

Edgar Filing: Comjoyful International Co - Form 10-Q

Comjoyful International Co
Form 10-Q
April 01, 2013

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 January 31, 2013

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

Commission File Number 000-8299

COMJOYFUL INTERNATIONAL COMPANY
(Name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

84-0691531
(IRS Identification No.)

J4-2-12, Diplomatic Residence Compound,
No.1 Xiushui Street, Jianguomen Wai,
Chaoyang District, Beijing 100600, China
(Address of principal executive offices including Zip code)

0086 10 858 92903
(Registrant's telephone number)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.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, a non-accelerated filer, or a smaller reporting company. See the definition 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and

Edgar Filing: Comjoyful International Co - Form 10-Q

reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distributions of securities under a plan confirmed by a court. [] Yes [] No [X]

APPLICABLE TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Class - Common Stock, 2,080,873 shares outstanding as of March 15, 2013.

COMJOYFUL INTERNATIONAL COMPANY

INDEX TO FORM 10-Q

	Page No. -----
PART I FINANCIAL INFORMATION	
Item 1 Financial Statements (Unaudited)	3
Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 3 Quantitative and Qualitative Disclosures about Market Risk	11
Item 4 Controls and Procedures	11
PART II OTHER INFORMATION	
Item 1 Legal Proceedings	13
Item 1A Risk Factors	13
Item 2 Unregistered Sales of Equity Securities and Use of Proceeds	13
Item 3 Defaults Upon Senior Securities	13
Item 4 Mine Safety Disclosures	13
Item 5 Other Information	13
Item 6 Exhibits	14
SIGNATURES	14

2

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMJOYFUL INTERNATIONAL COMPANY Balance Sheets

	January 31, 2013 ----- (Unaudited)	Apri -----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 54	\$
	54	
TOTAL CURRENT ASSETS	54	\$
TOTAL ASSETS	\$ 54	\$

Edgar Filing: Comjoyful International Co - Form 10-Q

LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable - non related party	\$	-
Accrued interest payable		-
Advances from related party		-

TOTAL CURRENT LIABILITIES		-
Long-term note payable		-

TOTAL LIABILITIES		-

STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.01 par value 100,000,000 shares authorized; none issued		-
Common stock, \$0.01 par value 50,000,000 shares authorized; 2,080,873 and 2,006,528 shares issued and outstanding at January 31, 2013 and April 30, 2012, respectively		20,808
Additional paid-in-capital	33,156,398	3
Accumulated deficit	(33,177,152)	(3)

TOTAL STOCKHOLDERS' DEFICIT		54

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$	54
		=====

The accompanying notes are an integral part of these financial statements

3

COMJOYFUL INTERNATIONAL COMPANY
Statements of Operations

	Nine Months Ended January 31, 2013 ----- (Unaudited)	Nine Months Ended January 31, 2012 ----- (Unaudited)	Three Months Ended January 31, 2013 ----- (Unaudited)
REVENUE	\$ -	\$ -	\$ -
OPERATING EXPENSE			
Professional fees	16,990	23,404	2,860
Other	985	924	345
	-----	-----	-----
TOTAL OPERATING EXPENSE	17,975	24,328	3,205
	-----	-----	-----
LOSS FROM OPERATIONS	(17,975)	(24,328)	(3,205)
	-----	-----	-----
OTHER EXPENSE			
Interest expense	(7,124)	(7,749)	(1,671)

Edgar Filing: Comjoyful International Co - Form 10-Q

Cancellation of Mineral Property	-	(15,457)	-
	-----	-----	-----
TOTAL OTHER EXPENSE	(7,124)	(23,206)	(1,671)
	-----	-----	-----
NET LOSS	(25,099)	(47,534)	(4,876)
	=====	=====	=====
LOSS PER SHARE BASIC AND DILUTED	\$ (0.01)	\$ (0.02)	\$ (0.00)
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	2,042,084	2,006,528	2,080,873
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

4

COMJOYFUL INTERNATIONAL COMPANY
Statements of Cash Flows
(Unaudited)

