

SCORE ONE INC  
Form 10QSB  
August 20, 2007

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

**FORM 10-QSB**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
for the quarterly period ended June 30, 2007.

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-26717

**SCORE ONE, INC.**

(Name of small business issuer in its charter)

**Nevada**

(State or other jurisdiction of incorporation)

**88-0409164**

(I.R.S. Employer Identification No.)

**Level 25, Bank of China Tower, No.1 Garden Road, Central, Hong Kong**

(Address of principal executive offices)

011 852 3105 5063

(Issuer's telephone 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 such shorter period that the issuer 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of common stock, par value \$.001 per share, outstanding of the issuer as of August 13, 2007 was 37,162,902 shares.

Transitional small business disclosure format (check one) Yes  No

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Score One, Inc. and Subsidiaries  
 Consolidated Balance Sheet (unaudited, in USD)  
 As of June 30, 2007

Assets	
Current assets	
Cash and bank balances	16,067
Account receivables	265,553
Other receivable and current assets	258,800
Total current assets	540,420
Intangible assets	35,764
Total assets	576,184
Liabilities and Stockholders' Equity	
Current liabilities	
Accrued expenses	81,153
Income tax payable	99
Total current liabilities	81,252
Total liabilities	81,252
Stockholders' equity	
Preferred stock	
5,000,000 shares authorized, \$0.001 par value, Series A convertible, authorized 500,000 shares, 138,181 Class A issued and outstanding	
Series B convertible, authorized 57,000 shares, no shares issued and outstanding	138
Common stock	
200,000,000 shares authorized, \$0.001 par value, 37,162,902 shares issued and outstanding	37,163
Additional paid-in capital	270,000
Retained earnings	187,631
Total stockholders' equity	494,932
Total liabilities and stockholders' equity	576,184

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

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Score One, Inc. and Subsidiaries  
 Consolidated Statement of Operations (unaudited, in USD)  
 For the six months ended June 30, 2007

	Six months ended Jun 30, 2007	Six months ended Jun 30, 2006	Three months ended Jun 30, 2007	Three months ended Jun 30, 2006
Net sales	67,073	294,083	62,201	294,083
Cost of sales	(19,668)	(14,303)	(10,730)	(14,303)
Gross profit	47,405	279,780	51,471	279,780
Shares issued for services	-	(300,000)	-	(300,000)
General and administrative expenses	(38,992)	(31,850)	(25,540)	(21,260)
Finance cost	(1,494)	-	(757)	-
Income/(loss) from operation	6,919	(52,070)	25,174	(41,480)
Income tax	-	-	-	-
Income/(loss) before minority interest	6,919	(52,070)	25,174	(41,480)
Minority interest	-	1,184	-	1,184
Net income/(loss)	6,919	(50,886)	25,174	(40,296)
Net income/(loss) per share				
- basic and diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average of number of share				
- basic	37,162,902	16,162,902	37,162,902	31,162,902
- diluted	37,301,083	16,301,083	37,301,083	31,301,083

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

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Score One, Inc. and Subsidiaries  
 Consolidated Statement of Cashflows (unaudited, in USD)  
 For the six months ended June 30, 2007

	2007	2006
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash flows provided by operating activities:		
Net income/(loss)	6,919	(50,886)
Adjustments to reconcile net income/(loss) to cash used in operating activities:		
Common stock issued for services	-	300,000
Minority interests	-	(1,184)
Changes in assets and liabilities:		
Decrease in assets		
Account receivables	(53,900)	(200,000)
Intangible assets	-	(35,764)
Increase/(decrease) in liabilities		
Accrued expenses	48,188	3,385
Other payable	-	(4,927)
Income tax payable	-	846
Total adjustments	(5,712)	62,356
Net cash provided by operating activities	1,207	11,470
Financing activities:		
Minority interest	-	10,000
Net increase in cash	1,207	21,470
Cash and bank balances, beginning of period	14,860	4,900
Cash and bank balances, end of period	16,067	26,370
Supplemental disclosure of cashflow information:		
Interest paid	1,494	-
Non-cash financing activities:		
Common stock issued for services	-	300,000

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

SCORE ONE, INC. (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP")  
CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 (UNAUDITED)

NOTE 1 - ORGANIZATION AND OPERATIONS

The interim financial statements of the Group for the six months ended June 30, 2007 were not audited. The financial statements are prepared in accordance with the requirements for unaudited interim periods, and consequently do not include all disclosures required to be in conformity with accounting principles generally accepted in the United States of America.

These consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the interim periods presented. All adjustments are of a normal recurring nature, unless otherwise disclosed.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

A summary of the Group's significant accounting policies applied in the preparation of the accompanying financial statements follows.

Revenue recognition

Revenue is recognized on the sale and transfer of goods and the completion of consulting services provided. Provisions for discounts to customers, estimated returns and allowances and other price or sales rebates adjustments are provided for in the same periods the related revenue is recorded which are deducted from the gross sales.

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue recognition, allowance for doubtful accounts, long lived assets impairment, inventories, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recent accounting pronouncements

Management does not expect that the adoption of other recent accounting pronouncements to have a material impact on its financial statements.

Earnings Per Share

In accordance with SFAS No. 128, "Earnings per Share," the basic earnings per common share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per common share is computed similarly to basic earnings per common share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of June 30, 2007, the Company did not have any dilutive common stock equivalents save for the Series A Convertible Preferred Stock issued and outstanding.



**NOTE 3 - SUBSEQUENT EVENTS**

On June 13, 2007, Score One, Inc., a Nevada corporation (the “Registrant” or “Score One”) entered into a Sale and Purchase Agreement (the “Agreement”) with RC Capital Limited, a Hong Kong corporation and wholly-owned subsidiary of the Registrant (“RC Capital”), Dalian Fengming International Recreation Town Co., Ltd. (“Dalian Fengming”) and Ms. Hoi-ho Kiu, CEO of the Registrant, which sets forth the terms and conditions of the acquisition of Dalian Fengming International Recreation Town Phase II (“Recreation Town”) in exchange for 28,000,000 shares of common stock in the Registrant. The transaction is contemplated to be closed on or before July 31, 2008



## **FORWARD LOOKING STATEMENTS**

THE FOLLOWING INFORMATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS OF OUR MANAGEMENT. FORWARD-LOOKING STATEMENTS ARE STATEMENTS THAT ESTIMATE THE HAPPENING OF FUTURE EVENTS AND ARE NOT BASED ON HISTORICAL FACT. FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, SUCH AS "MAY," "COULD," "EXPECT," "ESTIMATE," "ANTICIPATE," "PLAN," "PREDICT," "PROBABLE," "POSSIBLE," "SHOULD," "CONTINUE," OR SIMILAR TERMS, VARIATIONS OF THOSE TERMS OR THE NEGATIVE OF THOSE TERMS. THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION HAVE BEEN COMPILED BY OUR MANAGEMENT ON THE BASIS OF ASSUMPTIONS MADE BY MANAGEMENT AND CONSIDERED BY MANAGEMENT TO BE REASONABLE. OUR FUTURE OPERATING RESULTS, HOWEVER, ARE IMPOSSIBLE TO PREDICT AND NO REPRESENTATION, GUARANTY, OR WARRANTY IS TO BE INFERRED FROM THOSE FORWARD-LOOKING STATEMENTS.

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

### **Overview**

The following discussion and analysis should be read in conjunction with the financial statements, including the notes thereto, appearing elsewhere in this report.

### **General**

The Company was incorporated in the State of Nevada on June 7, 1996.

The Company was formerly in the printed circuit board manufacturing business but did not have any business operations since March 25, 2003. As of March 25, 2003, the Board of Directors determined to dispose of Advanced Technology, a wholly-owned subsidiary, by transferring to I.World Limited, the 82% shareholder of the Company, all of the Advanced Technology securities held by the Company in exchange for all of the securities of the Company held by I.World Limited (for cancellation). The exchange transaction closed as of March 25, 2003. After the exchange transaction closed, the Company did not have any business operations until late 2005.

On October 21, 2005, the Company entered into a Business Restructuring Agreement (the "Agreement") with Team Allied Profits Limited, a British Virgin Islands corporation (the "Consultant"). The Consultant was engaged by the Company to provide business restructuring services in order to solicit suitable businesses in Hong Kong or China with net asset values not less than \$4,000,000 for acquisitions by the Company in order to restructure its business operations.

On February 7, 2006, the Company purchased a Hong Kong corporation called RC Capital Limited ("RC Capital") for \$1.00 as a wholly-owned subsidiary. RC Capital was a dormant company with no assets and liabilities and was formerly known as Richley (China) Limited. There is no written agreement for the purchase of RC Capital. RC Capital is currently the Company's wholly owned operating subsidiary.

