

PETROSONIC ENERGY, INC.
Form 10-Q
August 20, 2013

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

FORM 10-Q

(Mark One)

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

For the period ended **June 30, 2013**

OR

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

For the transition period from _____ to _____

Commission File Number **000-53881**

PETROSONIC ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

98-0585718

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

914 Westwood Boulevard, No. 545

Los Angeles, California 90024

(Address of principal executive offices)

(855) 626-3317

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period than 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" and "smaller reporting company" in Rule 12b-2 of the

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Exchange Act. (Check one):

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

As of August 19, 2013 the issuer has 79,596,654 shares of common stock, par value \$.001, issued and outstanding.

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PART I-FINANCIAL INFORMATION**ITEM 1**

PETROSONIC ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| | June 30, 2013 | December 31, 2012 |
|---|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,772,325 | \$ 1,200,676 |
| Receivables | - | 106,666 |
| Prepaid expenses | 382,530 | 7,929 |
| Inventory | 53,522 | - |
| Other current assets | 23,767 | - |
| Total current assets | 2,232,144 | 1,315,271 |
| Property and equipment, net of accumulated depreciation of \$6,098 and \$12,194 | 855,596 | 735,220 |
| Total assets | \$ 3,087,740 | \$ 2,050,491 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 294,829 | \$ 21,099 |
| Accounts payable to related parties | - | 6,782 |
| Accrued liabilities | 104,495 | 112,909 |
| Convertible debt, net of unamortized discounts of \$0 and \$239,847 | - | 175,153 |
| Convertible debt to related parties | 200,000 | 200,000 |
| Total current liabilities | 599,324 | 515,943 |
| Stockholders' Equity: | | |
| Common stock, \$0.001 par value, 843,750,000 shares authorized, 79,316,408 and 70,299,003 shares issued and outstanding, respectively | 79,316 | 70,299 |
| Additional paid-in capital | 4,740,651 | 1,734,170 |
| Subscription note receivable | (140,000) | - |
| Deficit accumulated during the development stage | (2,305,106) | (596,731) |
| Accumulated other comprehensive (loss) income | (174,778) | 28,312 |
| Total Petrosonic Energy, Inc. stockholders' equity | 2,200,083 | 1,236,050 |
| Non-controlling interest | 288,333 | 298,498 |
| Total stockholders' equity | 2,488,416 | 1,534,548 |
| Total liabilities and stockholders' deficit | \$ 3,087,740 | \$ 2,050,491 |

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

PETROSONIC ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

| | Three Months Ended June 30, 2013 Successor | Six Months Ended June 30, 2013 Successor | August 1, 2012 Through June, 30 2013 Successor | Three Months Ended June 30 2012 Predecessor | Six Months Ended June 30, 2012 Predecessor | May 24, 2010 (Inception) Through July 31, 2012 Predecessor |
|--|--|--|--|---|--|--|
| Operating expenses | | | | | | |
| Selling, general and administrative | \$ 945,269 | \$ 1,294,967 | \$ 1,530,839 | \$ 3,790 | \$ 5,879 | \$ 38,599 |
| Depreciation and amortization expense | 3,048 | 6,096 | 13,209 | - | - | 5,081 |
| Total operating expenses | 948,317 | 1,301,063 | 1,544,048 | 3,790 | 5,879 | 43,680 |
| (Loss) income from operations | (948,317) | (1,301,063) | (1,544,048) | (3,790) | (5,879) | (43,680) |
| Other income (expense) | | | | | | |
| Interest income | - | - | 14 | - | - | 18 |
| Interest expense | (4,986) | (389,394) | (426,976) | - | - | - |
| Bargain purchase gain | - | - | 7,741 | - | - | - |
| Loss on extinguishment of debt | - | (28,083) | (28,083) | - | - | - |
| Total other income (expense) | (4,986) | (417,477) | (447,304) | - | - | 18 |
| Net loss | (953,303) | (1,718,540) | (1,991,352) | \$ (3,790) | \$ (5,879) | \$ (43,662) |
| Net loss attributable to non-controlling interest | 7,407 | 10,165 | 20,063 | | | |
| Net loss attributable to Petrosonic Energy, Inc | \$ (945,896) | \$ (1,708,375) | \$ (1,971,289) | | | |
| Basic and diluted net loss per share | \$ (0.01) | \$ (0.02) | | | | |
| Basic and diluted weighted average common shares outstanding | 79,236,463 | 78,489,893 | | | | |

