BODISEN BIOTECH, INC
Form 424B1
February 07, 2006

The information contained in this U.S. Prospectus/U.K. Admission Document is not complete and may be changed. We may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission (the "SEC") is effective. This U.S. Prospectus/U.K. Admission Document is not an offer to sell these securities and it is not an offer to buy these securities in any state where the offer or sale is not permitted.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorized under the Financial Services and Markets Act 2000 of the United Kingdom who specializes in advising on the acquisition of shares and other securities. The whole of the text of this document should be read.

You should be aware that an investment in the Company involves a high degree of risk and prospective investors should also carefully consider the section entitled "Risk Factors" in Part I of this document before taking any action.

This document is an Admission Document which has been produced in accordance with the AIM Rules. This document also constitutes a prospectus for the purposes of the SEC which is part of a registration statement that has been filed with the SEC. This document is not a prospectus for the purposes of the Prospectus Rules of the United Kingdom.

The Directors of Bodisen Biotech, Inc., whose names appear on page 16 of this document, accept responsibility for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of our Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for our issued and to be issued Common Stock to be admitted to trading on AIM. It is expected that Admission will take place and that trading will commence on February 06, 2006.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the U.K. Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List of the U.K. Listing Authority. Further, London Stock Exchange plc has not itself examined or approved the contents of this document.

The Existing Common Stock is listed and traded on the American Stock Exchange ("AMEX") under the symbol "BBC". On January 31, 2006, the closing sales price of the common stock was $20.65 per share. The Common Stock is not dealt in on any other recognized investment exchange.

Bodisen Biotech, Inc.

(Incorporated in the State of Delaware, U.S.A.)

Placing of 1,643,836 Common Stock of $0.0001 each at 730p per share
and
Admission to trading on AIM of the London Stock Exchange

This Admission Document is dated February 03, 2006

Nominated Adviser and Broker

Charles Stanley Securities

		Share capital immediately following Admission		
Authorised			*Issued*	
Number	*$*		*Number*	*$*
30,000,000	3,000	Common Stock of $0.0001 each	17,764,738	1,776.47

All of the shares of our common stock, $0.0001 par value, (the "Common Stock") offered hereby (the "Offering") are being issued and sold by us, Bodisen Biotech, Inc. (the "Company").

The Placing Shares will, on Admission, rank *pari passu* in all respects with our existing Common Stock then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of our Common Stock after Admission.

In accordance with the AIM Rules, Charles Stanley Securities has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received independent advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its information and belief (having made due and careful enquiry), all relevant requirements of the AIM Rules have been complied with. In giving its confirmation to the London Stock Exchange, no liability whatsoever is accepted by Charles Stanley Securities for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Charles Stanley Securities, which is regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker for the Company, and no one else, in relation to the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising on the contents of this document or any transaction or arrangement referred to herein. Charles Stanley Securities has not approved this document for the purposes of section 21 of the Financial Services and Markets Act 2000. No action has been taken nor will be taken in any jurisdiction outside the United Kingdom by either the Company or Charles Stanley Securities that would permit a public offer of Common Stock in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Company and Charles Stanley Securities to inform themselves about and to observe any restriction as to the Placing and the distribution of this document.

The Placing Shares have been placed by Charles Stanley Securities on a reasonable endeavours basis. Charles Stanley Securities is not required to sell any minimum number or dollar amount of Placing Shares and is not obligated to purchase the Placing Shares if they are not sold. Funds received by Charles Stanley Securities from investors under the Placing will be deposited in a non-interest bearing account until the closing of the offering.

The distribution of this document in jurisdictions, other than the United Kingdom, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

Copies of this document are available free of charge during business hours from Charles Stanley Securities at 25 Luke Street, London EC2A 4AR for a period of one month from the date of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, shares in any jurisdiction in which such offer or solicitations is unlawful and, in particular, is not for distribution in or into Canada, Australia, the Republic of Ireland or Japan or to any national, resident or citizen of Canada, Australia, the Republic of Ireland or Japan. The issue of the Placing Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of Ireland or Japan.

This document does not constitute an offer, nor the solicitation of an offer, to subscribe or buy any of the Common Stock to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Qiong Wang, *Chairman and Chief Executive Officer* Bo Chen, *Executive Director and President* Patrick McManus, *Non Executive Director* David Gatton, *Non Executive Director* Weirui Wan, *Non Executive Director*
Registered Office:	Delaware Registry, Ltd. 3511 Silverside Road Suite 105 Wilmington DE 19810, USA Telephone number: +1 (302) 477-9800
Principal Place of Business:	North Part of Xinquia Road Yang Ling AG High-Tech Industries Demonstration Zone Yang Ling, China 712100
Nominated Adviser & Broker:	Charles Stanley Securities 25 Luke Street London EC2A 4AR
Auditor:	Kabani & Company, Inc. 6033 West Century Blvd. Suite 810 Los Angeles CA 90045, U.S.A.
Reporting Accountant:	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
U.K. and U.S. Legal Advisers to the Company:	Reed Smith Rambaud Charot LLP Minerva House 5 Montague Close London SE1 9BB Reed Smith LLP Two Embarcadero Center Suite 2000 San Francisco CA 94111, U.S.A.
U.S Corporate Advising To the Company	New York Global Group, Inc. 14 Wall Street, 12th Floor New York, New York 10005 USA

PRC Legal Advisers to the Company	Jingtian & Gongcheng Attorneys at Law 15th Floor The Union Plaza 20 Chaoyangmenwai Dajie Beijing 100020 P.R. China
U.K. and U.S. Legal Advisers to the Broker:	Jones Day 21 Tudor Street London EC4Y 0DJ
U.S Stock Transfer Agent	Interwest Stock Transfer 1981 East 4800 South, Suite 100 Salt Lake City, UT 84117 USA

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Act"	the Companies Act 1985, as amended
"Admission"	admission of the issued Common Stock (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers as issued by the London Stock Exchange, as amended from time to time
"AMEX"	the American Stock Exchange
"Board" or "Directors"	the directors of the Company whose names are set out on pages 3 and 16 of this document
"Broker"	has the meaning given to the expression "broker" in the AIM Rules
"CDI"	a CREST depositary interest representing underlying Common Stock
"Certificate of Incorporation and By-Laws"	the amended and restated certificate of incorporation and by-laws of the Company filed with the State of Delaware
"Charles Stanley"	Charles Stanley Securities, which is regulated for the conduct of investment business in the U.K. by the Financial Services Authority and is a member of the London Stock Exchange, the Company's Nominated Adviser and Broker
"Common Stock"	shares of common stock with nominal value of $0.0001 each in the capital of the Company
"Company"	Bodisen Biotech, Inc.
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations)
"CRESTCo"	CRESTCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
"Enlarged Issued Share Capital"	the issued share capital of the Company following Admission, comprising the Existing Common Stock and the Placing Shares
"Existing Common Stock"	the Common Stock in issue at the date of this document
"Group" or "Bodisen"	the Company and its subsidiaries
"Internal Revenue Code"	the U.S. Internal Revenue Code of 1986, as amended
"London Stock Exchange"	London Stock Exchange plc
"Nominated Adviser"	has the meaning given to the expression "nominated adviser" in the AIM Rules
"Official List"	the Official List of the U.K. Listing Authority
"Placing"	the conditional placing by Charles Stanley of the Placing Shares at the Placing Price pursuant to the Placing Agreement as described in paragraph 16 of

	Part VI of this document
"Placing Agreement"	the conditional agreement relating to the Placing between (1) the Company (2) the Directors and certain of the senior managers and (3) Charles Stanley, further details of which are set out in paragraph 16 of Part VI of this document
"Placing Price"	730 pence per Common Stock

4

"Placing Shares"	1,643,836 new Common Stock to be issued pursuant to the Placing
"Plan"	the 2004 Stock Option Plan described in paragraph 7 of Part VI of this document
"RMB"	Renminbi, the currency of the People's Republic of China
"SEC"	U.S. Securities and Exchange Commission
"Stockholders"	holders of Common Stock
"United Kingdom" or "U.K.	the United Kingdom of Great Britain and Northern Ireland
"U.K. Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"United States" or "U.S."	The United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. Securities Act"	The United States Securities Act of 1933, as amended
"Yang Ling"	Yang Ling Bodisen Biology Science and Technology Development Company Limited
"$"	the lawful currency of the U.S.
"£" and "p"	the lawful currency of the United Kingdom

All references to times in this document are to Greenwich Mean Time, unless stated otherwise. References to the singular shall include references to the plural where applicable, and vice versa.

PLACING STATISTICS

Placing Price	730 pence
Number of Common Stock in issue prior to the Placing	16,120,902
Number of Placing Shares to be issued	1,643,836
Number of Common Stock in issue immediately following Admission	17,764,738
Percentage of Enlarged Share Capital the subject of the Placing	9.25%
Market capitalisation of the Company following the Placing at the Placing Price	£129.7 million
Gross proceeds of the Placing	£12 million
Net proceeds of the Placing	£10.6 million

EXPECTED TIMETABLE

Admission and dealings commence in Common Stock on AIM	8.00 a.m. on February 06, 2006
CREST accounts credited by	February 06, 2006
Definitive share certificates despatched	February 13, 2006

SUMMARY AND KEY INFORMATION

The following is a summary of what our Directors believe to be the most important information regarding us and our securities being offered under the Placing. Since this is a summary, it may not contain all of the information that is important to you. To understand our business and the Placing fully, you are urged to read this entire document, the financial statements and related notes carefully. Attention is drawn, in particular, to the section headed "Risk Factors" set out in Part I below.

Our Company

We were incorporated on January 14, 2000 in Delaware and our principal place of business is based in The People's Republic of China. We are located at: Bodisen Biotech, Inc., North Part of Xinquia Road, Yang Ling AG, High-Tech Industries Demonstration Zone, Yang Ling, China 712100, Telephone: +862987074957. We file periodic reports with the SEC and our Common Stock trades on the AMEX in the United States under the symbol BBC. We are primarily engaged in developing, manufacturing and selling organic fertilizers and pesticides in The People's Republic of China.

Our Business

Our sole operating subsidiary, Yang Ling, was founded in The People's Republic of China on August 31, 2001 and is headquartered in the Shaanxi Province, People's Republic of China. Yang Ling primarily manufactures and markets organic fertilizers and pesticides to 20 agricultural provinces of China. We produce numerous proprietary product lines, from pesticides to crop specific fertilizer, which are then marketed and sold to farmers. We conduct research and development to further improve existing products and to develop new formulas and products.

Background of the Company

Prior to March 1, 2004, we were called Stratabid.com, Inc. (the "Company"). The Company was a startup stage Internet-based commercial mortgage origination business. The Company operated primarily through its wholly-owned subsidiary, Stratabid.com Online (B.C.) Ltd. ("Stratabid.com Online"), which provided services throughout Canada. On January 14, 2004, the Company created a wholly-owned subsidiary corporation Bodisen Holdings, Inc., a Delaware corporation ("BHI"), to pursue a merger with Bodisen International, Inc., a Delaware corporation ("BII") and the parent company of Yang Ling. On February 11, 2004, the Company and BHI entered into an Agreement and Plan of Merger with BII and the shareholders of BII, providing for the merger of BII into BHI, with BHI being the surviving entity in the merger. The transactions provided for in the Agreement and Plan of Merger closed on February 24, 2004. In the merger, the Company acquired 100% of BII's outstanding stock in exchange for the issuance by the Company of three million shares of Common Stock to the holders of BII shares. The Common Stock issued in the merger constituted approximately 66% of the outstanding Common Stock after the merger. After the merger, we paid a 3 for 1 stock dividend and then, by prior agreement, redeemed 3.0 million post dividend shares held by the former CEO. After these transactions, the shareholders of BII held approximately 79% of the Common Stock outstanding. On February 25, 2004, Stratabid sold Stratabid.com Online to Derrek Wasson, Stratabid's former Chief Executive Officer. On March 1, 2004, the Company changed its name from Stratabid.com, Inc. to our current name Bodisen Biotech, Inc.

The Placing by the Company

We have placed 1,643,836 Common Stock of $0.0001 each at 730p per share.

Our shares will be marketed and sold by Charles Stanley, who will offer the Placing Shares on a reasonable endeavours basis. We intend to use the net proceeds of the Placing for the construction of two new manufacturing facilities in Xinjian and Helongjiang (North West and North East China), to increase the Group's general sales and marketing activities, as well as adding to the available working capital.