On April 9, 2006, the Company entered into a Sale and Purchase Agreement with RC Capital, Dalian Fengming International Recreation Town Co., Ltd. (“Dalian Fengming”) and Ms. Hoi-ho Kiu, CEO of the Company, which sets forth the terms and conditions of the acquisition of Dalian Fengming International Recreation Town Phase II (“Recreation Town”) in exchange for 28,000,000 shares of common stock in the Company. As of November 9, 2006, this transaction has not yet closed as the seller is waiting the re-listing of the common stock of the Company on the Over-the-Counter Bulletin Board to consider its possible fund raising ability to complete this real estate project.

On April 20, 2006, RC Capital purchased 3,000,000 shares of common stock of Automated Fabrication Systems Corporation (“AFS”), a British Virgin Islands corporation, for \$0.01 per share for a total of \$30,000 in cash and AFS became our 75% indirectly owned subsidiary. On April 20, 2006, AFS was a holding company with no operations. On April 22, 2006, AFS paid \$38,000 cash, principally from proceeds of its share sale, to the stockholders of Sino Asia Solution Limited, a Hong Kong corporation (“SAS”) to acquire 100% of the issued and outstanding common stock of SAS. This transaction was closed on April 25, 2006. There was no written agreement entered between AFS and the then stockholders of SAS, other than Instruments of Transfer of 200,000 shares, constituting 100% of the outstanding shares of SAS.

### **Plan of Operations**

Recreation Town is a piece of undeveloped land of 1,000,000 square meters located in a peninsula in Dalian, China. Recreation Town was part of a large resort project originally planned to be developed by Dalian Fengming in 1992 which was never started due to lack of financing for development. According to Dalian Fengming, the current market value of Recreation Town is approximately RMB 600 million (approximately \$75,000,000).

There were never any operations conducted with Recreation Town. The Company plans to commence the development of Recreation Town in the near future. Accordingly, it is actively seeking equity and/or debt financing in an amount up to \$25,000,000, in order to finance the anticipated development costs.

The Company, through its new subsidiary, RC Capital, is offering the following services to clients in Hong Kong and China:

1. merger and acquisitions business opportunities;
2. equity or debt financing opportunities;
3. introduction of Hong Kong and/or United States listing professional parties including legal firms and accounting firms; and
4. financial reporting consultancy services for Hong Kong and/or United States listings.

As of the date of this Report, RC Capital has successfully been engaged as financial consultant of another client in China to provide the above services and recorded further revenues in this quarter.

As of the date of this Report, RC Capital, with the assistance from Team Allied Profits Limited, is negotiating a real estate project in Shanghai, China which may be suitable acquisition candidate for the Company. If this acquisition is successful, the Company will be required to raise additional funds to the extent of \$3 billion in the next 36 months for development costs of this real estate project. Again, this transaction has not yet closed as the seller is waiting the re-listing of the common stock of the Company on the Over-the-Counter Bulletin Board to consider its possible fund raising ability to complete this real estate project.

Management does not expect that the Company will incur significant research and development costs.

SAS, the wholly owned subsidiary of AFS, plans to commence business operations for the target market of mainland China. In the near future, SAS plans to translate its iRSS System into Chinese upgraded version. Accordingly, it is actively seeking equity financing in an amount up to \$2,000,000, in order to finance the anticipated research and development costs.

## Results of Operations

The following table sets forth, for the periods indicated, the Group's selected financial information:

	Three months ended June 30, 2007 (unaudited)	Three months ended June 30, 2006 (unaudited)	Six months ended June 30, 2007 (unaudited)	Six months ended June 30, 2006 (unaudited)
Statement of operations data:				
Revenue	62,201	294,083	67,073	294,083
Net income/(loss)	25,174	(41,480)	6,919	(52,070)
Net income/(loss) per share	0.00	0.00	0.00	0.00
Balance sheet data:				
Total assets	576,184	262,134	576,184	262,134
Total current liabilities	81,252	4,304	81,252	4,304
Retained earnings/(Accumulated deficit)	187,631	(52,287)	187,631	(52,287)
Stockholders' equity	494,932	249,014	494,932	249,014

### Three months ended June 30, 2007 as compared to three months ended June 30, 2006 (Unaudited)

#### Revenues

The Group had revenues of \$62,201 for the three months ended June 30, 2007. The Group is engaging in some projects and expects to have revenue in the coming quarter.

