

CHINA SKY ONE MEDICAL, INC.  
Form 10-Q  
August 09, 2010

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

FORM 10-Q

(Mark One)

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

For the six months ended: June 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: 001-34080

CHINA SKY ONE MEDICAL, INC.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

87-0430322  
(I.R.S. Employer  
Identification No.)

No. 2158, North Xiang An Road, Song Bei  
District,  
Harbin, People's Republic of China  
(Address of principal executive offices)

150028  
(Zip Code)

Registrant's telephone number, including area 86-451-87032617 (China)  
code:

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 has submitted electronically and posted on its corporate Website, 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

As of July 31, 2010, the registrant had 16,790,851 shares of common stock issued and outstanding.

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QUARTERLY REPORT ON FORM 10-Q  
OF CHINA SKY ONE MEDICAL, INC. AND SUBSIDIARIES  
FOR THE PERIOD ENDED JUNE 30, 2010

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, together with other statements and information we publicly disseminate, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and include this statement for purposes of complying with these safe harbor provisions.

Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “should”, “v”, “could”, “may”, “plan”, “possible”, “project” or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, performances or achievements.

Factors that may cause actual results to differ materially from current expectations include, but are not limited to the “Risk Factors” discussed in our Annual Report on Form 10-K for the year ended December 31, 2009, as amended. Accordingly, there is no assurance that our expectations will be realized. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change our expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement is based.

The terms “the Company,” “we,” “us” and “our” refer to China Sky One Medical, Inc., together with our consolidated subsidiaries.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

China Sky One Medical, Inc. and Subsidiaries  
Condensed Consolidated Statements of Operations and Comprehensive Income  
(Unaudited, \$ in thousands except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009 (restated)	2010	2009 (restated)
Revenues	\$ 40,760	\$ 32,181	\$ 69,663	\$ 57,015
Cost of Goods Sold	11,216	7,752	18,491	13,793
Gross Profit	29,544	24,429	51,172	43,222
Operating Expenses				
Depreciation and amortization	827	449	1,668	901
Research and development	5,910	3,682	9,674	6,095
Selling	7,983	7,796	13,894	13,763
General and administrative	1,123	420	2,113	1,330
Total operating expenses	15,843	12,347	27,349	22,089
Income from Operations	13,701	12,082	23,823	21,133
Other Income (Expense)				
Interest income	30	14	59	26
Change in fair value of derivative warrant liability	2,087	(1,066)	7,013	1,173
Total other income (expense)	2,117	(1,052)	7,072	1,199
Net Income Before Provision for Income Tax	15,818	11,030	30,895	22,332
Provision for Income Taxes	3,576	2,639		