

SUBAYE, INC.  
Form 10-Q/A  
August 25, 2010

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

FORM 10-Q/A

Amendment No. 1

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

For the quarterly period ended December 31, 2009

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

Commission File Number: 333-62236

SUBAYE, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

35-2089848  
(I.R.S. Employer  
Identification No.)

349 Dabeilu, Shiqiao, Panyu,  
Guangzhou,  
Guangdong, China 511400  
(Address of principal executive offices) (Zip Code)

86 2039990266  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

Common stock, par value \$.001 per share  
(Title of class)

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

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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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller 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 Act).  
Yes  No

As of February 12, 2010, the registrant had 6,664,131 shares of its common stock issued and outstanding.

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## Explanatory Note

This Amendment No. 1 to Quarterly Report on Form 10-Q (this "Amendment") amends the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2009 that was originally filed on February 16, 2010 (the "Original Form 10-Q"). This Amendment is being filed to provide (i) revised additional details and disclosures under Item 4T. Controls and Procedures, (ii) revised Exhibits 31.1 and 31.2, (iii) an additional disclosure for the accounting policy for website development costs in Note 2 and (iv) additional disclosures related to the fair value of consideration given in exchange for the minority interest shareholdings of the Company's subsidiary, Subaye.com, Inc., in Note 10 to the financial statements that were included with the Original Form 10-Q. No other changes have been made to the Form 10-Q by this Amendment. This Form 10-Q/A speaks as of the original filing date of the Original Form 10-Q, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way disclosures made in the Original Form 10-Q.

SUBAYE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2009	September 30, 2009
	(In Thousands)	
	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 2,668	\$ 321
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$363 as of December 31, 2009 and September 30, 2009	13,523	15,706
Prepaid Expenses	3,742	1,902
Deposit for Purchase of Inventoriable Assets	8,147	8,152
Other Current Assets	1,311	1,843
<b>Total Current Assets</b>	<b>29,391</b>	<b>27,924</b>
Property Plant and Equipment, Net of Accumulated Depreciation of \$21,473 and \$20,198 as of December 31, 2009 and September 30, 2009	9,338	10,626
<b>Intangible Assets, Net</b>		
Copyrights, Net of Accumulated Amortization of \$1,738 and \$1,674 as of December 31, 2009 and September 30, 2009	24,386	17,623
Goodwill	557	557
<b>Total Intangible Assets, Net</b>	<b>24,943</b>	<b>18,180</b>
<b>Total Assets</b>	<b>\$ 63,672</b>	<b>\$ 56,730</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 5,906	\$ 4,978
Short Term Debt	2,972	863
<b>Total Current Liabilities</b>	<b>8,878</b>	<b>5,841</b>
<b>Total Liabilities</b>	<b>8,878</b>	<b>5,841</b>
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity</b>		
Preferred Stock, \$0.001 Par Value, 50,000,000 Shares Authorized, 0 Shares Issued and Outstanding as of December 31, 2009 and September 30, 2009	—	—
Common Stock, \$0.001 Par Value; 150,000,000 Shares Authorized; 6,664,131 and 2,479,243 Shares Issued and Outstanding as of December 31, 2009 and September 30, 2009	7	3
Additional Paid in Capital	48,021	32,452
Deferred Stock Based Compensation	(6,789)	(2,908)
Accumulated Other Comprehensive Income	(27)	54

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Retained Earnings	13,582	11,108
Total Shareholders' Equity	54,794	40,709
Noncontrolling Interest in Subsidiaries	-	10,180
Total Equity	54,794	50,889
Total Liabilities and Equity	\$ 63,672	\$ 56,730

The accompanying notes to these consolidated financial statements are an integral part of these balance sheets.

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SUBAYE, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
AND OTHER COMPREHENSIVE INCOME

	For the Three Months Ended December	
	31,	
	2009	2008
	(In Thousands, Except	
	Per Share Data)	
	(Unaudited)	(Audited)
Net Sales	\$ 12,714	\$ 9,856
Cost of Sales	7,111	6,139
Gross Profit	5,603	3,717
Operating Expenses		
Advertising	427	108
Other General and Administrative Expenses	1,347	663
Total Operating Expenses	1,774	771
Operating Income	3,829	2,946