7

PART I

RISK FACTORS

You should carefully consider the risks described below before making an investment in Bodisen. All of these risks may impair its business operations. If any of the following risks actually occur, its business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of the Common Stock could decline, and you may lose all or part of your investment.

1. Risks relating to our business

Our management own a significant amount of the Common Stock, giving them influence or control in corporate transactions and other matters, and their interests could differ from those of other stockholders.

Our principal executive officers, Wang Qiong and Chen Bo, own approximately 45.48% of the Existing Common Stock. As a result, they are in a position to significantly influence or control the outcome of matters requiring a stockholder vote, including the election of directors, the adoption of any amendment to the Certificate of Incorporation and By-Laws, and the approval of significant corporate transactions. Their control may delay or prevent a change of control on terms favourable to our other stockholders and may adversely affect your voting and other stockholders rights.

We may require additional financing in the future and a failure to obtain such required financing will inhibit our ability to grow.

The continued growth of our business may require additional funding from time to time. Funding would be used for general corporate purposes, which may include acquisitions, investments, repayment of debt, capital expenditures, repurchase of our capital stock and any other purposes that we may specify in any supplement to this admission document. Obtaining additional funding would be subject to a number of factors, including market conditions, operational performance and investor sentiment. These factors may make the timing, amount, terms and conditions of additional funding unattractive, or unavailable, to us.

The terms of any future financing may adversely affect your interest as stockholders.

If we require additional financing in the future, we may be required to incur indebtedness or issue equity securities, the terms of which may adversely affect your interests in us. For example, the issuance of additional indebtedness may be senior in right of payment to your shares upon our liquidation. In addition, indebtedness may be under terms that make the operation of its business more difficult because the lender’s consent will be required before we can take certain actions. Similarly, the terms of any equity securities we issue may be senior in right of payment of dividends to your Common Stock and may contain superior rights and other rights as compared to your Common Stock. Further, any such issuance of equity securities may dilute your interest in us.

Our corporate structure may subject our stockholders to two levels of taxation on the payment of dividends or the disposition of its operating subsidiary, thereby substantially reducing the return on its stockholders’ investment.

If Yang Ling pays a dividend to us, its parent company, for distribution to the stockholders as a dividend, or if Yang Ling (rather than us, its parent company) is ultimately sold, the dividend or the proceeds of that transaction would be subject to two levels of tax - one at the parent corporate level and one at the parent stockholder level. Because our operations are conducted through Yang Ling in China, any dividends payable by us must come from Yang Ling and it is more likely that Yang Ling, rather than the parent company, will ultimately be sold. Thus, if Yang Ling pays a dividend to us in the future or if Yang Ling is sold in the future, those proceeds may be subject to two levels of taxation: (i) we will pay tax on the dividend or sale proceeds received from Yang Ling, and (ii) our stockholders will pay tax on the distribution of the dividend or the proceeds of the sale. These two levels of taxation will effectively reduce the financial return on your investment in us.

We do not anticipate paying dividends on the Common Stock.

We have never paid dividends on our Common Stock and do not anticipate paying dividends in the foreseeable future. Our Directors intend to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business.

We may not be able to adequately protect and maintain our intellectual property.

Our success will depend on our ability to continue to develop and market fertilizer and pesticide products. We protect our proprietary technology and formulae by keeping such technology or formulae confidential. If such technology or formulae are disclosed to a third party that is not under an obligation to keep the technology confidential or are accidentally disclosed, we may not be able to protect our technology or formulae against being exploited by third parties. We currently have not applied for patents for our technology products or formulae as our Directors believe an application for such patents would result in public knowledge of our proprietary technology and formulae.

Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.

Our future success will depend in substantial part on the continued service of our senior management, including Mrs. Wang Qiong, our Chairman and Chief Executive Officer, Chen Bo, our President, and Wang Chunsheng, our Chief Operational Officer. The loss of the services of one or more of our key personnel could impede implementation of our business plan and result in reduced profitability. We do not carry key person life or other insurance in respect of any of our officers or employees. Our future success will also depend on the continued ability to attract, retain and motivate highly qualified technical sales and marketing customer support. Because of the rapid growth of the economy in The People's Republic of China, competition for qualified personnel is intense. We cannot guarantee that we will be able to retain our key personnel or that we will be able to attract, assimilate or retain qualified personnel in the future.

Restrictions on making distributions

The Company is a legal entity separate and distinct from its operating subsidiary, Yang Ling, which is an indirect subsidiary of the Company. The Company's revenues (on a parent company only basis) would be derived entirely from dividends paid to the Company by Yang Ling. The Chinese government exerts significant influence over the economy of The People's Republic of China, and there may be regulatory restrictions on Yang Ling's ability to make distributions of cash to the Company.

2. Risks relating to the agricultural industry in The People's Republic of China

Our success depends upon the development of The People's Republic of China's agricultural industry.

The People's Republic of China is currently the world's most populous country and one of the largest producers and consumers of agricultural products. Roughly half of The People's Republic of China's labour force is engaged in agriculture, even though only about 10% of the land is suitable for cultivation. Although The People's Republic of China hopes to further increase agricultural production, incomes for Chinese farmers are stagnating. Despite the Chinese government's continued emphasis on agricultural self-sufficiency, inadequate port facilities and a lack of warehousing and cold storage facilities impedes the domestic agricultural trade. Where we rely on the local farmer to purchase our products, which are generally purchased under a "Cash on Delivery" or on 9-12 months credit, a farmer's inability to sell his agricultural goods could therefore hinder his ability to timely pay his credit obligations to us.

We do not have supplier contracts with all of our trade vendors.

Typically for the agricultural industry in The People's Republic of China, we do not have supplier contracts with all of our trade vendors. Where we do not have contracts in place, business is conducted on an order-by-order basis. Despite our not having supplier contracts in place in every case, the Directors believe that we have very good relations with the agricultural vendor community.

3. Risks relating to The People's Republic of China

The People's Republic of China's Economic Policies could affect our Business.

Substantially all of our assets are located in The People's Republic of China and substantially all of our revenue is derived from our operations in The People's Republic of China. Accordingly, our results of operations and prospects are subject, to a significant extent, to the economic, political and legal developments in The People's Republic of China.

While The People's Republic of China's economy has experienced significant growth in the past twenty years, such growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy of The People's Republic of China, but they may also have a negative effect on us. For example, operating results and financial condition may be adversely affected by the government control over capital investments or changes in tax regulations.

The economy of The People's Republic of China has been changing from a planned economy to a more market-oriented economy. In recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform and the reduction of state ownership of productive assets, and the establishment of corporate governance in business enterprises; however, a substantial portion of productive assets in The People's Republic of China are still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over The People's Republic of China's economic growth through the allocation of resources, the control of payment of foreign currency- denominated obligations, the setting of monetary policy and the provision of preferential treatment to particular industries or companies.

Capital outflow policies in The People's Republic of China may hamper our ability to remit income to the United Kingdom.

The People's Republic of China has adopted currency and capital transfer regulations. These regulations may require us to comply with complex regulations for the movement of capital. Although our Directors believe that we are currently in compliance with these regulations, should these regulations or the interpretation of them by courts or regulatory agencies change; we may not be able to remit all income earned and proceeds received in connection with its operations or from the sale of its operating subsidiary to our stockholders.

Although the Group does not import goods into or export goods out of The People's Republic of China, fluctuation of the Renminbi may indirectly affect our financial condition by affecting the volume of cross-border money flow.

The value of the Renminbi fluctuates and is subject to changes in The People's Republic of China's political and economic conditions. Since 1994, the conversion of Renminbi into foreign currencies, including United States dollars, has been based on rates set by the People's Bank of China which are set based upon the interbank foreign exchange market rates and current exchange rates of a basket of currencies on the world financial markets. As of January 9, 2006, the exchange rate between the Renminbi and the United States dollar was 8.07 Renminbi to every one United States dollar.

We may face obstacles from the communist system in The People's Republic of China.

Foreign companies conducting operations in The People's Republic of China face significant political, economic and legal risks. The Communist regime in The People's Republic of China, including a cumbersome bureaucracy, may hinder Western investment.

We may have difficulty establishing adequate management, legal and financial controls in The People's Republic of China.

The People's Republic of China historically has not adopted a Western style of management and financial reporting concepts and practices, modern banking, computer or other control systems. We may have difficulty in hiring and retaining a sufficient number of qualified employees to work in The People's Republic of China. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards.

It will be extremely difficult to acquire jurisdiction and enforce liabilities against our officers, directors and assets based in The People's Republic of China.

Because our Executive Officers and several of our Directors, including, the chairman of our Board of Directors, are Chinese citizens it may be difficult, if not impossible, to acquire jurisdiction over these persons in the event a lawsuit is initiated against us and/or our officers and directors by a stockholder or group of stockholders in the United Kingdom. Also, because the majority of our assets are located in The People's Republic of China it would also be extremely difficult to access those assets to satisfy an award entered against us in an English court.

We may face judicial corruption in The People's Republic of China.

Another obstacle to foreign investment in The People's Republic of China is corruption. There is no assurance that we will be able to obtain recourse, if desired, through The People's Republic of China's poorly developed and sometimes corrupt judicial systems.

The admission of The People's Republic of China into the World Trade Organization could lead to increased foreign competition for us.

Domestic competition in the compound fertilizer industry is largely fragmented and foreign competition is minimal. However, as a result of The People's Republic of China becoming a member of the World Trade Organization ("WTO"), import restrictions on agricultural products are expected to be reduced. With the lowering of import restrictions and the WTO's requirement for a reduction of import tariffs as condition of membership, such reduced import restrictions and tariffs for us may result in an increase of foreign products and could in turn lead to increased competition in the domestic agricultural market.

The Group may not be able to obtain regulatory approvals for its products.

The manufacture and sale of agricultural products in The People's Republic of China is regulated by the People's Republic of China and the Shaanxi Provincial Government. Although our licenses and regulatory filings are current, the uncertain legal environment of The People's Republic of China and its industry may be vulnerable to local government agencies or other parties who wish to renegotiate the terms and conditions of, or terminate their agreements or other understandings with us.

4. Risks relating to the Placing

There may not be sufficient liquidity in the market for our securities in order for investors to sell their securities.

Our Common Stock is traded on AMEX and has a limited public market. There is also a limited public market for AIM securities, which are not admitted to the Official List of the U.K. Listing Authority. Since there is a limited public market for our securities, there can be no assurance that a trading market will develop further or be maintained in the future.

5. Special note regarding forward-looking statements

Included in this Admission Document, are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as well as historical information. These forward looking statements include statements regarding profitability, liquidity, market risk and financial and other goals. Forward-looking statements include those that use forward-looking terminology, such as the words "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "plan," "will," "shall," "should," and similar expressions, including when used in the negative. Although the Directors believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results, performance or achievements to differ from these forward- looking statements include the factors described in the "Risk Factors" section and elsewhere in this Admission Document.

All forward-looking statements attributable to Bodisen are expressly qualified in their entirety by these factors. Because of these and other uncertainties, our actual results and performance may be materially different from results indicated by these forward looking statements. In addition, our past results of operations are not necessarily indicative of our future performance. The forward looking statements contained in this Admission Document are made as of the date of this Admission Document. The Company undertakes no obligation to update or revise these forward-looking statements, whether to reflect events or circumstances after the date initially.

PART II

INFORMATION ON BODISEN

1. Introduction

The Company is incorporated in the State of Delaware in the U.S. with its principal place of business based in the Shaanxi Province of The People's Republic of China. There is also a liaison office in Beijing. Bodisen files periodic reports with the SEC and its Common Stock trades on AMEX under the symbol BBC. The Company is engaged in the research, manufacturing and marketing of proprietary technology-based environmentally friendly fertilizers and pesticides. Bodisen sells over 60 packaged products in 3 categories directly to over 150 wholesalers throughout The People's Republic of China.

