Yasheng Eco-Trade Corp
Form 10-Q/A
March 26, 2010

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended March 31, 2009

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

Commissions file number 001-12000

YASHENG ECO-TRADE CORPORATION
(Exact name of registrant - registrant as specified in its charter)

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
(Former name of registrant)

Delaware	13-3696015
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9107 Wilshire Blvd., Suite 450, Beverly Hills, CA 90210
(Address of principal executive offices)

(310) 461-3559	(310) 461-1901
Issuer’s telephone number	Issuer’s facsimile number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes x No o

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 o Accelerated filer o

Non accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company x

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, $0.001 par value	113,430,807
(Class)	(Outstanding at August 19, 2009)

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)

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YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
CONDENSED CONSOLIDATED BALANCE SHEET
Amounts in US dollars

		March 2009 (Unaudited)	December 31, 2008
ASSETS			
Current assets:			
Cash and cash equivalents	$	9,711	123,903
Intangible, debt discount on Notes with conversion option, current (Note 3)		—	—
Note receivable – From discontinued operations (Note 5)		—	—
Total current assets from continued operations		9,711	123,903
Total current assets from discontinued operations (Note 5, 12)			
Total current assets		9,711	123,903
Intangible, debt discount on Notes with conversion option, net of current portion (Note 3)		—	—
Note receivable- From discontinued operations		2,100,000	2,100,000
Total assets	$	2,109,711	2,223,903
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses		797,654	813,064
Convertible notes payable to third party – current portion (Note 3)		350,097	212,290
Other current liabilities		88,336	89,400
Total current liabilities		1,236,087	1,114,754
Convertible Notes Payable to Third Party (Note 3)		2,492,220	3,440,119
Total liabilities		3,728,307	4,554,873
Commitments and contingencies (Note 6)		—	—
Minority interest in subsidiary's net assets		525,000	525,000
Stockholders' equity			
Preferred stock, 1,000,000 series B convertible, $1.20 stated value - Authorized and outstanding 1,200,000 and 0 shares, respectively		1,200,000	1,200,000
Common stock, $0.001 par value - Authorized 400,000,000 shares; 97,834,347 and 872,809 shares issued; 97,834,347 and 872,809 shares outstanding, respectively		97,835	873
Additional paid-in capital		88,715,707	85,467,283
Accumulated deficit		(92,130,103)	(89,497,091)
Accumulated other comprehensive loss		(2,226)	(2,226)
Treasury stock – 1,000 and 127,889 common shares at cost, respectively (Note 9)		(24,809)	(24,809)
Total stockholders' equity		(2,143,596)	(2,855,970)
Total liabilities and stockholders' equity	$	2,109,711	2,223,903

See accompanying notes to consolidated financial statements.

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Un-Audited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues	$ -	$ -
Cost of revenues	-	-
Operating expenses		
Compensation and related costs	71,533	76,101
Consulting, professional and directors fees	159,209	2,641,649
Other selling, general and administrative expenses	40,595	285,311
Total operating expenses (Note 10)	271,337	3,003,060
Operating loss	(271,337)	(3,003,060)
Financing loss – change of conversion price	(1,786,000)	
Interest income	171,565	196,343
Interest expense	(262,240)	(104,491)
Net loss before minority interest (Note 10)	(2,148,012)	(2,911,208)
Minority interest (loss) income of consolidated subsidiary	(485,000)	69,419
Net loss	(2,633,012)	(2,841,789)
Other comprehensive income	—	427,022
Comprehensive loss (Note 10)	(2,633,012)	(2,414,767)
Net income (loss) per share, basic (Note 10)	$ (0.12)	$ (59.00)
Weighted average number of shares outstanding, basic (Note 1)	21,908,878	47,970
Net income (loss) per share, diluted (Note 1)	$ (0.12)	$ (59.00
Weighted average number of shares outstanding, diluted (Note 1)	21,929,652	47,970

See accompanying notes to condensed consolidated financial statements.