#### Cost of Sales

The Group incurred cost of goods sold for the three months ended June 30, 2007 of \$10,730.

#### Operating Expenses

During the three months ended June 30, 2007, the Group's general and administrative expenses amounted to \$25,540.

#### Income Taxes

The Group did not provide for income tax expenses or provision for the three months ended June 30, 2007. The Group believes that it will have to pay income taxes during the year ending December 31, 2007 because RC Capital and SAS are currently subject to a standard Hong Kong profits tax rate of 17.5% on its net assessable profits.



### Net Income/Loss

The Group had a net income of \$25,174 for the three months ended June 30, 2007.

### **Six months ended June 30, 2007 as compared to six months ended June 30, 2006 (Unaudited)**

#### Revenues

The Group recorded revenues of 67,073 for the six months ended June 30, 2007. The Group is engaging in some projects and expects to have revenue in the coming quarter.

#### Cost of Sales

The Group incurred cost of goods sold for the six months ended June 30, 2007 of \$19,668.

#### Operating Expenses

During the six months ended June 30, 2007, the Group's general and administrative expenses amounted to \$38,992.

#### Income Taxes

The Group did not provide for income tax expenses or provision for the six months ended June 30, 2007. The Group believes that the Group will have to pay income taxes during the year ending December 31, 2007 because RC Capital and SAS are currently subject to a standard Hong Kong profits tax rate of 17.5% on its net assessable profits.

#### Net Income

The Group had a net income of \$6,919 for the six months ended June 30, 2007.

#### Liquidity and Capital Resources

The Group had cash or cash equivalents of \$16,067 on June 30, 2007. Net cash provided by operations amounted to \$1,207 for the six months ended June 30, 2007.

The Group may require additional financing in order to implement various business plans through third party financing in the form of equity or debt financing. Particularly in light of the Group's limited operating history, there can be no assurance that the Group will be able to obtain the necessary additional capital on a timely basis or on acceptable terms, if at all. In any such event, our growth and prospects would be materially and adversely affected. As a result of any such financing, our shareholders may experience substantial dilution. In addition, results may be negatively impacted as a result of political and economic factors beyond management's control, as China is still a developing country and our capital requirements may increase.

#### **Critical Accounting Estimates**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results

may differ from management's initial estimates as reported. A summary of our significant accounting policies are detailed in the notes to the financial statements which are an integral component of this filing.

### **ITEM 3. CONTROLS AND PROCEDURES**

Our Chief Executive Officer and Chief Financial Officer (the “Certifying Officers”) are responsible for establishing and maintaining disclosure controls and procedures for us. The Certifying Officers have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which this report was prepared. The Certifying Officers have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report and believe that our disclosure controls and procedures are effective based on the required evaluation. During the period covered by this report, there were no changes in internal controls that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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**PART II**

**ITEM 1. LEGAL PROCEEDINGS**

To the best knowledge of management, there are no legal proceedings pending or threatened against us.

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

Pursuant to the Sale and Purchase Agreement for the acquisition of Recreation Town, we issued 18,000,000 shares and 10,000,000 shares of common stock to Ms. Hoi-ho Kiu and Dalian plan to Fengming, respectively. The total fair market value of such shares is considered to be \$75,000,000. This transaction was exempt from the registration provisions of the Securities Act of 1933 (the "Act") by virtue of Section 4(2) of the Act as a transaction by an issuer not involving any public offering. The securities issued in this transaction were restricted securities as defined in Rule 144 of the Act. The Registrant believes that Ms. Hoi-hoi Kiu and Dalian Fengming are "accredited investors" under Rule 501 under Regulation D of the Act and had adequate access to information about the Registrant.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5. OTHER INFORMATION**

There were no unregistered sales of equity securities during the period covered by this report that were not registered under the Securities Act of 1933, as amended.



**ITEM 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Description</u>
10.4	Sale and Purchase Agreement, dated June 13, 2007, among Score One, Inc., RC Capital Limited, Dalian Fengming International Recreation Town Co., Ltd. and Ms. Hoi-ho Kiu. <sup>1</sup>
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SCORE ONE, INC.

Date: August 20, 2007

By: /s/ Hoi-ho Kiu

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Hoi-ho Kiu  
Chief Executive Officer and Director

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<sup>1</sup> Incorporated by reference to the Company's filing on Form 8-K as filed June 20, 2007