2. Industry overview

The organic fertilizer business in The People's Republic of China is still in its infancy. Organic fertilizer is composed of natural nutritional elements that enhance soil quality to increase crop yields. In contrast to traditional compound chemical fertilizers which actually harm soil fertility, organic compound fertilizers accelerate the reproduction of soil microbes to improve soil quality through the decomposition of organic material. This enhancement of soil microbes by organic fertilizer improves the soil's retention of nitrogen. Moreover, unlike traditional chemical fertilizers, organic fertilizers can activate dormant soil by increasing soil nitrite or nitrate levels and moisture content that otherwise is not enhanced by traditional chemical fertilizers. This process controls the release of nutritional elements that enhances the quality, quantity and health of crops. As a result of years of intensive farming, The People's Republic of China's soil quality is low compared to international standards. Accordingly, the use of organic fertilizer, which can stabilize and enhance soil quality, is preferable to the use of traditional chemical fertilizer. Because of this, and the fact that organic fertilizer can be widely utilized, the market for organic fertilizer is rapidly growing and the use of organic fertilizer has become popular throughout The People's Republic of China.

3. Business

3.1 *History*

Prior to March 1, 2004, the Company was called Stratabid.com, Inc. The Company was a startup stage Internet-based commercial mortgage origination business. The Company operated primarily through its wholly-owned subsidiary, Stratabid.com Online (B.C.) Ltd. ("Stratabid.com Online"), which provided services throughout Canada.

Yang Ling was founded in the People's Republic of China on August 31, 2001. Yang Ling, located in Yang Ling Agricultural High-Tech Industries Demonstration Zone, was primarily engaged in developing, manufacturing and selling pesticides and compound organic fertilizers in the People's Republic of China. On November 19, 2003, Yang Ling incorporated Bodisen International, Inc. ("BII"), a Delaware corporation, as a non-operative holding company.

On January 14, 2004, the Company created a wholly-owned subsidiary corporation known as Bodisen Holdings, Inc., a Delaware corporation, ("BHI"), to pursue a merger with BII the parent of Yang Ling. On February 11, 2004, the Company and BHI entered into an Agreement and Plan of Merger with BII and the shareholders of BII, providing for the merger of BII into BHI, with BHI being the surviving entity in the merger. The transactions provided for in the Agreement and Plan of Merger closed on February 24, 2004. In the merger, the Company acquired 100% of BII's outstanding stock in exchange for the issuance by the Company of 3 million shares of its Common Stock to the holders of BII shares. The Common Stock issued in the merger constituted approximately 66% of the outstanding shares of the Company after the merger. After the merger, the Company paid a 3 for 1 stock dividend and then, by prior agreement, redeemed 3 million post dividend shares held by the Company's former CEO. After these transactions, the shareholders of BII held approximately 79% of the Common Stock outstanding. On February 25, 2004, the Company sold Stratabid.com Online to Derrek Wasson, the Company's former CEO. On March 1, 2004, the Company changed its name from Stratabid.com, Inc. to Bodisen Biotech, Inc.

The Group has developed the product line to over 60 items, and, the Directors believe, been successful in building the Bodisen brand name. The mandate of the government of The People's Republic of China that farmers increase crop yields to decrease the nation's dependence on food imports, together with the growing emphasis on the need to use "environmentally friendly" fertilizers, has also been a factor in the growth of the business of the Group.

12

3.2 *Products*

The Group manufactures over 60 package products, which are broken down into 3 product line categories:

3.2.1 Organic compound fertilizer

These products are the Group's leading product category, accounting for approximately 67% of Group turnover. Plants tend to easily absorb organic fertilizer without the side effects found in synthetic chemical fertilizer products, and this organic process strengthens photosynthesis, which improves the overall health of a plant in resisting drought and disease. The International Organization for Standardization (ISO 9001: 2000) has qualified Bodisen's organic compound fertilizer products.

Organic fertilizers improve the cation exchange capacity, or "CEC" of soil which is its ability to hold positively charged ions (cations), making them available for uptake by the plant roots. This not only allows for improved uptake of nutrients by the plant but can also reduce leaching, which is of particular concern in sandy soil. Leaching moves nutrients away from the plant roots and into the subsurface water. Principal functions include:

- to preserve nitrogen and improve the soil fertility;
- allowing phosphorous and potash fertilizer to gradually dissolve in the moisture from the air;
- resist plant diseases; and
- activate and keep soil moisture content.

3.2.2 Liquid fertilizers

These products account for approximately 19% of Group turnover. The early application of liquid fertilizers aids absorption of the key elements and nutrients of the fertilizer which may increase the rate of photosynthesis and improves the health of the plant making it more resistant to disease. The liquid fertilizer increases the plant's yield and shortens the time to harvest whilst heightening the colour and lustre of fruit and vegetables.

The liquid fertilizer is sold to the farmer in a concentrated form and needs to be mixed by the farmer with water before spraying onto the plant. Since the liquid fertilizer is applied directly to the plant it is more easily absorbed by the plant.

3.2.3 Pesticides

These products account for approximately 14% of Group turnover. Bodisen's pesticide products can be applied to all fruit trees and vegetable crops; it will also reduce the numbers of harmful insects that reduce overall crop yields.

4. Market information

Organic fertilizers are composed of natural nutritional elements that not only improve the quality and yield of the crops but also improve the soil quality; this in turn improves the yield. Organic compound fertilizer accelerates reproduction of soil microbes to improve soil quality through the decomposition of organic material and the improvement of the soil's retention of nitrogen. Moreover, this application can activate dormant soil by increasing soil nitrates and moisture content that otherwise is not enhanced by traditional chemical fertilizers. This process controls the release of nutritional elements that enhances the quality, quantity and health of crops. To encourage farmers, of which there are 800 million in The People's Republic of China, to remain on their land, the government recently eliminated an agriculture tax, which effectively increased their disposable income by 20%. Although organic compound fertilizers are more expensive than chemical fertilizers, the Directors believe that the extra cost is justified by the increase of quality and yield and, consequently, the increased margin attained at the market.

5. Sales and marketing

The Group's products are sold directly to over 150 wholesalers in The People's Republic of China, through written sales contracts.

The Bodisen brand has been marketed and promoted through trade fairs, conventions and the print media, and through television and radio advertising in The People's Republic of China. Since the end-user for its products is the local farmer, educational seminars to promote products and organic fertilizers directly to farmers are extensively used. To capture a share of the market, free samples of the products are distributed to allow a trial period to take place, the results of which are made know to the surrounding area. The cost of this is not material and is often offset by new sales in that test zone.

13

The primary tasks in respect of sales and marketing are to strengthen the home market in the Shaanxi province and to expand the market outside the Shaanxi province into new districts where the Group's products are not well established.

It is our intention to increase marketing in regions where our products are not well known. In addition, promotion of the products through national newspapers in China explaining the advantages of the high-tech nature of its environmentally friendly product lines will be undertaken. In order to enter the untapped markets of western China, the Company will explore selling exclusive franchise opportunities to new wholesale agents.

6. Raw materials

There are numerous suppliers of raw materials in the Shaanxi Province of China. To manufacture the organic compound fertilizer Bodisen uses carbamide, ammonium, potassium chloride and zeolite powder. Carbamide, potassium chloride, bluestone, zinc sulfate, borax, citric acid and bitter salt, together with other materials are used to manufacture liquid fertilizer. Pesticides are manufactured using Mieduowie, zinc sulphur phosphor, emulsification agents, Dimethylbenzene, sulfur powder and Fumeishuang.

The Company has short-term material supplier contracts with its 19 major suppliers. Business with other suppliers is conducted on an order-by-order basis, a practice that is typical throughout the agrochemical industry in The People's Republic of China. The Directors believe that the Group has very good relations with the agricultural supplier community.

7. Research and development

The research and development team consists of four professionals, who perform administrative and ministerial functions. Much of the research is done in close cooperation with universities and research laboratories in the Yang Ling and Xian Metropolitan areas with related costs incurred by such universities and research laboratories and not by the Company. In 2005, the Company budgeted to spend U.S.$130,000 on research and development, the majority of which was dedicated to existing research programs. The following projects were commenced in 2004 and are currently scheduled for completion in 2006:

7.1 *Pesticides projects*

Project Ion is the study of copper, zinc and manganese ions in combination with silver ions to control and remove crop disease brought about by fungi. The objective is to determine whether the combination of these metal ions will prohibit the release of an intrusive enzyme from fungi that kills crops in China.

Project Fly is the development of a protein abstract from a common fly to develop bacteria-based pesticides, which may have a better effect on a plant's resistance to insects. This project seeks to isolate a series of anti-bacteria peptides from the proteins of a common fly. This kind of anti-bacteria peptide could effectively control many pathogens which may prove more effective than the pesticides which are currently available.

7.2 *Fertilizer projects*

Project Amino Acid is a program that was developed to build a new compound fertilizer product, based on a proactive amino acid enzyme.

Project Build utilizes a technique for the manufacturing of organic compound fertilizer, which could enhance the quality of organic fertilizer products.

8. Intellectual property

The Group owns trademarks in the “Bodisen” name, which is used on all products. Bodisen is also a recognized trade name in the provinces in The People’s Republic of China in which the Group conducts business. Bodisen protects its proprietary technology and formulae by keeping such technology and formulae confidential. If such technology or formulae are disclosed to a third party that is not under an obligation of confidentiality or are accidentally disclosed, Bodisen may not be able to protect its technology against being exploited by third parties. The Directors believe this is adequate protection. The Company acquired rights for fluid and compound fertilizer technology from a third party. Most intellectual property was developed in-house or with various universities and research laboratories (which may not be owned by Bodisen). Only certain key executives of the Company have knowledge of such proprietary technology and formulae. The Directors believe that there are adequate systems in place to prevent disclosure of the proprietary technology and formulae. Since the Company does not hold patents for its products, the Company may not be in a position to adequately protect its intellectual property rights. See “Risk Factors” in Part I.

9. Government and environmental regulation

Bodisen's products and services are subject to material regulation by governmental agencies in The People's Republic of China and Shaanxi Province responsible for the agricultural industry. Business and company registrations, along with the products, are certified on a regular basis and must be in compliance with the laws and regulations of the state, local governments and industry agencies, which are controlled and monitored through the issuance of licenses. To date, the Group has been compliant with all registrations and requirements for the issuance and maintenance of all licenses required by the governing bodies. As of the date of this document, all license fees and filings are current. These licenses obtained by the Group include:

9.1 *National Certificate for Production of Industrial Products*

The National Certificate for Production of Industrial Products for compounded fertilizers was issued by the National Industrial Products Production License Office on February 27, 2004. The National Certificate for Production of Industrial Products will be valid until February 26, 2009.

9.2 *Certificate for pesticide registration*

Pesticide registration is required for the production of liquid fertilizer and issued by Ministry of Agriculture, People's Republic of China.

9.3 *Production standard*

The Company is registered with Bureau of Quality Controls and Technology, Shaanxi Provincial Government, Xi'an.

The cost of obtaining and maintaining these licenses is not prohibitive, and it is illegal to do business without these licenses. If the Group were to lose any of these licenses, it would only have a limited time to reapply for such licenses and would face possible regulatory fines. The Group is subject to relevant environmental laws and regulations that require the outlay of capital and the obtaining of relevant permits in order to engage in business operations.

10. Competition

The Directors consider that in The People's Republic of China the compound fertilizer industry is largely fragmented with most competitors operating small regional factories, serving local requirements. Most companies in this industry in The People's Republic of China do not promote their products through brand name recognition. Bodisen has not yet identified any competition in the Shaanxi province that operates in all three segments (compound, liquid and pesticide) of the organic fertilizer business. The Directors believe that the Company's most significant Chinese competitor is Tian Bang Shaanxi and that the only international competing company is DuPont.

11. Future prospects and current trading

The Group posted sales of $23,635,270 for the three calendar quarters ended September 30, 2005 (unaudited). Net income for the period was $6,359,787 compared to $3,841,821 for the same quarter a year earlier. The net income includes a one time charge of $416,703 associated with the aggregate fair value of the warrants which were issued in connection with a $3 million convertible financing which was completed on March 16, 2005. The net income would have been $6,776,490 in the absence of this one-time charge, reflecting the substantial increase in the demand for the Group's products in the markets in which it has operated and the new markets that it has entered.

The signing of the new distributors to the distribution network of the Company is expected to allow the Group to expand its reach geographically and more easily develop the brand name of the Group.