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(RESTATED FOR 1:100 REVERSE SPLIT AS OF MARCH 31, 2009

	Preferred Stock Number of Shares	Amount	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Income (Loss)	Treasury Stock	Shareholders' Equity
Balances December 31, 2007			46,092	46	53,285,959	(38,289,630)	(2,226)	(2,117,711)	12,876,438
Compensation charge on shares, options and warrants issued to consultants			2,540	3	2,018,412				2,018,415
Treasury stock - Open Market			(1,030)	(1)	(102)			(28,400)	(28,503)
Issuance of preferred shares and subsequent conversion into common shares			500,000	500	49,999,500				50,000,000
Issuance of shares - common			25,207	25	1,017,489				1,017,514
Conversion of notes payable into common shares			450,000	450	2,149,550				2,150,000
Cancellation of treasury shares					(2,121,302)			2,121,302	-
Discount on Note Payable					210,000				210,000
			(150,000)	(150)	(14,999,850)				(15,000,000)

Surrendered 15MM shares									
Conversion of note to Series B preferred	1,000,000	$ 1,200,000			(132,417)				1,067,583
Net loss for the period						(51,207,461)			(51,207,461)
Related party-bad debt writeoff					(5,959,956)				(5,959,956)
Balances December 31, 2008	1,000,000	$ 1,200,000	872,809	873	85,467,283	(89,497,091)	(2,226)	(24,809)	(2,855,970)
Conversion of note to common shares			8,500,000	8,500	1,048,833				1,057,333
Change in conversion price (Note 7)					2,288,053				2,288,053
Shares issued to Yasheng			50,000,000	50,000	(50,000)				-
Shares issued to Capitol			38,461,538	38,462	(38,462)				-
Net loss for the period						(2,633,012)			(2,633,012)
Balances March 31, 2009	1,000,000	$ 1,200,000	97,834,347	97,835	88,715,707	(92,130,103)	(2,226)	(24,809)	(2,143,596)

See accompanying notes to condensed consolidated financial statements.

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Un-Audited)

	Three Months Ended March 31,	
	2009	2008
Net loss	(2,633,012)	(2,414,767)
Financing loss	1,786,000	
Amortization of debt discount	210,000	
Non-cash compensation for consulting, professional services and director fees	—	2,018,1615
Net cash used by continuing operations	(637,012)	(396,706)
Net cash provided by discontinued operations	447,830	883,854
Net cash provided by operating activities	(189,182)	487,148
Cash flows from investing activities:		
Loan advances to ERC		(788,510)
Investment in land development		(2,177,941)
Net cash used in investing activities	—	(2,966,451)
Cash flows from financing activities:		
Proceeds from bank loans	—	39,800
Repayment of convertible note	—	(100,000)
Proceeds from Trafalgar note payable	—	500,000
Proceeds from issuance of stock	75,000	500,000
Payments to acquire treasury stock	—	(508)
Proceeds from AFG loan		1,660,000
Net cash provided by financing activities	75,000	2,599,292
Net decrease in cash and cash equivalents	(114,192)	119,989
Cash and cash equivalents, beginning of period	123,903	369,576
Cash and cash equivalents, end of period	9,711	489,565
Supplemental disclosure:		
Cash paid for interest	—	17,063
Cash received for interest	—	108,193
Summary of non-cash transactions:		
Accrued interest capitalized into Investment in real property		212,856
Non cash Transaction : Note payable converted to common stock	1,020,000	

See accompanying notes to condensed consolidated financial statements.

YASHENG ECO-TRADE CORPORATION (F/K/A VORTEX RESOURCES CORP.)
Notes to Un-Audited Condensed Consolidated Financial Statements

1. Organization and Business

Yasheng Eco-Trade Corporation, formerly known as Vortex Resources Corp and Emvelco Corp., is a Delaware corporation and was organized on November 9, 1992. It was a development stage company through December 1993. Effective August 19, 2008, the Company changed its name to Vortex Resources Corp. which was accomplished by merger of a wholly owned subsidiary into the Company with the Company being the survivor entity and subsequently changed its name to Yasheng Eco-Trade Corporation. Yasheng Eco-Trade Corporation (f/k/a VORTEX RESOURCES CORP.) and its consolidated subsidiaries are collectively referred to herein as “Yasheng”, “Vortex” or the “Company”.

The Company’s headquarters are located in Beverly Hills, California, and its operational offices located in West Hollywood, California.

In 2008, the Company focused on the mineral resources industry, commencing gas and oil sub-industry, which was approved by its shareholders. Based on a series of agreements,, the Company entered into an Agreement and Plan of Exchange (the "DCG Agreement") with Davy Crockett Gas Company, LLC ("DCG") and its members ("DCG Members"). DCG has obtained a reserve evaluation report from an independent engineering firm, which classifies the gas reserves as “proven undeveloped”. According to the independent well evaluation, each well contains approximately 355 MMCF (355,000 cubic feet) of recoverable natural gas.

The Company elected to move from The NASDAQ Stock Market to the OTCBB to reduce, and more effectively manage, its regulatory and administrative costs, and to enable Company’s management to better focus on its business of developing the natural gas drilling rights recently acquired in connection with the acquisition of DCG.