Other Comprehensive
Income (Loss):

| | | | | | | |
|---|----------------|----------------|----------------|-------------|------------|-------------|
| Net loss | \$ (953,303) | \$ (1,718,540) | \$ (1,991,352) | \$ (3,790) | \$ (5,879) | \$ (43,662) |
| Foreign currency translation adjustment | (427,526) | (203,090) | (174,778) | (29,852) | 4,268 | 110,273 |
| Comprehensive (loss) income | (1,380,829) | (1,921,630) | (2,166,130) | \$ (33,642) | \$ (1,611) | \$ 66,611 |
| Comprehensive loss attributable to non-controlling interest | 7,407 | 10,165 | 20,063 | | | |
| Comprehensive loss attributable to Petrosonic Energy, Inc. | \$ (1,373,422) | \$ (1,911,465) | \$ (2,146,067) | | | |

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

PETROSONIC ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2013
(UNAUDITED)

Petrosonic Energy, Inc.

| | Common Stock | | Additional | Subscription | Accumulated | Accumulated | Total |
|---|--------------|----------|-------------|--------------|---------------|---------------|---------------|
| | Shares | Amount | Paid-in | Receivable | Other | Deficit | Petrosonic |
| | | | Capital | | Income (Loss) | | Energy, Inc. |
| | | | | | | | Stockholders' |
| | | | | | | | Equity |
| Balances, December 31, 2012 | 70,299,003 | \$70,299 | \$1,734,170 | \$- | \$28,312 | \$(596,731) | \$1,236,050 |
| Shares issued for cash, net | 7,080,000 | 7,080 | 1,710,920 | - | - | - | 1,718,000 |
| Shares issued for subscription receivable | 560,000 | 560 | 139,440 | (140,000) | - | - | - |
| Shares issued for conversion of notes | 707,405 | 707 | 176,145 | - | - | - | 176,852 |
| Shares issued for services | 670,000 | 670 | 665,133 | - | - | - | 665,803 |
| Warrant issued for services | - | - | 149,843 | - | - | - | 149,843 |
| Beneficial conversion feature | - | - | 165,000 | - | - | - | 165,000 |
| Foreign currency translation | - | - | - | - | (203,090) | - | (203,090) |
| Net loss | - | - | - | - | - | (1,708,375) | (1,708,375) |
| Balances, June 30, 2013 | 79,316,408 | \$79,316 | \$4,740,651 | \$(140,000) | \$(174,778) | \$(2,305,106) | \$2,200,083 |

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

PETROSONIC ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Six Months Ended June 30, 2013 | August 1, 2012 Through June, 30 2013 | Six Months Ended June 30, 2012 | May 24, 2010 (Inception) Through July 31, 2012 |
|---|--------------------------------------|--|--------------------------------------|--|
| | Successor | Successor | Predecessor | Predecessor |
| Cash flows from operating activities | | | | |
| Net loss | \$ (1,718,540) | \$ (1,991,352) | \$ (5,879) | \$ (43,662) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation expense | 6,096 | 13,209 | - | 5,081 |
| Amortization of debt discounts | 376,764 | 396,372 | - | - |
| Loss on extinguishment of debt | 28,083 | 28,083 | - | - |
| Bargain purchase gain on acquisition of Albania | - | (7,741) | - | - |
| Shares issued for services | 665,803 | 665,803 | - | - |
| Warrants issued for services | 149,843 | 149,843 | - | - |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 106,666 | 42,010 | - | (42,010) |
| Inventory | (53,522) | (53,522) | - | - |
| Prepaid expenses and other current assets | (399,601) | (407,530) | - | - |
| Value added taxes receivables | - | - | 42,314 | - |
| Accounts payable and accruals | 277,168 | 381,294 | (189,268) | 4,942 |
| Accounts payable to related parties | (6,782) | - | - | - |
| Net cash used in operating activities | (568,022) | (783,531) | (152,833) | (75,649) |
| Cash flows from investing activities | | | | |
| Cash acquired in acquisition of Albania | - | 11,448 | - | - |
| Cash paid for purchase of fixed assets | (127,379) | (127,379) | - | (731,129) |
| Net cash used in investing activities | (127,379) | (115,931) | - | (731,129) |
| Cash flows from financing activities | | | | |
| Proceeds from sale of stock, net | 1,718,000 | 3,107,500 | - | - |
| Principal payments debt | (250,000) | (250,000) | - | - |
| Contributed capital | - | - | 152,439 | 704,378 |
| Net cash provided by financing activities | 1,468,000 | 2,857,500 | 152,439 | 704,378 |
| Effects of foreign exchange on cash | (200,950) | (192,849) | 10,742 | 113,924 |
| Net increase in cash | 571,649 | 1,765,189 | 10,348 | 11,524 |
| Cash at beginning of year | 1,200,676 | 7,136 | 1,655 | - |
| Cash at year end | \$ 1,772,325 | | | |