It is also proposed that the Group seek licensed manufacturing facilities in other provinces so that the Group can expand its distribution without incurring the high cost of transporting its products long distances. Although no agreements are in place, the management is searching for targets, possible facilities have been identified and the Group is holding informal talks to assess feasibility. One concern the Group has to expansion would be the Group's ability to protect their proprietary technology and formulae.

The Group continues to work in close cooperation with local universities and research laboratories in the Yang Ling and Xian Metropolitan areas to improve existing products and develop new products to drive the Group's sales in the future. The pace of discovery can never be predicted as such the ability to forecast the impact of these improvements and discoveries cannot be predicted.

On October 4, 2005, the Company made an investment of U.S.$2.85m for a 12.9% equity stake in the China based Xi Lan Natural Gas Co Ltd. Natural gas is used for the production of urea, an ingredient necessary for the manufacture of the Group's compound fertilizer.

12. Reasons for the Placing and use of proceeds

The Group relies on an experienced management team and skilled workforce, many of whom have significant experience in the agrochemical industry. The Directors believe that Admission will help the Group attract and retain key employees whom the Group will be able to incentivize through the grant of share options.

The net proceeds of the Placing available to the Group after the expenses of the Placing, Admission and corporate finance fee payable to New York Global Capital, Inc. discussed in Part VI, paragraph 8(e) of this document will be £10.6 million. These proceeds will be used for the construction of two new manufacturing facilities in Xinjian and Helongjiang (North West and North East China), to increase the Group's general sales and marketing activities, as well as adding to the available working capital.

13. Directors and Executive Officers

Directors and Officers

Wang Qiong, (aged 41) Chairman and Chief Executive Officer of Bodisen and Yang Ling

Mrs. Wang Qiong has served as the Chairman of the Board of Bodisen since the merger of BHI and BII and she has been on the board of Yang Ling since Yang Ling was founded in August 2001. Mrs. Wang Qiong has over 10 years experience in the fertilizer and chemical industry. From 1997 to May 2001, she was the Chief Executive Officer and President of Shaanxi Bodisen Chemical Co., Ltd., which changed its name to Bodisen International, Inc. on August 31, 2001. From May 1996 to December 1997, she was the President of Yang Ling Kangyuan Agricultural Chemical Company, a company dedicated to the research and development of agricultural products. Mrs. Wang Qiong graduated from North-West Agronomy College, with a Bachelor of Science degree in 1986.

Bo Chen, (aged 48) Director and President of Bodisen and Yang Ling

Mr. Chen, the President of Bodisen, is one of its original founders and stockholders. From August 1997 to August 2001, Mr. Bo Chen was Chief Operations Officer and Chief Technology Officer of Shaanxi Bodisen Chemical Co., Ltd. From July 1994 to December 1997, he was the Chief Executive Officer and President of Yang Ling Shikanglu Chemurgical Technology Development Co., Ltd. Mr. Chen received his Bachelor of Science degree from Shaanxi Normal College in July 1984.

Patrick McManus, (aged 51) Non-Executive Director of Bodisen

Mr. Patrick McManus, CPA, J.D joined Bodisen's Board of Directors on May 1, 2004 as an independent board member. Mr. McManus brings over 25 years of experience in business, finance and law to Bodisen. He was elected Mayor of the City of Lynn, Massachusetts in 1992 and served in this position until his retirement to the private practice of law and accounting in 2002. While serving the City of Lynn as its Mayor, he was elected a member and trustee of the Executive Committee of the U.S. Conference of Mayors (USCM) with responsibility for developing policy for the USCM. He also served as the Chairman of the USCM Science and Technology Subcommittee, the Urban Water Council, and the USCM Audit Committee. Mayor McManus started his career in business with the General Electric Company in 1979, and was a Professor of Business and Finance at Salem State College in Massachusetts. Mayor McManus is an expert on China. He was instrumental in establishing a close alliance as well as coordinating a regular exchange of visits by members of the U.S. Conference of Mayors and the China Association of

Mayors. Mr. McManus has been a Certified Public Accountant since 1985. Mr. McManus received his Juris Doctorate from Boston College Law School and an MBA from Suffolk University

David Gatton, (aged 52) Non-Executive Director of Bodisen

Mr. Gatton joined Bodisen's Board of Directors on May 1, 2004 as an independent board member. Since 1985 Mr. Gatton has served as the Chairman and President of Development Initiatives, Inc, a Washington, DC-based government relations firm specializing in urban affairs, business development and marketing, serving a variety of public and private clients. Mr. Gatton advises cities, organizations, and companies on business development strategies, public/private partnerships and marketing initiatives. He has advised various organizations on tax reform, economic development initiatives and a variety of environmental laws, including the reauthorization of the following Acts of the United States: the Clean Water Act, the Safe Drinking Water Act, the Resource Conservation and Recovery Act, Superfund and the Clean Air Act. Some of Mr. Gatton's major accomplishments include: development of U.S. Sino Memorandum of Cooperation between U.S. and China Association of Mayors, development of a national brownfield redevelopment initiative, development of several multifamily low- and moderate-income housing developments, business development strategies for various private firms, and assistance in development of economic development projects for numerous cities. Mr. Gatton holds a B.A. from Cornell College, and a Master's degree from Harvard University.

Weirui Wan, (aged 64) Non-Executive Director of Bodisen

Mr. Weirui Wan joined Bodisen's Board of Directors on May 1, 2004 as an independent board member. Mr. Wan has over 40 years of experience in management and leadership positions in the agricultural sector in China. He started his career in 1967 as an agricultural scientist at the Chinese Academy of Water and Soil Preservation, China's leading government agency on soil and agricultural studies. In 1984, Mr. Wan was appointed the position of Deputy Director of the Chinese Academy of Water and Soil Preservation. In 1997, Mr. Wan moved to the city of Yang Ling and was appointed Deputy Governor of the Yang Ling Agricultural High-Tech Industries Demonstration Zone and was in charge of building the zone into the agricultural hub of China. Mr. Wan retired as Deputy Governor in 2001 and is currently on the Advisory Board of Yang Ling Agricultural High-Tech Industries Demonstration Zone. Mr. Wan graduated from Beijing University of Agriculture in 1967 with a Bachelor's degree in Agriculture.

Wang Chunsheng, (aged 42) COO of Bodisen, Executive Vice President and COO of Yang Ling

Mr. Wang Chunsheng, joined Bodisen in September 2001 as Chief Operations Officer. From September 1999 to August 2001, Mr. Wang Chunsheng was Vice General Manager of the Shaanxi Bodisen Chemical Co. Ltd. responsible for sales and marketing. From January 1997 to July 1999, he held a position as Senior Sales Manager with the Yang Ling Kangyuan Agricultural Chemical Company. Mr. Wang Chunsheng holds agronomist certification.

Yiliang Lai, (aged 40) CFO of Bodisen and Yang Ling

On November 1, 2005, the Company promoted Yiliang Lai to the position of Chief Financial Officer. Mr Lai joined the Company as a financial controller in March 2005. Mr Lai has extensive experience in accounting and auditing matters. He started his career as an accountant at China Shipping in 1986 and in 1999 he joined the CPA firm ShenZhen CaiXin as an auditor. In 2001, Mr Lai joined Shaanxi Kaida Limited as head of accounting and in 2002 he joined Xi'an Hongsheng Biotech as Chief Financial Officer. Mr Lai is a Certified Public Accountant in China as well as a Certified Auditor.

On October 31, 2005, Shuiwang Wei, the Company's former Chief Financial Officer resigned with immediate effect for personal reasons and without conflict or disagreement.

14. Employees

The only officers of the Company are its four executive staff, each of whom is also an employee of Yang Ling. Yang Ling has over 450 staff, of which approximately 20 are executive and senior managers, 30 are business and accounting staff, 10 are warehouse and purchasing staff, 15 are drivers or secretaries and the balance being production workers. The average number of staff employed by the Company for each of the years 2002 to 2004 is:

As at December 31, 2002:	90 employees
As at March 15, 2004:	349 employees
As at December 31, 2004:	487 employees
As at December 31, 2005:	536 employees

15. Debt/banking facilities

The Company has entered into a pledged short term loan with the Yangling Xinonglu branch of the Xianyang City Commercial Bank. The loan is for 3.5 million RMB. The loan is to provide working capital. The interest rate of the loan is 6.05% per annum, payable quarterly and matured on October 28, 2005. The pledge relating to the loan expires two years after this date. As of September 30, 2005 $434,000 remained outstanding. This is repayable on demand.

17

The Company also entered into a second pledged short term loan with the Yangling Xinonglu Branch of Xianyang City Commercial Bank. The loan is for 5.0 million RMB. The loan is to provide working capital. The interest rate is 6.51% per annum, payable quarterly. As of September 30, 2005, $434,000 remained outstanding and is due on June 29, 2006.

The Company also entered into a long term support loan from the Shanxi Technology Bureau of the Shanxi Province Government of People’s Republic of China. The loan is interest free and secured by assets of the Company, at the amount of RMB 0.1 million.

On December 8, 2005, the Company issued a $5,000,000 promissory note (the “Note”) to Amaranth Partners L.L.C. (the “Payee”) in consideration of a $5,000,000 loan from the Payee to the Company. The Note bears interest at 9.00% per annum. The principal amount of the Note, together with all accrued and unpaid interest, is due and payable on March 8, 2006. The Note contains customary default provisions and is unsecured. Proceeds from the loan are to be used for prepayments for certain raw materials. In connection with the issuance of the Note, the Company agreed to issue to the Payee on or before March 1, 2006 a warrant (the “Warrant”) to purchase 133,333 shares of the Company’s common stock at $7.50 per share (subject to adjustment). At the time the Warrant is issued, the Company will grant to the Payee certain registration rights.

16. The Placing

The Company is proposing to raise approximately £12 million by issuing 1,643,836 Placing Shares at the Placing Price. The Placing Shares represent approximately 9.25% of the Enlarged Issued Share Capital. The Placing Shares will be authorized under Title 8 of Delaware’s General Corporation Law.

Pursuant to its obligations under the Placing Agreement, Charles Stanley has conditionally placed the Placing Shares at the Placing Price with institutional and other investors. The Placing has not been underwritten by Charles Stanley or any other person.

The Placing Agreement is conditional, *inter alia*, upon Admission having taken place by not later than 8.00 a.m. on February 06, 2006 or such later time and date, being not later than 3.00 p.m. on February 27, 2006, as the Company and Charles Stanley may agree. The Placing Agreement contains provisions entitling Charles Stanley to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse. Further details of the Placing Agreement are set out in paragraph 16 of Part VI of this document.

The Placing Shares will rank *pari passu* with the Existing Common Stock in all respects including the right to receive all dividends declared or paid (after the date of allotment of the Placing Shares) on the Common Stock of the Company. The Company, being traded in the U.S. does not have an ISIN but does have a CUSIP number of 096892104.

Application has been made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on February 06, 2006.

17. Advance to officers

During the 6 month period ended June 30, 2005, the Company advanced U.S.$2,383,217 to four officers, as a short term loan. This loan was repaid to the Company during the quarter ended September 30, 2005. Such loan was made for the purposes of registering a new subsidiary of the Company, Yang Ling Bodisen Agricultural Technology Co., Ltd. The officers were named in a registration document in connection with the registration of such new subsidiary. The loan was applied solely for this purpose and none of the four officers obtained any benefit from the loan.

18. Settlement and CREST

Application has been made to the London Stock Exchange for the Existing Common Stock and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the issued ordinary share capital of the Company will commence on February 06, 2006.

Securities issued by non-U.K. registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through the CREST system, a depository or custodian can hold the relevant securities and issue dematerialized CREST depository interests ("CDI") which are held on trust for their holders. The Company's Certificate of Incorporation and By-Laws permit it to issue CDIs in uncertified form.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in the Common Stock within CREST pursuant to a CDI arrangement with CREST Depository Limited (a wholly- owned subsidiary of CRESTCo). CREST is a voluntary system and holders of Common Stock who wish to receive and retain share certificates will also be able to do so. Further details of CREST and the arrangements in respect of CDIs is set out in paragraph 17 of Part VI of this document.

19. Lock-in arrangements

Immediately following Admission, the Directors will be interested, in aggregate, in 7,462,626 Common Stock, representing approximately 42% of the issued share capital of the Company. Under the terms of the Placing Agreement, the Directors have undertaken that, subject to certain exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Common Stock held immediately following Admission at any time prior to the first anniversary of Admission, and, at any time between the first and second anniversary of Admission, without the consent of the Company and the Company's nominated adviser and broker.

