

BAZI INTERNATIONAL, INC.  
Form 10-Q  
May 16, 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 March 31, 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):

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

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 May 16, 2011, the Company had 40,812,671 shares of its \$.001 par value common stock issued and outstanding.

---

---

---

Table of Contents

## TABLE OF CONTENTS

	P A G E NO.
<u>PART I FINANCIAL INFORMATION</u>	1
<u>Item 1.</u> <u>Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets March 31, 2011 and December 31, 2010</u>	1
<u>Condensed Consolidated Statements of Operations Three Months Ended March 31, 2011 and 2010.</u>	2
<u>Condensed Consolidated Statements of Cash Flows Three Months Ended March 31, 2011 and 2010.</u>	3
<u>Notes to Financial Statements</u>	4
<u>Item 2.</u> <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	12
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
<u>Item 4.</u> <u>Controls and Procedures</u>	18
<u>PART II OTHER INFORMATION</u>	19
<u>Item 1.</u> <u>Legal Proceedings</u>	19
<u>Item 1A.</u> <u>Risk Factors</u>	19
<u>Item 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	19
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	19
<u>Item 4.</u> <u>Submission of Matters to a Vote of Security Holders</u>	19
<u>Item 5.</u> <u>Other Information</u>	19
<u>Item 6.</u> <u>Exhibits</u>	19
<u>Signatures</u>	20

Table of ContentsPART I  
FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

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

	March, 31 2011	December, 31 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 28,207	\$ 41,067
Accounts receivable, net of allowance for doubtful accounts of \$1,843 and \$1,843, respectively	53,735	6,041
Inventory, net of allowance for obsolescence of \$19,884 and \$28,022, respectively	122,019	43,030
Prepaid expenses and other current assets	85,730	75,087
Deferred loan costs	21,794	465,262
Total current assets	311,485	630,487
Intangible assets, net	20,724	21,185
Property and equipment, net	20,749	26,317
Total assets	\$ 352,958	\$ 677,989
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 995,424	\$ 621,020
Return reserve	5,617	956
Accrued payroll and benefits	68,571	47,983
Accrued interest	6,090	12,552
Other accrued expenses	15,518	19,072
Notes payable	91,909	88,876
Total current liabilities	1,183,129	790,459
Long term liabilities		
Senior notes payable	84,806	1,814,641
Total liabilities	1,267,935	2,605,100
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY (DEFICIT):</b>		
Preferred stock, authorized 5,000,000 shares, \$.001 par value, none issued or outstanding	-	-
Common stock, authorized 200,000,000 shares, \$.001 par value, 40,812,671 and 19,952,170 shares issued and outstanding respectively	40,813	19,952
Additional paid in capital	29,303,216	26,073,358
Accumulated (deficit)	(30,259,006 )	(28,020,421 )
Total shareholders' equity (deficit)	(914,977 )	(1,927,111 )
Total liabilities and shareholders' equity (deficit)	\$ 352,958	\$ 677,989

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

Table of Contents

BAZI INTERNATIONAL, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)  
 Three Months Ended March 31, 2011 and 2010.

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Net sales	\$397,407	\$742,853
Cost of goods sold	220,216	182,603
Gross profit	177,191	560,250
Operating expenses:		
Selling and marketing expenses	674,006	767,782
General and administrative expenses	642,608	485,563
Research and development expenses	204	4,012
Depreciation and amortization	6,029	3,866
Total operating expenses	1,322,847	1,261,223
Net (loss) from operations	(1,145,656 )	(700,973 )
Other income (expense)		
Interest income	106	