	Nine Months Ended January 31, 2013	Nine Month January 3
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITES:		
Net loss	\$ (25,099)	\$ (47,
Adjustments to reconcile net loss to net cash used in operating activities		
Changes in operating assets and liabilities:		
Mineral right - leased	-	15,
Accrued interest payable	-	7,
Accounts payable	23,022	6,
	-----	-----
NET CASH USED IN OPERATING ACTIVITIES	(2,077)	(17,
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
NET CASH (USED IN) INVESTING ACTIVITIES	-	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	-	
Advances from related party	-	15,
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	15,
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(2,077)	(2,
Cash and cash equivalents at beginning of period	2,131	7,
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 54	\$ 4,
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Edgar Filing: Comjoyful International Co - Form 10-Q

Cash paid for Interest Expenses	\$ -	\$
	=====	=====
Cash paid for Income Taxes	\$ -	\$
	=====	=====
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Liabilities repaid by shareholders	\$212,381	\$
	=====	=====
Shares issued for a liability transferred to ashareholder	\$ 74,345	\$
	=====	=====

The accompanying notes are an integral part of these financial statements

5

COMJOYFUL INTERNATIONAL COMPANY Notes to the Financial Statements

NOTE 1. BASIS OF PRESENTATION

Camelot Corporation ("Camelot Colorado") was incorporated pursuant to the laws of the State of Colorado on September 5, 1975, and completed a \$500,000 public offering of its common stock in March 1976. The Company made several acquisitions and divestments of businesses. The Company was delisted from NASDAQ's Small Cap Market on February 26, 1998. In July 1998 all employees of Camelot Colorado were terminated. Its directors and officers have since provided unpaid services on a part-time basis to the Company.

On April 28, 2011, at the special meeting, a majority of the shareholders of Camelot Corporation approved the adoption of a proposed Agreement and Plan of Merger, to reincorporate Camelot Corporation, a Colorado corporation in the State of Nevada by merger with and into a Nevada corporation with the name Camelot Corporation ("Camelot Nevada") (the "Migratory Merger"). Camelot Colorado formed Camelot Nevada expressly for the purpose of the Migratory Merger.

On September 21, 2012, Andrea Lucanto ("Ms. Lucanto"), the sole officer and director of the company agreed to assume the debt of \$74,345 owed by the company to a third party. In exchange Ms. Lucanto was issued 74,345 shares of the company's common stock. The stock was valued at \$1.00 per share which was the last price at which the stock was traded. Upon issuance of the shares Ms. Lucanto owns 1,784,497 shares of Common Stock, or approximately 85.76% of the issued and outstanding Common Stock.

On December 12, 2012, Comjoyful International Ltd., a company incorporated under the laws of the British Virgin Islands (the "Purchaser") and Andrea Lucanto (the "Seller" or "Ms. Lucanto") entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which the Seller sold to the Purchaser 1,784,497 shares of Camelot Nevada's common stock, par value \$0.01 per share (the "Common Stock"), representing approximately 85.76% of the total issued and outstanding shares of Common Stock, for a total consideration of \$300,000, of which amount \$212,381.21 was used to pay off certain liabilities of the Camelot Nevada. The source of the purchase price was from personal funds of certain of the shareholders of the Purchaser's parent company. We refer to the transaction consummated under the Stock Purchase Agreement as the "Transaction". Upon the closing of such Transaction, the Purchaser acquired 1,784,497 shares of Common Stock, or approximately 85.76% of the issued and outstanding Common Stock and attained voting control of Camelot Nevada.

On December 13, 2012, our sole director and officer, Ms. Lucanto resigned from

Edgar Filing: Comjoyful International Co - Form 10-Q

her officer positions, and Mr. Yazhong Liao ("Mr. Liao") was appointed as Chief Executive Officer, President and Chief Financial Officer of the Company and as a director.

On December 28, 2012, Camelot Nevada set up a subsidiary, Comjoyful International Company, which is incorporated pursuant to the laws of the State of Nevada. On the same day, Camelot Nevada and its wholly-owned subsidiary, Comjoyful International Company entered into an Agreement and Plan of Merger (the "Merger") and on January 2, 2013 filed with the Secretary of State of Nevada Articles of Merger, pursuant to which the Comjoyful International Company was merged with and into Camelot Nevada. The legal existence of the Comjoyful

6

International Company, which had no assets or operations on the date of the Merger, was terminated effectively as of the consummation of the Merger. Under Nevada law (NRS Section 92A.180), Camelot Nevada may merge Comjoyful International Company into itself without stockholder approval and effectuate a name change without stockholders' approval. As a result, Camelot Nevada was the survivor of the Merger and changed its name to Comjoyful International Company (the "Company").