20. Dividend policy

The Board intends to adopt a dividend policy appropriate to the Group's financial performance. This will take into account its ability to operate and grow and the need to retain a prudent level of cash resources. The Company does not expect to pay a dividend in the short term.

21. Stock Option Plan and management incentive arrangements

Executive turnover is relatively low with the majority of key management having been employed by the Company for more than six years. The Board believes that the retention of senior management will be a key driver to the success of the Group. Consequently, the Company intends to implement the Plan conditional upon Admission.

22. Corporate governance

The Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Combined Code so far as is practicable and appropriate for an AIM company of its size, and in this connection the Board shall take into account the guidance issued by the Quoted Companies Alliance.

The Board intends to hold board meetings regularly throughout the year. The Board will be responsible for formulating, reviewing and approving strategy, budgets, acquisitions, capital expenditure and senior personnel appointments. The executive directors and senior management will meet regularly to consider operational matters.

An audit committee (consisting of Patrick McManus, as Chairman and David Gatton) and a compensation committee (consisting of David Gatton, as Chairman, and Patrick McManus) have been established with effect from Admission. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The compensation committee will review the performance of executive directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The compensation committee will also determine the payment of bonuses to executive directors and the allocation of share options to employees.

The Company has adopted a dealing code for all directors and employees in terms no less exacting than the Model Code for Directors' dealings as set out in the Listing Rules of the U.K. Listing Authority and will take all reasonable steps to ensure compliance by the Board and any relevant employees.

The Company is compliant with all U.S. corporate governance rules applicable to small business issuers.

23. Taxation

Your attention is drawn to the taxation information set out in paragraph 13 of Part VI of this document.

24. Effects of a U.S. domicile and SEC filing

Bodisen files periodic reports with the SEC pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended. After admission on AIM, it will also have an obligation to notify both the SEC and the London Stock Exchange of relevant information.

25. Plan of distribution

The following information uses U.S. terminology and is inserted to comply with SEC disclosure requirements (Item 508 of Regulation SB) and may occur elsewhere in this document. In particular, similar information for U.K. investors using U.K. terminology is provided at paragraph 16 of Part II of this document with respect to the Placing.

Charles Stanley Securities, 25 Luke Street, London EC2A 4AR, has agreed, subject to the terms and conditions contained in the Placing Agreement with the Company, to sell, as placing agent for it on a reasonable endeavours basis, 1,643,836 shares of Common Stock. Because this offering is on a reasonable endeavours basis and there is no minimum number of dollar amount of shares to be sold, Charles Stanley is not obligated to purchase any shares if they are not sold to the public.

Charles Stanley has informed the Company that it proposes to place the Common Stock as placing agent for it to certain selected institutions not resident in the United States. Charles Stanley reserves the right to reject any order for the purchase of Common Stock through it in whole or in part.

Funds received by Charles Stanley from investors in the Placing will be deposited with Charles Stanley until the closing of the Placing. Closing is expected to occur on or about February 06, 2006.

The public offering price has been determined through negotiations between Bodisen and Charles Stanley. A variety of factors were considered in determining the price, including the trading history of the Common Stock (including the frequency and volume of trades and actual trading prices), its history and prospects, its past and present earnings and its prospects for future earnings, the current performance and prospects of the banking industry in general and the market in which the Company competes, and the general condition of the securities market and the prices of equity securities of comparable companies.

Bodisen will pay its own and Charles Stanley's expenses of the offering, including its legal, accounting, printing and other expenses. The Directors expect that the total amount of offering expenses that the Company will pay will be approximately £1.37 million.

The Placing Agreement also provides that Bodisen will indemnify Charles Stanley against certain liabilities, or contribute to payments Charles Stanley may be required to make in respect thereof.

Charles Stanley has advised the Company that it may make a market in the Common Stock. Charles Stanley, however, is not obligated to make a market in the Common Stock. It also may discontinue any market making at any time without notice.

26. Interest of named experts and counsel

Each of Charles Stanley, the Company's legal counsel and the Company's reporting accountant will receive fees as a result of the work done by them for the Admission. Charles Stanley will also receive a commission based on the value of the shares placed prior to the Admission. None of Charles Stanley, the Company's legal counsel or the reporting accountant receive any interest in the Company's equity as a result of Admission.

27. Legal matters

The validity of the issuance of the Common Stock offered by the Company and certain other legal matters have been passed upon by the law firm of Reed Smith LLP.

28. Experts

Kabani & Company, Inc., an independent certified public accounting firm (a member firm of the AICPA SEC practice section) located at 6033 West Century Blvd, Suite 810, Los Angeles, CA 90045, U.S.A., audited the financial statements of the Company for the years ended December 31, 2002, 2003 and 2004 and reviewed those for the three quarters ended September 30, 2005, included in this Admission Document.

29. Limitation on liability and commission position of indemnification for U.S. Securities Act liabilities

The Certificate of Incorporation and By-Laws provide that our directors and officers and former directors and officers shall be indemnified by us to the fullest extent authorized by Delaware law, against liability to the Corporation or to its stockholders or to other security holders for monetary damages for (i) any breach of the director's duty of loyalty to the Corporation or to its stockholders or other security holders; (ii) acts or omissions of the director not in good faith or which involve intentional misconduct or a knowing violation of the law by such director; (iii) acts by such director as specified by the Delaware Corporation Law; or (iv) any transaction from which such director derived an improper personal benefit. Insofar as indemnification for liabilities arising under the U.S. Securities Act may be permitted to our directors and officers pursuant to the foregoing provision, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the U.S. Securities Act and is, therefore, unenforceable.

30. Where you can find more information

Bodisen Biotech, Inc. is subject to the informational requirements of the U.S. Exchange Act of 1934 and, accordingly, files registration statements and other information with the SEC. You may obtain these documents electronically through the SEC's website at ***http://www.sec.gov***. You may also obtain copies of this information by mail from the Public Reference Branch at: U.S. Securities and Exchange Commission 450 5th Street, NW, Room 1300 Washington, D.C. 20549-0102 Telephone: +1 (202) 942-8090 Fax: +1 (202) 628-9001. The Company filings with the SEC are also available from commercial document retrieval services. Information contained on the Company's web site should not be considered part of this Admission Document. You may also request a copy of its filings at no cost, by writing, telephoning or emailing the Company at: North Part of Xinquia Road, Yang Ling AG, High-Tech Industries Demonstration Zone, Yang Ling, China 712100, Telephone + 86-29-870749.

31. Further information

Your attention is drawn to the further information set out in other Parts of this document. You are advised to read the whole of this document rather than relying on the summary information set out in this Part II.

PART III

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

1. Overview

The Company is incorporated under the laws of the state of Delaware and its operating subsidiary, Yang Ling, is headquartered in the Shaanxi Province, The People's Republic of China. The Group engages in the business of manufacturing and marketing organic fertilizers and pesticides in The People's Republic of China. It produces numerous product lines, from pesticides to crop specific fertilizers. These products are then marketed and sold to over 150 wholesalers throughout the 20 provinces of The People's Republic of China. The Group conducts research and development to further improve existing products and develop new formulae and products.

2. Significant accounting policies

2.1 *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2.2 *Accounts receivable*

The Group maintains reserves for potential credit losses on accounts receivable. It reviews the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

2.3 *Inventories*

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. The Group compares the cost of inventories with the market value and allowance is made for writing down the inventories to their market value, if lower.

2.4 *Property and equipment*

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of: 30 years for building, 10 years for machinery, 5 years for office equipment and 8 years for vehicles.

2.5 *Intangible assets*

Intangible assets consist of rights to use land and proprietary technology rights to fertilizers. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss. Potential impairment of goodwill after July 1, 2002 is being evaluated in accordance with SFAS No. 142. The SFAS No. 142 is applicable to the financial statements of the Group beginning July 1, 2002.

2.6 *Revenue recognition*

The Group’s revenue recognition policies are in compliance with Staff Accounting Bulletin (“SAB”) 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations by the Group exist and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

2.7 *Stock-based compensation*

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires compensation expense to be recorded (i) using the new fair value method or (ii) using the existing accounting rules prescribed by Accounting Principles Board Opinion No. 25, "Accounting for stock issued to employees" (APB 25) and related interpretations with proforma disclosure of what net income and earnings per share would have been had the Group adopted the new fair value method. The Group uses the intrinsic value method prescribed by APB 25 and have opted for the disclosure provisions of SFAS No. 123.

2.8 *Income taxes*

The Group utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

According to the Provisional Regulations of the People's Republic of China on Income Tax, the Document of Reductions and Exemptions of Income Tax for the Group have been approved by the local tax bureau and the Management Regulation of Yang Ling Agricultural High-Tech Industries Demonstration Zone. The Group is exempted from income tax in its first two years of operations.

2.9 *Foreign currency transactions and comprehensive income (loss)*

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. Transactions occur in Chinese Renminbi. The unit of Renminbi is in Yuan.

2.10 *Recent accounting pronouncements*

In November 2004, the FASB has issued FASB Statement No. 151, "Inventory Costs, an Amendment of ARB No. 43, Chapter 4" ("FAS No. 151"). The amendments made by FAS No. 151 are intended to improve financial reporting by clarifying that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities.

The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The provisions of FAS No. 151 will be applied prospectively. The Company does not expect the adoption of FAS No. 151 to have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued FASB Statement No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123" ("FAS No. 123R"). FAS No. 123R requires companies to recognize in the statement of operations the grant- date fair value of stock options and other equity-based compensation issued to employees. FAS No. 123R is effective beginning in the Company's second quarter of fiscal 2005. The Company is in process of evaluating the impact of this pronouncements on its consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS Statement No. 153, "Exchanges of Non-monetary Assets." The Statement is an amendment of APB Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non- monetary assets that do not have commercial substance. The Company believes that the adoption of this standard will have no material impact on its financial statements.

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." The EITF reached a consensus about the criteria that should be used to determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impairment loss and how that criteria should be applied to investments accounted for under SFAS No. 115, "Accounting In Certain Investments In Debt And Equity Securities." EITF 03-01 also included accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. Additionally, EITF 03-01 includes new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the Financial Accounting Standards Board (FASB) delayed the accounting provisions of EITF 03-01; however the disclosure requirements remain effective for annual reports ending after June 15, 2004. The Company will evaluate the impact of EITF 03-01 once final guidance is issued.

3. Results of operations comparison of 2004 with 2003

Twelve months ended December 31, 2004 compared to twelve months ended December 31, 2003.

3.1 *Revenue*

The Company generated revenues of $16,225,896 for the twelve months ended December 31, 2004, an increase of $6,442,112 or 65.84%, compared to $9,783,784 for the twelve months ended December 31, 2003. The growth in revenue was primarily attributable to the increase in customer base through the implementation of the strategy to franchise wholesale distribution to provinces outside of Shaanxi and the building of the Bodisen brand name.

3.2 *Gross profit*

The Company achieved a gross profit of $6,571,931 for the twelve months ended December 31, 2004, an increase of $3,494,229 or 113.5%, compared to $3,077,702 for the twelve months ended December 31, 2003. Gross margin, as a percentage of revenues, increased from 31.46% for the twelve months ended December 31, 2003, to 40.5% for the twelve months ended December 31, 2004. The increase in gross margin was attributable to the average 10% price increase for the compound fertilizer line of products which constitute 60% of total sales.

3.3 *Operating expenses*

The Company incurred operating expenses of $1,523,350, an increase of $319,143 or 27%, compared to $1,204,207 for the twelve months ended December 31, 2003. These operating expenses are related to increased sales and marketing costs related to the 65.84% increase in sales for 2004, as well as the hiring of 138 additional employees by the Company.

3.4 *Net income*

Net income increased by 155% to $5,027,403, an increase of $3,057,042, from $1,970,361. Earnings per share (EPS) rose to $0.33 in 2004 from $0.13 in 2003. The increase was attributable to the substantial growth in demand for the Company's products throughout China, increased sales of products with a higher profit margin and the relatively low operating expenses resultant from doing business in China.

4. Liquidity and capital resources

As of December 31, 2004 the Company had $2,121,811 cash and cash equivalents on hand, compared to $2,974,773 cash and cash equivalents on hand as of December 31, 2003.