Due to current issues in the development of the oil and gas project in Crockett County, Texas, the board obtained in January 2009, a reserve report for the Company's interest in DCG and Vortex One, which report indicated that the DCG properties as being negative in value. As a result of such report, the world and US recessions and the depressed oil and gas prices, the board of directors elected to dispose of the DCG property and/or desert the project in its entirely

As a result of the series of transactions described above, the Company’s ownership structure at March 31, 2009 is as follows (designated for sale – see subsequent events):

100% of DCG – discontinued operations
50% of Vortex Ocean One, LLC - discontinued operations
About 7% of Micrologic, (Via EA Emerging Ventures Corp)
General Business Strategy

Our business plan since 1993 has been identifying, developing and operating companies within emerging industries for the purpose of consolidation and sale if favorable market conditions exist. Although the Company primarily focuses on the operation and development of its core businesses, the Company pursues consolidations and sale opportunities in a variety of different industries, as such opportunities may present themselves, in order to develop its core businesses as well as outside of its core business. The Company may invest in other unidentified industries that the Company deems profitable. If the opportunity presents itself, the Company will consider implementing its consolidation strategy with its subsidiaries and any other business that it enters into a transaction. In January 2009, the Company commenced the development of a logistics center.

Yasheng Group Logistics Center

On January 20, 2009, the Company entered into a non-binding Term Sheet (the "Term Sheet") with Yasheng Group, Inc., a California corporation ("Yasheng"). Yasheng is an agriculture conglomerate which has subsidiaries located in the Peoples Republic of China who are engaged in the production and distribution of agricultural, chemical and biotechnological products to the United States, Canada, Australia, Pakistan and various European Union countries as well as in China. Pursuant to the Term Sheet, Yasheng agreed to transfer 100% ownership of 80 acres of property located in Victorville, California for use as a logistics center and eco-trade cooperation zone (the "Project"). Vortex has also agreed that it will change its name from "Vortex Resources Corp." to "Yasheng EcoTrade Corporation". As consideration for contributing the property, the Company agreed to issue Yasheng 130,000,000 shares of the Company's common stock and Capitol Properties ("Capitol"), an advisor on the transaction, 100,000,000 shares of the Company's common stock. On March 5, 2009, the Company and Yasheng implemented an amendment to the Term Sheet pursuant to which the parties agreed to explore further business opportunities including the potential lease of an existing logistics center, and/or alliance with other major groups complimenting and/or synergetic to the development of a logistics center. Further, in accordance with the amendment, the Company issued 50,000,000 shares to Yasheng and 38,461,538 shares to Capitol in consideration for exploring the business opportunities and their efforts associated with the development of the logistics center. The issuance of the shares of common stock to Yasheng and Capital Properties resulted in substantial dilution to the interests of other stockholders of the Company but did not represent a change of control in the Company in light of the number of shares of common stock and Super Voting Series B Preferred Stock that were outstanding on the date of issuance. The Company and Yasheng have also evaluated several properties throughout California with the goal of leasing the property to be used for the logistics center. Management believes that leasing the property with an option to buy will have significant cost savings in comparison to acquiring such property. In June 2009, the Company has narrowed in search down to a few potential properties and has subsequently identified a specific site in the San Bernardino, California vicinity that it intends to move forward on.

On August 26, 2009, the Company entered into an agreement with Yasheng pursuant to which the Company agreed to acquire 49% of the outstanding securities (the "Yasheng Logistic Securities") of Yasheng (the United States) Logistic Service Company Incorporated ("Yasheng Logistic"), a California corporation and a wholly owned subsidiary of Yasheng. In consideration of the Yasheng Logistic Securities, the Company agreed to issue Yasheng 100,000,000 restricted shares of common stock of the Company. Further, Yasheng agreed to cancel the 50,000,000 shares of the Company that were previously issued to Yasheng. The sole asset of Yasheng Logistic is the certificate of approval for Chinese enterprises investing in foreign countries granted by the Ministry of Commerce of the People's Republic of China.

Yasheng Group Option

Pursuant to the Term Sheet, the Company granted Yasheng an irrevocable option to merge all or part of its assets into the Company (the "Yasheng Option"). If Yasheng exercises the Yasheng Option, as consideration for the transaction to be completed between the parties, Vortex will issue Yasheng such number of shares of the Company's common stock calculated by dividing the value of the assets which will be included in the transaction with the Company by the volume weighted average price of the Company's common stock as quoted on a national securities exchange or the Over-the-Counter Bulletin Board for the ten days preceding the closing date of such transaction. The value of the assets contributed by Yasheng will be based upon the asset value set forth in Yasheng's audited financial statements provided to the Company prior to the closing of any such transaction.. Furthermore, if a substantial portion of Yasheng is merged into the Company upon the exercise of the Yasheng Option, the Company agreed to change its name to "The Yasheng Group, Inc."