In November 2011, the Company determined it was in its best interests to terminate the mineral lease entered into with Timberwolf Minerals, Ltd on June 11, 2010. The Company is now seeking an operating company to acquire.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at January 31, 2013, and for all periods presented herein, have been made.

It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 2012 audited financial statements. The results of operations for the period ended January 31, 2013 is not necessarily indicative of the operating results for the full year.

NOTE 2. GOING CONCERN

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. However, the Company has recurring losses and an accumulated deficit of \$33,177,152 as of January 31, 2013 and \$33,152,053 as of April 30, 2012. The Company currently does not have any revenue generating operations. These conditions raise substantial doubt about the ability of the Company to continue as a going concern.

In view of these matters, continuation as a going concern is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to, meet its financial requirements, raise additional capital, and the success of its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

Management plans to fund the operations of the Company through advances from existing shareholders. There are no written agreements in place for such funding or issuance of securities and there can be no assurance that such will be available in the future. Management believes that this plan provides an opportunity for the Company to continue as a going concern.

Edgar Filing: Comjoyful International Co - Form 10-Q

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

There were various accounting standards and updates recently issued, none of which are expected to have a material impact on the Company's financial position, operations, or cash flows.

7

NOTE 4. BASIC EARNINGS/(LOSS) PER SHARE

ASC No. 260, "Earnings (loss) Per Share", specifies the computation, presentation and disclosure requirements for earnings (loss) per share for entities with publicly held common stock. The Company has adopted the provisions of ASC No. 260.

Basic earnings (loss) per share are computed by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share were the same as basic earnings per share due to the lack of dilutive items in the Company and the fact that Company is in net loss.

NOTE 5. RELATED PARTY TRANSACTIONS

The Company uses the office of its President for its minimal office facility needs for no consideration. No provision for these costs has been provided since it has been determined to be immaterial.

Through April 30, 2012, the Company's former President has advanced the Company \$65,025. The advances bear an annual interest rate of six percent and have no specific repayment terms. During the nine months ended January 31, 2013 and 2012, the Company recorded interest of \$2,395 and \$2,484, respectively. During the three months ended January 31, 2013 and 2012, the Company recorded interest of \$453 and \$756, respectively.

On December 12, 2012, advances from related party and related accrued interest payable have been paid off by the Purchaser in accordance with the Stock Purchase Agreement.

NOTE 6. NOTE PAYABLE

Effective October 20, 2009, the Company gave a demand promissory note, in exchange for payables, to Daniel Wettreich, its former CEO and majority shareholder, for \$116,511 without interest. On November 20, 2009, Mr. Wettreich sold the demand promissory note to an unrelated third party. On July 20, 2010, the demand promissory note was cancelled and a new interest-bearing promissory note was issued as a substitute. The July 20, 2010 Promissory Note is in the principal amount of \$117,000, bears an annual interest rate of six percent, is due and payable on November 30, 2015 and is collateralized by all the assets of the Company. During the nine months ended January 31, 2013 and 2012, the Company recorded interest of \$4,729 and \$5,265, respectively. During the three months ended January 31, 2013 and 2012, the Company recorded interest of \$1,218 and \$1,755, respectively.

On December 12, 2012, note payable and related accrued interest payable have been paid off by the Purchaser in accordance with the Stock Purchase Agreement.

NOTE 7. SUBSEQUENT EVENTS

Management has considered all events occurring through the date the financial statements have been issued, and has determined that there are no such events that are material to the financial statements.

Edgar Filing: Comjoyful International Co - Form 10-Q

8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

The information in this report contains 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 (the "Exchange Act"). These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined from time to time, in other reports we file with the Securities and Exchange Commission (the "SEC"). These factors may cause our actual results to differ materially from any forward-looking statement. We disclaim any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

THE COMPANY

Camelot Corporation ("Camelot Colorado") was incorporated pursuant to the laws of the State of Colorado on September 5, 1975, and completed a \$500,000 public offering of its common stock in March 1976. The Company made several acquisitions and divestments of businesses. The Company was delisted from NASDAQ's Small Cap Market on February 26, 1998. In July 1998 all employees of Camelot Colorado were terminated. Its directors and officers have since provided unpaid services on a part-time basis to the Company.