For December 31, 2004 accounts payable was $112,344 and short term loans was $980,100. Cash outflows for investing activities increased from $1,608,837 to $2,778,136 as a result of additions made to work in progress and acquisitions of property and equipment. The Company's accounts receivable for the year ended December 31, 2004, were $4,988,984. Based on past performance and current expectations, the Directors believe its cash and cash equivalents, cash generated from operations, as well as future possible cash investments, will satisfy its working capital needs, capital expenditures and other liquidity requirements associated with its operations. On March 16, 2005, the Company completed a $3.0 million financing. The proceeds of the financing are intended for acquisition of other businesses, purchase of raw materials, increased marketing and working capital. On December 8, 2005, the Company entered into a $5.0 million loan with Amaranth Partners L.L.C., proceeds from which are to be used for prepayments for certain raw materials. This loan is more fully described in paragraph 8 of Part VI of this document.

The majority of the Company revenues and majority of the expenses in 2004 were denominated primarily in Renminbi ("RMB"), the currency of The People's Republic of China. There is no assurance that exchange rates between the RMB and the U.S. dollar will remain stable. A devaluation of the RMB relative to the U.S. dollar could adversely affect the Company's business, financial condition and results of operations. Bodisen does not engage in currency hedging. Inflation has not had a material impact on its business.

PART IV

FINANCIAL INFORMATION ON BODISEN BIOTECH, INC.

Summary financial information
for the three years ended December 31, 2004

The financial information contained in this Part IV in respect of the three financial years ended December 31, 2004 has been extracted without material adjustment from Bodisen's published audited financial statements for the three years ended December 31, 2004. The statements for calendar years 2002 and 2003 relate to the period before the reverse merger and so refer to Bodisen International, Inc. and its subsidiaries. The statements for calendar year 2004 refer to the merged entity Bodisen Biotech, Inc. and its subsidiaries.

Consolidated statements of operations

The consolidated statements of operations of Bodisen Biotech, Inc. (formerly Stratabid.com, Inc.) for the three years ended December 31, 2004 are as follows:

	Year ended December 31, 2002 U.S.$	*Year ended December 31, 2003 U.S.$*	*Year ended December 31, 2004 U.S.$*
NET REVENUES	4,881,350	9,783,784	16,255,896
COST OF REVENUES	3,582,176	6,706,082	9,653,965
Gross profit	1,299,174	3,077,702	6,571,931
OPERATING EXPENSES			
Selling expenses	235,077	573,807	615,549
General and administrative expenses	384,067	630,401	907,801
TOTAL SELLING, GENERAL AND ADMINISTRATIVE COSTS	619,144	1,204,207	1,523,350
INCOME FROM OPERATIONS	680,030	1,873,495	5,048,581
Net interest income (expense)	(20,565)	41,359	(28,801)
Finance charge	—	—	—
Other income	8,119	55,507	7,623
NET INCOME	667,583	1,970,361	5,027,403
Other comprehensive income	—	—	68,855
COMPREHENSIVE NET INCOME	667,583	1,970,361	5,096,258
BASIC AND DILUTED NET EARNINGS PER SHARE	U.S.$0.04[(1)]	U.S.$0.13[(1)]	U.S.$0.33[(1)]

Note:

(1) The earnings per share for year end December 31, 2002 and 2003 represent pro forma unaudited amounts to reflect the 15,268,000 shares issued and outstanding as of December 31, 2004, to present consistent presentation of the earnings per share for the period.

Consolidated balance sheets

The consolidated balance sheets of Bodisen Biotech, Inc. (formerly Stratabid.com, Inc.) as at the three years ended December 31, 2004 are as follows:

	December 31, 2002 U.S.$	*December 31, 2003 U.S.$*	*December 31, 2004 U.S.$*
ASSETS			
Currents assets			
Cash and cash equivalents	233,182	2,974,773	2,121,811
Accounts receivable, net	2,071,927	1,822,841	4,988,984
Advances to suppliers	1,662,872	1,933,516	755,210
Inventory	797,270	715,732	767,344
Loan receivable	—	—	968,000
Other assets	—	—	—
Total current assets	4,765,250	7,446,862	9,601,349
Property and equipment,	1,225,490	1,220,587	1,353,598
Capital work in progress	217,206	222,083	1,596,405
Intangible assets,	949,242	2,310,148	2,199,639
Other assets	—	—	48,736
Total assets	7,157,188	11,199,680	14,799,727
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	1,098,978	1,634,163	112,344
Accrued expenses	—	75,755	264,502
Unearned revenue	601,975	15,888	—
Short term loans	12,000	1,092,000	980,100
Dividend payable	180,000	—	—
Other payables	81,423	14,300	—
Convertible debenture, net discount due to beneficial conversion	—	—	—
Total current liabilities	1,974,376	2,832,106	1,356,946
Stockholders' equity			
Common stock, $0.001 per share authorized 50,000,000 shares; issued and outstanding 1,500 shares as of	1	1	—

December 31, 2002 and 2003			
Common stock, $0.0001 per share authorized 30,000,000 shares; issued and outstanding 15,268,000 shares as of December 31, 2004	—	—	1,527
Additional paid-in capital	4,799,999	6,014,399	5,991,823
Accumulated other comprehensive gain	—	—	68,855
Statutory reserve	66,758	263,795	1,017,905
Retained earnings	316,054	2,089,379	6,362,671
Total stockholders' equity	5,182,813	8,367,574	13,442,781
Total liabilities and stockholders' equity	7,157,188	11,199,680	14,799,727

27

Consolidated statements of cash flows

The consolidated statements of cash flows of Bodisen Biotech, Inc. (formerly Stratabid.com, Inc.) for the three years ended December 31, 2004 are as follows:

	Year ended December 31, 2002 U.S.$	*Year ended December 31, 2003 U.S.$*	*Year ended December 31, 2004 U.S.$*
Cash flows from operating activities			
Net income	667,583	1,970,361	5,027,403
Adjustments to reconcile net loss to the net cash used in operating activities:			
Depreciation and amortisation	149,699	247,958	302,803
Changes in working capital:			
Accounts receivable	288,218	249,086	(3,166,143)
Advances to suppliers	(893,393)	(270,645)	1,178,306
Inventory	300,312	81,538	51,612
Other assets	—	—	(48,736)
Accounts payable	(38,379)	535,186	(1,521,819)
Unearned revenue	589,812	(586,087)	(15,888)
Accrued expenses	(130,252)	75,753	196,031
Other payables	3,423	(67,122)	(35,350)
Net cash used in operating activities	937,023	2,236,028	1,968,219
Effect of exchange rate on cash	—	—	68,855
Cash flow from investing activities			
Payment on loan receivable	—	—	(968,000)
Acquisition of property & equipment	(600,666)	(133,653)	(435,814)
Additions to intangible assets	—	(1,470,307)	—
Additions to work in progress	(217,206)	(4,877)	(1,374,322)
Net cash used in investing activities	(817,872)	(1,608,837)	(2,778,136)
Cash flows from financing activities			
Payments on loan from officers/shareholders	(217,338)	—	—
Proceeds from convertible debt	—	—	—
Proceeds from (payments on) loan	12,000	1,080,000	(111,900)
Issuance of stock by subsidiary	—	1,214,400	—
Dividend paid	—	(180,000)	—
Net cash provided by (used in) financing activities	(205,338)	2,114,400	(111,900)
Net increase/(decrease) in cash and cash equivalents	(86,187)	2,741,591	(852,962)

Cash and cash equivalents, beginning of period	319,369	233,182	2,974,773
Cash and cash equivalents, end of period	233,182	2,974,773	2,121,811

28

BODISEN BIOTECH, INC. AND SUBSIDIARIES
FINANCIAL STATEMENTS
SEPTEMBER 30, 2005 (UNAUDITED)

Consolidated statements of income (unaudited)

	For the three month periods ended		*For the nine month periods ended*	
	September 30, 2005 $	*September 30, 2004 $*	*September 30, 2005 $*	*September 30, 2004 $*
Net revenue	10,516,790	5,407,841	23,635,270	11,824,135
Cost of revenue	6,561,181	3,388,736	14,769,820	6,944,873
Gross profit	3,955,609	2,019,105	8,865,450	4,879,262
Operating expenses				
Selling expenses	294,860	228,624	674,768	459,579
General and administrative expenses	299,557	177,695	1,009,439	531,149
Total operating expenses	594,417	406,319	1,684,207	990,728
Income from operations	3,361,192	1,612,786	7,181,243	3,888,534
Non-operating income/(expenses)				
Interest income	(5,461)	-	42,594	-
Other income	-	3,816	-	11,568
Interest expense	(484,690)	(19,770)	(864,050)	(58,281)
Total non-operating income/(expenses)	(490,151)	(15,954)	(821,456)	(46,713)
Net income	2,871,041	1,596,832	6,359,787	3,841,822
Other comprehensive income/(loss)				
Foreign currency translation gain	524,838	30,524	524,838	69,625
Comprehensive income	3,395,879	1,627,356	6,884,625	3,911,447
Basic weighted average shares outstanding	15,326,344	15,268,000	15,289,569	15,268,000
Basic earnings per share	$ 0.19	$ 0.10	$ 0.42	$ 0.25
	15,619,663	15,324,318	15,982,006	15,292,453

Diluted weighted average shares outstanding								
Diluted earnings per share	$	0.19	$	0.10	$	0.41	$	0.25

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

Consolidated balance sheet

September 30, 2005 (unaudited)

	As of September 30, 2005 $
ASSETS	
Current assets:	
Cash & cash equivalents	3,841,228
Accounts receivable, net	7,628,933
Advances to suppliers	664,524
Prepaid expenses	284,142
Inventory	1,037,343
Loan receivable	997,274
Investment	2,869,360
Other assets	74,823
Total current assets	17,397,627
Property and equipment, net	5,005,832
Construction in progress	1,240,000
Intangible assets, net	2,154,350
Total assets	25,797,809
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	405,130
Other payable	378,699
Accrued expenses	167,480
Notes payable	880,400
Convertible debenture, net discount due to beneficial conversion	1,515,023
Total current liabilities	3,346,732
Stockholders' equity:	
Preferred stock, $0.0001 per share; authorized 5,000,000 shares; none issued	-
Common stock, $0.0001 per share; authorized 30,000,000 shares; issued and outstanding 15,474,220 shares	1,547
Additional paid in capital	8,184,329
Statutory reserve	2,061,054

Accumulated other comprehensive income	524,838
Retained earnings	11,679,309
Total stockholders' equity	22,451,077
Total liabilities and stockholders' equity	25,797,809

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

Consolidated statements of cash flows

For the nine month periods ended September 30, 2005 and 2004 (unaudited)

	For the nine month periods ended	
	September 30, 2005 *$*	*September 30, 2004* *$*
Cash flows from operating activities:		
Net income	6,359,787	3,841,821
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	498,950	204,511
Amortization of beneficial conversion feature	634,285	-
(Increase)/decrease in current assets:		
Accounts receivable	(2,639,949)	(2,849,233)
Advances to suppliers	90,686	933,986
Inventory	(269,999)	208,287
Other assets	(26,087)	(201,652)
Increase/(decrease) in current liabilities:		
Accounts payable	292,786	(1,238,063)
Unearned revenue	-	(15,888)
Other payable	378,699	206,191
Accrued expenses	(307,900)	37,838
Net cash provided by operating activities	5,011,258	1,127,798
Effect of exchange rate on cash	455,983	69,625
Cash flows from investing activities:		
Acquisition of property & equipment	(3,393,085)	(305,633)
Work in progress	(356,405)	(1,278,543)
Loan receivable	(29,274)	-
Investments	(2,869,360)	-
Net cash used in investing activities	(6,648,124)	(1,584,176)
Cash flows from financing activities:		
Loan repayment	(99,700)	(3,000)
Proceeds from convertible debenture	3,000,000	-
Net cash provided by/(used in) financing activities	2,900,300	(3,000)
Net increase/(decrease) in cash and cash equivalents	1,719,417	(389,753)
Cash and cash equivalents, beginning balance	2,121,811	2,974,773

Cash and cash equivalents, ending balance	3,841,228	2,585,020

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

Notes to the consolidated financial statements

September 30, 2005 (unaudited)

1. Organization and description of business

Yang Ling Bodisen Biology Science and Technology Development Company Limited ("BBST") was founded in the People's Republic of China on August 31, 2001. BBST, located in Yang Ling Agricultural High-Tech Industries Demonstration Zone, is primarily engaged in developing, manufacturing and selling pesticides and compound organic fertilizers in the People's Republic of China. Bodisen International, Inc. ("BII") is a Delaware Corporation, incorporated on November 19, 2003. BII was a non-operative holding company of BBST. On December 15, 2003, BII entered in to an agreement with all the shareholders of BBST to exchange all of the outstanding stock of BII for all the issued and outstanding stock of BBST. After the consummation of the agreement, the former shareholders of BBST owned 1500 shares of common stock of BII, which represents 100% of BII's issued and outstanding shares. For U.S. Federal income tax purpose, the transaction was intended to be qualified as a tax-free transaction under section 351 of the Internal Revenue Code of 1986, as amended.