On August 26, 2009, the Company entered into a Stock Exchange Agreement (the "Exchange Agreement") with Yasheng Group (BVI), a British Virgin Island corporation ("Yasheng-BVI"), pursuant to which Yasheng-BVI agreed to sell the Company 75,000,000 shares (the "Group Shares") of common stock of Yasheng Group in consideration of 396,668,000 shares (the "Company Shares") of common stock of the Company (the "Exchange"). The parties agreed to close the Exchange as soon as possible, but a closing date has not been set.

As the Company does not presently have the authorized amount of shares of common stock to provide for the issuance of the Company Shares, the parties agreed that the Company will issue the amount of shares of common stock presently available at the closing and will issue the balance of such Company Shares upon increasing the authorized shares of common stock. The Company has agreed that the Company Shares held by Yasheng-BVI are non-dilutive in that Yasheng-BVI shall never own less than 55% of the issued and outstanding shares of the Company. Yasheng-BVI may appoint a number of directors to the Board of Directors to provide voting control of the Board of Directors to Yasheng -BVI. In order to expedite the closing of Yasheng Group, Capitol Properties agreed to restructure its holdings. Further, both parties have agreed to restructure the Exchange Agreement for tax or other purposes as needed and the Company has agreed to enter into the required financing arrangements that are acceptable to Yasheng-BVI prior to Closing.

In the event that any of the conditions to the Exchange Agreement are not satisfied or waived, the Exchange Agreement may not be consummated. Neither the Company nor Yasheng-BVI can provide any assurances that the Exchange Agreement will ultimately be consummated.

Under the Exchange Agreement, the Exchange Agreement may be terminated by written consent of both parties, by either party if the other party has breached the Exchange Agreement or if the closing conditions are not satisfied or by either party if the exchange is not closed by September 30, 2009. The Company is presently working to extend the termination date.

The issuance of the shares of common stock to Yasheng or Yasheng-BVI will potentially result in substantial dilution to the interests of other stockholders of the Company and could result in a change of control of the Company on the date of issuance. The transactions described above are subject to the drafting and negotiation of a final definitive agreement, performing due diligence as well as board approval from both parties. As such, there is no guarantee that the Company will be able to successfully close the above transaction.

Effective February 24, 2009, the Company affected a reverse split of its issued and outstanding shares of common stock on a 100 for one basis. As a result of the reverse split, the issued and outstanding shares of common stock were reduced to 872,809 (97,834,347 shares are issued and outstanding as of March 31, 2009). The authorized shares of common stock remain as 400,000,000. All shares amounts in this filling take into effect said reverse split, unless stated differently, presented on a retroactive basis.

2. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities for which the Company is the primary beneficiary. All inter-company balances and transactions have been eliminated upon consolidation. Control is determined based on ownership rights or, when applicable, whether the Company is considered the primary beneficiary of a variable interest entity.

Variable Interest Entities

Under Financial Accounting Standards Board (“FASB”) Interpretation No. 46 (revised December 2003) “Consolidation of Variable Interest Entities” (“FIN 46R”), the Company is required to consolidate variable interest entities (“VIE's”), where it is the entity’s primary beneficiary. VIE's are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE.

Based on the transactions, which were closed on November 2, 2007, the Company owned 58.3% of Atia Group Limited (AGL) as of December 31, 2007. This interest was divested as of effective January 1st, 2008 upon completion of the DCG reverse merger transaction. Since the company is the primary beneficiary through December 31, 2007, the financial statements of AGL are consolidated into these 2007 financial statements. However, as of January 1, 2008, the balance sheet and results of operations of AGL are not consolidated into these financial statements. The Company previously issued interim financial statements dated as of March 31, 2008 and for the three month period ending March 31, 2008. Those financial statements included the consolidation of the AGL. In accordance with Financial Accounting Standards, FAS 154, Accounting Changes and Error Corrections, the Company disclosed the accounting change results in financial statements that are, in effect, the statements of a different reporting entity. The change shall be retrospectively applied to the financial statements of all prior periods presented to show financial information for the new reporting entity for those periods.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying values of cash equivalents, notes and loans receivable, accounts payable, loans payable and accrued expenses approximate fair values.