On April 28, 2011, at the special meeting, a majority of the shareholders of Camelot Corporation approved the adoption of a proposed Agreement and Plan of Merger, to reincorporate Camelot Corporation, a Colorado corporation in the State of Nevada by merger with and into a Nevada corporation with the name Camelot Corporation ("Camelot Nevada") (the "Migratory Merger"). Camelot Colorado formed Camelot Nevada expressly for the purpose of the Migratory Merger.

On September 21, 2012, Andrea Lucanto ("Ms. Lucanto"), the sole officer and director of the company agreed to assume the debt of \$74,345 owed by the company to a third party. In exchange Ms. Lucanto was issued 74,345 shares of the company's common stock. The stock was valued at \$1.00 per share which was the last price at which the stock was traded. Upon issuance of the shares Ms. Lucanto owns 1,784,497 shares of Common Stock, or approximately 85.76% of the issued and outstanding Common Stock.

On December 12, 2012, Comjoyful International Ltd., a company incorporated under the laws of the British Virgin Islands (the "Purchaser") and Andrea Lucanto (the "Seller" or "Ms. Lucanto") entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which the Seller sold to the Purchaser 1,784,497 shares of Camelot Nevada's common stock, par value \$0.01 per share (the "Common Stock"), representing approximately 85.76% of the total issued and

9

Edgar Filing: Comjoyful International Co - Form 10-Q

outstanding shares of Common Stock, for a total consideration of \$300,000, of which amount \$212,381.21 was used to pay off certain liabilities of the Camelot Nevada. The source of the purchase price was from personal funds of certain of the shareholders of the Purchaser's parent company. We refer to the transaction consummated under the Stock Purchase Agreement as the "Transaction". Upon the closing of such Transaction, the Purchaser acquired 1,784,497 shares of Common Stock, or approximately 85.76% of the issued and outstanding Common Stock and attained voting control of Camelot Nevada.

On December 13, 2012, our sole director and officer, Ms. Lucanto resigned from her officer positions, and Mr. Yazhong Liao ("Mr. Liao") was appointed as Chief Executive Officer, President and Chief Financial Officer of the Company and as a director.

On December 28, 2012, Camelot Nevada set up a subsidiary, Comjoyful International Company, which is incorporated pursuant to the laws of the State of Nevada. On the same day, Camelot Nevada and its wholly-owned subsidiary, Comjoyful International Company entered into an Agreement and Plan of Merger (the "Merger") and on January 2, 2013 filed with the Secretary of State of Nevada Articles of Merger, pursuant to which the Comjoyful International Company was merged with and into Camelot Nevada. The legal existence of the Comjoyful International Company, which had no assets or operations on the date of the Merger, was terminated effectively as of the consummation of the Merger. Under Nevada law (NRS Section 92A.180), Camelot Nevada may merge Comjoyful International Company into itself without stockholder approval and effectuate a name change without stockholders' approval. As a result, Camelot Nevada was the survivor of the Merger and changed its name to Comjoyful International Company (the "Company").

In November 2011, the Company determined it was in its best interests to terminate the mineral lease entered into with Timberwolf Minerals, Ltd on June 11, 2010. The Company is now seeking an operating company to acquire.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on the basis that the Company will continue to operate throughout the next twelve months as a going concern. The Company has recurring losses and an accumulated deficit of \$33,177,152 as of January 31, 2013 and \$33,152,053 as of April 30, 2012. The Company currently does not have any revenue generating operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company through advances from existing shareholders. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. In the event that the Company is not able to obtain funding, it will not be able to implement or may be required to delay all or part of the business plan, and the ability to attain profitable operations, generate positive cash flows from operating and investing activities and materially expand the business will be materially adversely affected. The accompanying financial statements do not include any adjustments relating to the classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the company be unable to continue in existence.