The exchange of shares with BBST has been accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of the BBST obtained control of the consolidated entity. Accordingly, the merger of the two companies has been recorded as a recapitalization of BBST, with BBST being treated as the continuing entity. The historical financial statements presented are those of BBST. The continuing company has retained December 31 as its fiscal year end. The financial statements of the legal acquirer are not significant; therefore, no pro forma financial information is submitted.

On February 24, 2004, BII consummated a merger agreement with Stratabid.com, Inc. ("Stratabid"), a Delaware corporation, to exchange 12,000,000 shares of Stratabid to the shareholders of BII, in which BII merged into Bodisen Holdings, Inc. ("BHI"), an acquisition subsidiary of Stratabid, with BHI being the surviving entity. As a part of the merger, Stratabid cancelled 3,000,000 shares of its issued and outstanding stock owned by its former president and declared a stock dividend of three shares on each share of its common stock outstanding for all stockholders on record as of February 27, 2004.

Stratabid was incorporated in the State of Delaware on January 14, 2000 and before the merger, was a start- up stage Internet based commercial mortgage origination business based in Vancouver, BC, Canada.

The exchange of shares with Stratabid has been accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of BII obtained control of Stratabid. On March 1, 2004, Stratabid was renamed Bodisen Biotech, Inc. (the "Company"). Accordingly, the merger of the two companies has been recorded as a recapitalization of the Company, with the Company being treated as the continuing entity. The financial statements of legal acquiree are not significant; therefore, no pro forma financial information is submitted.

In March 2005, Bodisen Biotech Inc. completed a $3 million convertible debenture private placement through an institutional investor. Approximately $651,000 in expenses relating to this private placement has been amortized over the term of the convertible debenture. The net proceeds from this offering were sent to China towards capital contribution of the registration of a wholly-owned Bodisen subsidiary by the name of "Yang Ling Bodisen Agricultural Technology Co., Ltd. ("Agricultural"). In June 2005, Agricultural completed a transaction with Yang Ling Bodisen Biology Science and Technology Development Company Limited ("Yang Ling"), Bodisen Biotech, Inc.'s operating subsidiary in China, which resulted in Agricultural owning 100% of Yang Ling.

2. Basis of preparation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods are not necessarily indicative of the results for any future period. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2004.

Accounts receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Terms of the sales vary from COD through a credit term up to 9 to 12 months. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful debts amounted to $189,896 at September 30, 2005.

Advances to suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured. The advances amounted to $664,524 at September 30, 2005.

Income taxes

The Company utilizes SFAS No. 109, “Accounting for Income Taxes,” which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. According to the Provisional Regulations of the People’s Republic of China on Income Tax, the Document of Reductions and Exemptions of Income Tax for the Company had been approved by the local tax bureau and the Yang Ling Agricultural High-Tech Industries Demonstration Zone. The Company is exempted from income tax through 2007.

In March 2005, Bodisen Biotech Inc. formed a new 100% wholly-owned subsidiary named Yang Ling Bodisen Agricultural Technology Co., Ltd. (“Agricultural”) in China. Under Chinese law, a newly formed wholly owned subsidiary of a foreign company enjoys an income tax exemption for the first two years and a 50% reduction of normal income tax rates for the following 3 years. In order to extend such tax benefits, in June 2005, Agricultural completed a transaction with Yang Ling Bodisen Biology Science and Technology Development Company Limited (“Yang Ling”, Bodisen Biotech, Inc.’s operating subsidiary in China), which resulted in Agricultural owning 100% of Yang Ling.

Fair value of financial instruments

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Foreign currency transactions and comprehensive income (loss)

Assets and liabilities in foreign currency are recorded at the balance sheet date at the rate prevailing on that date. Items entered on the income statement are recorded at the average exchange rate. Gains or losses on foreign currency transactions are reflected on the income statement. Gains or losses on financial statement translation from foreign currency are recorded as separate components in the equity section of the balance sheet, under comprehensive income. The functional currency of the Company is the Chinese Renminbi. As of September 30, 2005, comprehensive income in the consolidated statements of operation included $524,838 translation gain.

Segment reporting

The Company consists of one reportable business segment. All revenue is from customers in People’s Republic of China. All of the Company’s assets are located in People’s Republic of China.

Recent pronouncements

On May 15, 2003, the Financial Accounting Standards Board ("FASB") issued FASB Statement No. 150 ("SFAS 150"), "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. Further, SFAS 150 requires disclosure regarding the terms of those instruments and settlement alternatives. SFAS 150 affects an entity's classification of the following freestanding instruments: a) Mandatorily redeemable instruments b) Financial instruments to repurchase an entity's own equity instruments c) Financial instruments embodying obligations that the issuer must or could choose to settle by issuing a variable number of its shares or other equity instruments based solely on (i) a fixed monetary amount known at inception or (ii) something other than changes in its own equity instruments d) SFAS 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The guidance in SFAS 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. For private companies, mandatorily redeemable financial instruments are subject to the provisions of SFAS 150 for the fiscal period beginning after December 15, 2003. The Company does not expect the adoption of SFAS No. 150 to have a material impact on its financial position or results of operations or cash flows.

In December 2003, FASB issued a revised Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46R"). FIN 46R addresses consolidation by business enterprises of variable interest entities and significantly changes the consolidation application of consolidation policies to variable interest entities and, thus improves comparability between enterprises engaged in similar activities when those activities are conducted through variable interest entities. The Company does not hold any variable interest entities.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This statement applies to all voluntary changes in accounting principles and requires retrospective application to prior periods' financial statements of changes in accounting principle, unless such would be impracticable. This statement also makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We are evaluating the effect the adoption of this interpretation will have on the Company's financial position, cash flows and results of operations.

In June 2005, the EITF reached consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements ("EITF 05-6") EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. EITF 05-6 is not expected to have a material effect on its consolidated financial position or results of operations.

3. Principles of consolidation

The accompanying consolidated financial statements include the accounts of Bodisen Biotech, Inc. (from the merger date), its 100% wholly-owned subsidiary Bodisen Holdings, Inc. ("BHI"), BHI's 100% wholly- owned subsidiary Yang Ling Bodisen Biology Science and Technology Development Company Limited, and a 100% wholly-owned subsidiary, incorporated in March 2005, named Yang Ling Bodisen Agricultural Technology Co., Ltd. All significant inter-company accounts and transactions have been eliminated in consolidation.

4. Major vendors

Five vendors provided 81% of the Company's raw materials for the nine month periods ended September 30, 2005. The payable balance for these parties amounted to $225,780.

5. Advance to officer

During the six month period ending June 30, 2005, the Company advanced $2,383,217 to 4 officers as a short term loan. Said loan was interest free, unsecured, and payable upon demand. This loan was repaid during the quarter ended September 30, 2005.

6. Loan receivable

The company has a loan receivable from an unrelated party amounting $997,294 as of September 30, 2005. This loan is unsecured, bears 9% interest per annum and matures on December 7, 2005.

7. Investment

During the nine month period ended September 30, 2005, the company has invested $2,869,360 for a 13% interest of an investee company. The Company accounts for this investment under the cost method.

8. Intangible assets

Net intangible assets at September 30, 2005 were as follows:

	$
Rights to use land	1,710,423
Fertilizers proprietary technology rights	992,000
	2,702,423
Less Accumulated amortization	(548,073)
	2,154,350

The Company's office and manufacturing site is located in Yang Ling Agricultural High-Tech Industries Demonstration Zone in the province of Shanxi, People's Republic of China. The Company leases land per a real estate contract with the government of People's Republic of China for a period from November 2001 through November 2051. Per the People's Republic of China's governmental regulations, the Government owns all land.

During July 2003, the Company leased another parcel of land per a real estate contract with the government of the People's Republic of China for a period from July 2003 through June 2053.

The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over a period of fifty years.

The Company acquired Fluid and Compound Fertilizers proprietary technology rights with a life ending December 31, 2011. The Company is amortizing Fertilizers proprietary technology rights over a period of ten years, the contractual life, which is shorter than the estimated useful life of the rights.

Amortization expense for the Company's intangible assets for the nine month periods ending September 30, 2005 and 2004 amounted to $64,940 each period.

Amortization expense for the Company's intangible assets over the next five fiscal years is estimated to be: 2006-$130,000, 2007-$130,000, 2008-$130,000, 2009-$130,000 and 2010-$100,000.

9. Notes payable

As of September 30, 2005, the Company has notes payable in the amount of $880,400, of which, $868,000 is from the local bank with the Company's building and "right to use land" as collateral. $434,000 of the $868,000 is due on October 28, 2005 with 0.605% monthly interest. The remaining $434,000 of the $868,000 is due on June 29, 2006 with 0.651% monthly interest.

10. Shareholders' equity

On February 24, 2004, BII entered into a merger agreement with Stratabid.com, Inc. ("Stratabid") to exchange 12,000,000 shares of Stratabid to the shareholders of BII. As a part of the merger, Stratabid cancelled 3,000,000 shares of its issued and outstanding stock owned by a majority shareholder and declared a stock dividend of three shares on each share of its common stock outstanding for all stockholders on record as of February 27, 2004, after the merger agreement. The Company has a total of 15,474,220 shares of common stock outstanding as of September 30, 2005.

11. Convertible debenture

On March 16, 2005, the Company completed a private placement offering. The Company received the sum of $3 million and issued a one year 9% debenture convertible into shares of common stock by dividing the aggregate principal and accrued interest by a conversion price of $4.80; and three year warrants to purchase 187,500 shares of common stock at $4.80 per share and three year warrants to purchase 40,000 shares of common stock at $6.88 per share.

This debenture was considered to have an embedded beneficial conversion feature because the conversion price was less than the quoted market price at the time of the issuance. The Company allocated the proceeds of the debt between the warrant and the debt based on relative fair values. Accordingly, the beneficial conversion feature of $803,381 was recorded separately based on the intrinsic value method per EITF 00-27. The debenture is recorded in the balance sheet at face value less the unamortized beneficial conversion feature and unamortized interest on warrants of $367,574 and $167,403, respectively.

During the year, $950,000 of debentures was converted into 206,220 shares of common stock.

12. Stock options

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock Based Compensation- Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used, on reported results. The Statement is effective for the Company's interim reporting period ending January 31, 2003.

In compliance with SFAS No. 148, the Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation plan as defined by APB No. 25 and has made the applicable disclosures below.

Had the Company determined employee stock based compensation cost based on a fair value model at the grant date for its stock options under SFAS 123, the Company's net earnings per share would have been adjusted to the pro forma amounts for the nine month periods ended September 30, 2005 as follows ($ in thousands, except per share amounts):

	Nine month periods ended			
		September 30, 2005 $		*September 30, 2004 $*
Net income — as reported	$	6,359	$	3,841
Stock-based employee compensation expense included in reported net income, net of tax				
Total stock-based employee compensation under fair-value-based method for all rewards, net of tax		(12)		0
Pro forma net income	$	6,347	$	3,841

Earnings per share:

	Nine month periods ended			
		September 30, 2005		*September 30, 2004*
Basic, as reported	$	0.42	$	0.25
Diluted, as reported	$	0.41	$	0.25
Basic, pro forma	$	0.42	$	0.25
Diluted, pro forma	$	0.41	$	0.25

In 2004, the board of directors approved the creation of the 2004 Stock Option Plan. This plan provides for the grant of incentive stock options to employees, directors and consultants. Options issued under this plan will expire over a maximum term of five years from the date of grant.