Revenue recognition

The Company applies the provisions of Securities and Exchange Commission’s (“SEC”) Staff Accounting Bulletin ("SAB") No. 104, “Revenue Recognition in Financial Statements” (“SAB 104”), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 104 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. The Company recognizes revenue when persuasive evidence of an arrangement exists, the product or service has been delivered, fees are fixed or determinable, collection is probable and all other significant obligations have been fulfilled.

Revenues from property sales are recognized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 66, "Accounting for Sales of Real Estate," when the risks and rewards of ownership are transferred to the buyer, when the consideration received can be reasonably determined and when Vortex has completed its obligations to perform certain supplementary development activities, if any exist, at the time of the sale. Consideration is reasonably determined and considered likely of collection when Emvelco has signed sales agreements and has determined that the buyer has demonstrated a commitment to pay. The buyer's commitment to pay is supported by the level of their initial investment, Vortex' assessment of the buyer's credit standing and Vortex' assessment of whether the buyer's stake in the property is sufficient to motivate the buyer to honor their obligation to it.

Revenue from fixed price contracts is recognized on the percentage of completion method. The percentage of completion method is also used for condominium projects in which the Company is a real estate developer and all units have been sold prior to the completion of the preliminary stage and at least 25% of the project has been carried out. Percentage of completion is measured by the percentage of costs incurred to balance sheet date to estimated total costs. Selling, general, and administrative costs are charged to expense as incurred. Profit incentives are included in revenues, when their realization is reasonably assured. Provisions for estimated losses on uncompleted projects are made in the period in which such losses are first determined, in the amount of the estimated loss of the full contract. Differences between estimates and actual costs and revenues are recognized in the year in which such differences are determined. The provision for warranties is provided at certain percentage of revenues, based on the preliminary calculations and best estimates of the Company's management.

Cost of revenues

Cost of revenues includes the cost of real estate sold and rented as well as costs directly attributable to the properties sold such as marketing, selling and depreciation.

Real estate

Real estate held for development is stated at the lower of cost or market. All direct and indirect costs relating to the Company's development project are capitalized in accordance with SFAS No. 67 "Accounting for Costs and Initial Rental Operations of Real Estate Projects". Such standard requires costs associated with the acquisition, development and construction of real estate and real estate-related projects to be capitalized as part of that project. The realization of these costs is predicated on the ability of the Company to successfully complete and subsequently sell or rent the property.

Treasury Stock

Treasury stock is recorded at cost. Issuance of treasury shares is accounted for on a first-in, first-out basis. Differences between the cost of treasury shares and the re-issuance proceeds are charged to additional paid-in capital.

Foreign currency translation

The Company considers the United States Dollar (“US Dollar” or "$") to be the functional currency of the Company and its subsidiaries, the prior owned subsidiary, AGL, which reports its financial statements in New Israeli Shekel. (“N.I.S”) The reporting currency of the Company is the US Dollar and accordingly, all amounts included in the consolidated financial statements have been presented or translated into US Dollars. For non-US subsidiaries that do not utilize the US Dollar as its functional currency, assets and liabilities are translated to US Dollars at period-end exchange rates, and income and expense items are translated at weighted-average rates of exchange prevailing during the period. Translation adjustments are recorded in “Accumulated other comprehensive income” within stockholders’ equity. Foreign currency transaction gains and losses are included in the consolidated results of operations for the periods presented.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and money market funds with maturities of three months or less at the date of acquisition by the Company.

Marketable securities

The Company determines the appropriate classification of all marketable securities as held-to-maturity, available-for-sale or trading at the time of purchase, and re-evaluates such classification as of each balance sheet date in accordance with SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities” (“SFAS 115”). In accordance with Emerging Issues Task Force (“EITF”) No. 03-01, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investment” (“EITF 03-01”), the Company assesses whether temporary or other-than-temporary gains or losses on its marketable securities have occurred due to increases or declines in fair value or other market conditions.

The Company did not have any marketable securities within continuing operations for the period ended March 31, 2009 (other than Treasury Stocks as disclosed).

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company provides for depreciation of property and equipment using the straight-line method over the following estimated useful lives:

Software	3 years
Computer equipment	3-5 years
Other furniture equipment and fixtures	5-7 years

The Company’s policy is to evaluate the appropriateness of the carrying value of long-lived assets. If such evaluation were to indicate an impairment of assets, such impairment would be recognized by a write-down of the applicable assets to the fair value. Based on the evaluation, no impairment was indicated in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (“SFAS 144”).

Equipment purchased under capital leases is stated at the lower of fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation. The Company provides for depreciation of leased equipment using the straight-line method over the shorter o