Net cash used by operating activities for the nine months period ended January 31, 2013 was \$2,077 compared with \$ 17,731 in the comparable period of 2012. This was mainly attributable to the decrease of net loss. Net cash used in

Edgar Filing: Comjoyful International Co - Form 10-Q

investing activities for the nine months period ended January 31, 2013 was nil compared with nil in the comparable period of 2012. Net cash provided by financing activities for the nine months period ended January 31, 2013 was nil compared with \$15,000 provided in the comparable period of 2012. This was mainly due to advance from related party only occurred for the nine months ended January 31, 2012.

The Company does not have any plans for capital expenditures. The Company has negligible cash resources and will experience liquidity problems over the next twelve months due to its lack of revenue unless it is able to raise funds from outside sources. There are no known trends, demands, commitments or events that would result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way.

RESULTS OF OPERATIONS

The Company's revenue for the nine months ended January 31, 2013 was nil compared with nil for the nine months ended January 31, 2012. For the nine months ended January 31, 2013 the Company incurred a net loss from operations of \$17,975, and a net loss of \$25,099. For the nine months ended January 31, 2012 the Company incurred a net loss from operations of \$24,328 and a net loss of \$47,534. The decrease of net loss is due to the expense of cancellation of mineral property only occurred for the nine months ended January 31, 2012. .

The Company's revenue for the three months ended January 31, 2013 was nil compared with nil for the three months ended January 31, 2012. For the three months ended January 31, 2013 the Company incurred a net loss from operations of \$3,205, and a net loss of \$4,876. For the three months ended January 31, 2012 the Company incurred a net loss from operations of \$3,827 and a net loss of \$21,795. The decrease of net loss is due to the expense of cancellation of mineral property only occurred for the three months ended January 31, 2012.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Report, our sole officer performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on the evaluation and the identification of the material weaknesses in internal control over financial reporting described below, our sole officer concluded that, as of January 31, 2013, the Company's disclosure controls and procedures were not effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process

Edgar Filing: Comjoyful International Co - Form 10-Q

designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In connection with management's assessment of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, we identified the following material weaknesses in our internal control over financial reporting as of January 31, 2012:

1. The Company has not established adequate financial reporting monitoring procedures to mitigate the risk of management override, specifically because there are no employees and only one officer and director with management functions and therefore there is lack of segregation of duties. In addition, the Company does not have accounting software to prevent erroneous or unauthorized changes to previous reporting periods. The lack of effective controls resulted in deficient financial reporting which was corrected in the audit process.

2. In addition, there is insufficient oversight of accounting principles implementation and insufficient oversight of external audit functions.

3. There is a strong reliance on the external attorneys to review and edit the annual and quarterly filings and to ensure compliance with SEC disclosure requirements.

REMEDIATION OF MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As a small business, without a viable business and revenues, the Company does not have the resources to install a dedicated staff with deep expertise in all facets of SEC disclosure and GAAP compliance. As is the case with many small businesses, the Company will continue to work with its external consultants as it relates to new accounting principles and changes to SEC disclosure requirements. The Company has found this approach worked well in the past and believes it to be the most cost effective solution available for the foreseeable future.

The Company will conduct a review of existing sign-off and review procedures as well as document control protocols for critical accounting spreadsheets. The Company will also increase management's review of key financial documents and records.

12

As a small business, the Company does not have the resources to fund sufficient staff to ensure a complete segregation of responsibilities within the accounting function. However, Company management does review, and will increase the review of, financial statements on a monthly basis. These actions, in addition to the improvements identified above, will minimize any risk of a potential material misstatement occurring.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant changes in our internal control over financial reporting during the quarter ended January 31, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control

Edgar Filing: Comjoyful International Co - Form 10-Q

over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We know of no material, active or pending legal proceedings against the Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISKS FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

13

ITEM 6. EXHIBITS

Exhibit No. -----	Description -----
31	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Principal Executive Officer and Principal Financial Officer to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T

SIGNATURE

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 1, 2013

COMJOYFUL INTERNATIONAL COMPANY

By: /s/ Yazhong Liao

Edgar Filing: Comjoyful International Co - Form 10-Q

Yazhong Liao
Principal Executive Officer
Principal Financial Officer and Director