295,010
NET INCREASE IN CASH	134,006	195,989
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	41,067	45,289
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 175,073	\$ 241,278

SUPPLEMENTAL CASH FLOW DISCLOSURE