Pursuant to the Stock Option Plan, the Company granted 110,000 stock options to two Directors (55,000 options each) in the year ended December 31, 2004, of which 100,000 stock options was granted on June 4, 2004 and the balance of

10,000 was granted on Dec. 28, 2004.

On the first 100,000 stock options granted, 50,000 stock options vested immediately and 50,000 stock options became vested over 8 equal quarterly installments, with the first installment vesting at the end of the second quarter of 2004. The 10,000 stock options granted on Dec. 28, 2004 vested on Dec. 31, 2004.

The option exercise price was $5 for the first 100,000 stock options which was the same as fair value of the shares at the time of granting of the options. The option exercise price was $5.80 for the second 10,000 stock options which was the same as fair value of the shares at the time of granting of the options. Accordingly, no compensation expenses were recorded.

The Company did not grant any option during the nine month period ended September 30, 2005.

13. Supplemental disclosure of cash flows

The Company prepares its statements of cash flows using the indirect method as defined under the Statement of Financial Accounting Standard No. 95.

The Company paid $78,143 and $58,281 for interest and $0 for income tax during the nine month periods ended September 30, 2005 and 2004, respectively.

Cash from financing activities excludes the effect on conversion of $950,000 of debentures into 206,220 shares of common stock.

14. Statutory common welfare fund and reserve

As stipulated by the Company Law of the People's Republic of China ("PRC"), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

(i) making up cumulative prior years' losses, if any;

(ii) allocations to the "Statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;

(iii) allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory common welfare fund," which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and

(iv) allocations to the discretionary surplus reserve, if approved in the shareholders' general meeting.

In accordance with the Chinese Company Law, the company has allocated 15% of its annual net income, amounting $2,061,054 and $647,977 as statutory reserve including Statutory common welfare fund for the nine month periods ended September 30, 2005 and 2004, respectively.

The Company makes annual contributions of 14% of all employees' salaries to employee welfare plan. The total expense for the above plan $50,795 and $49,642 for the nine month period ended September 30, 2005 and 2004, respectively.

15. Factory location and lease commitments

BBST's principal executive offices are located at North Part of Xinquia Road, Yang Ling Agricultural High-Tech Industries Demonstration Zone Yang Ling, Shanxi province, People's Republic of China. BBST owns two factories, which includes three production lines, an office building, one warehouse, and two research labs located on 10,900 square meters of land. BBST leases a branch office in Xian City with monthly rents of $478 from January 6, 2005 through February 5, 2006. BBST also leases a warehouse in Yang Ling near the site of Bodisen's factories. Total lease commitment through September 30, 2005 amounted to $1,276.

16. Earnings per share

Earnings per share for nine month periods ended September 30, 2005 and 2004 were determined by dividing net income for the periods by the weighted average number of basic shares of common stock and common stock equivalents outstanding; and dividing net income plus the interest expense charged for convertible debenture by weighted average number of diluted shares of common stock and common stock equivalents outstanding.

The following is an analysis of the differences between basic and diluted earnings per common share in accordance with Statement of Financial Accounting Standards No. 128, “Earnings Per Share.”

	Nine month periods ended	
	September 30, 2005	*September 30, 2004*
Weighted average common shares outstanding	15,289,569	15,268,000
Effect of dilutive securities: stock options	692,437	24,453
Weighted average common shares outstanding and common share equivalents	15,982,006	15,292,453

17. Merger agreements

On February 11, 2004, Stratabid entered into an Agreement and Plan of Merger with Bodisen Acquisition Corp., a Delaware corporation ("BAC") wholly-owned by Stratabid, Bodisen International, Inc., a Delaware corporation ("BII") and the shareholders of BII. BII has one 100% wholly-owned subsidiary in Shanxi, China, Yang Ling Bodisen Biology Science and Technology Development Company Limited ("BBST"). Under the terms of the agreement, BAC acquired 100 percent of BII's stock in exchange for the issuance by Stratabid of three million shares of its common stock to the holders of BII. The new shares constitute approximately 79 percent of the outstanding shares of Stratabid, which changed its name to Bodisen Biotech, Inc. (the "Company"). The Agreement and Plan of Merger was closed on February 24, 2004.

BII's Chairman of the Board was appointed the Company's Chief Executive Officer.

At the Effective Time, by virtue of the Merger and without any action on the part of the BAC, BII or the BII Shareholders, the shares of capital stock of each of BII and the BAC were converted as follows:

(a) Capital Stock of the BAC. Each issued and outstanding share of the BAC's capital stock continued to be issued and outstanding and was converted into one share of validly issued, fully paid, and non- assessable common stock of the Surviving Company (Bodisen Holdings, Inc.). Each stock certificate of the BAC evidencing ownership of any such shares continued to evidence ownership of such shares of capital stock of the Surviving Company.

(b) Conversion of BII Shares. Each BII Share that was issued and outstanding at the Effective Time was automatically cancelled and extinguished and converted, without any action on the part of the holder thereof, into the right to receive at the time and in the amounts described in the Agreement an amount of Acquisition Shares equal to the number of Acquisition Shares divided by the number of BII Shares outstanding immediately prior to Closing. All such BII Shares, so converted, were no longer outstanding and were automatically cancelled and retired and ceased to exist, and each holder of a certificate representing any such shares ceased to have any rights with respect thereto, except the right to receive the Acquisition Shares paid in consideration therefore upon the surrender of such certificate in accordance with the Agreement.

(c) Within thirty (30) days from the Closing Date, Stratabid was required to sell its business operations, as they exist immediately prior to the Closing, to Derek Wasson, former president. In consideration of the sale, Mr. Wasson returned 750,000 Company Common Shares to Stratabid for cancellation. In addition, Mr. Wasson forgave all indebtedness owed by Stratabid to Mr. Wasson. Other than indebtedness of BII, Stratabid had no indebtedness or other liability of any kind or nature after the sale of the business to Mr. Wasson, save and except for liabilities incurred in connection with the Merger.

18. Current vulnerability due to certain concentrations

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

19. Reclassifications

Certain prior period amounts have been reclassified to conform to the period ended September 30, 2005 presentation.

BODISEN BIOTECH, INC.
(FORMERLY STRATABID.COM, INC.)

FINANCIAL STATEMENTS DECEMBER 31, 2004 AND 2003

Report of independent registered public accounting firm

To the Board of Directors and Stockholders

Bodisen Biotech, Inc.

We have audited the accompanying consolidated balance sheet of Bodisen Biotech, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2004 and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended December 31, 2004 and 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bodisen Biotech, Inc. and subsidiaries as of December 31, 2004, and the results of its consolidated operations and its cash flows for the years ended December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

/S/ KABANI & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS
Huntington Beach, California
March 1, 2005

39

Consolidated balance sheet

		December 31, 2004
CURRENT ASSETS:		
Cash & cash equivalents	$	2,121,811
Accounts Receivable, net		4,988,984
Advances to Suppliers		755,210
Inventory		767,344
Loan Receivables		968,000
Total current assets		9,601,349
Property and equipment, net		1,353,598
Capital work in progress		1,596,405
Intangible assets, net		2,199,639
Other assets		48,736
Total assets	$	14,799,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$	112,344
Accrued expenses		264,502
Short term loans		980,100
Total current liabilities		1,356,946
Stockholders' equity:		
Preferred stock, $0.0001 per share; authorized 5,000,000 shares; none issued		—
Common stock, $0.0001 per share; authorized 30,000,000 shares; issued and outstanding 15,268,000 shares		1,527
Additional paid in capital		5,991,823
Accumulated other comprehensive gain		68,855
Statutory reserve		1,017,905
Retained earnings		6,362,671
Total stockholders' equity		13,442,781
Total liabilities and stockholders equity		14,799,727

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

40

Consolidated statements of income

For the years ended December 31, 2004 and 2003

	2004	2003
Net revenue	$ 16,225,896	$ 9,783,784
Cost of revenue	9,653,965	6,706,082
Gross profit	6,571,931	3,077,702
Operating expenses		
Selling expenses	615,549	573,807
General and administrative expenses	907,801	630,401
Total operating expenses	1,523,350	1,204,207
Income from operations	5,048,581	1,873,495
Non-operating Income (expense):		
Other income (expense)	7,623	—
Interest income	45,338	138,225
Interest expense	(74,139)	(41,359)
Total non-operating income (expense)	(21,178)	96,866
Net Income	5,027,403	1,970,361
Other comprehensive income/(loss)		
Foreign currency translation gain	68,855	—
Comprehensive income	$ 5,096,258	$ 1,970,361
Basic weighted average shares outstanding	15,268,000	15,268,000
Basic earnings per share	$ 0.33	$ 0.1
Diluted weighted average shares outstanding	15,328,356	15,268,000
Diluted earnings per share	$ 0.33	$ 0.13

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

Consolidated statements of stockholders equity

For the years ended December 31, 2004 and 2003

	Common Stock			*Accumulated Other Comprehensive Gain*			
	Number of Shares	*Amount*	*Additional paid in capital*		*Statutory reserve*	*Retained earnings (deficit)*	*Total stockholders' equity*
Balance, January 1, 2003	1,500	$ 1	$ 6,014,399	$ —	$ 66,758	$ 316,054	$ 6,397,212
Recapitalization on reverse acquisition	15,266,500	1,526	(22,576)	—	—	—	(21,050)
Balance after recapitalization	15,268,000	1,527	5,991,823	—	66,758	316,054	6,376,162
Net income for the year ended December 31, 2003	—	—	—		—	1,970,361	1,970,361
Allocation to statutory reserve Foreign Translation gain/(loss)	—	—	—		197,036	(197,036)	—
Balance, December 31, 2003	15,268,000	1,527	5,991,823	—	263,794	2,089,379	8,346,523
Foreign currency translation adjustments	—	—	—	68,855	—	—	68,855
Net income for the year ended December 31, 2004	—	—	—	—	—	5,027,403	5,027,403
Allocation to statutory reserve	—	—	—	—	754,110	(754,110)	—
Balance, December 31, 2004	15,268,000	$ 1,527	$ 5,991,823	$ 68,855	$ 1,017,905	$ 6,362,671	$ 13,442,781

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

Consolidated statements of cash flow

For the years ended December 31, 2004 and 2003

		2004		2003
Cash flows from operating activities:				
Net Income	$	5,027,403	$	1,970,361
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		302,803		247,958
(Increase)/decrease in current assets:				
Accounts receivable		(3,166,143)		249,086
Advances to suppliers		1,178,306		(270,645)
Inventory		51,612		81,538
Other Assets		(48,736)		—
Increase/(decrease) in current liabilities:				
Accounts payable		(1,521,819)		535,186
Unearned revenue		(15,888)		(586,087)
Other payables		(35,350)		(67,122)
Accrued expenses		196,031		75,753
Net cash provided by operating activities		1,968,219		2,236,028
Effect of exchange rate on cash		68,855		
Cash flows from investing activities:				
Payment on loan receivable		(968,000)		—
Acquisition of property & equipment		(435,814)		(133,653)
Additions to intangible assets		—		(1,470,307)
Additions to work in progress		(1,374,322)		(4,877)
Net cash used in investing activities		(2,778,136)		(1,608,837)
Cash flows from financing activities:				
Payments of loan from officers/shareholder				—
Proceeds from (payments on) loan		(111,900)		1,080,000
Issuance of subsidiary stock		—		1,214,400
Dividend paid		—		(180,000)
Net cash provided by (used in) financing activities		(111,900)		2,114,400
Net increase/(decrease) in cash and cash equivalents		(852,962)		2,741,591
Cash and cash equivalents, beginning balance		2,974,773		233,182
Cash and cash equivalents, ending balance	$	2,121,811	$	2,974,773

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

43

Notes to the consolidated financial statements

December 31, 2004 and 2003

1. Organization and description of business

Yang Ling Bodisen Biology Science and Technology Development Company Limited ("BBST") was founded in the People's Republic of China on August 31, 2001. BBST, located in Yang Ling Agricultural High-Tech Industries Demonstration Zone, is primarily engaged in developing, manufacturing and selling pesticides and compound organic fertilizers in the People's Republic of China. Bodisen International, Inc. ("BII") is a Delaware Corporation, incorporated on November 19, 2003. BII was a non-operative holding company of BBST. On December 15, 2003, BII entered in to an agreement with all the shareholders of BBST to exchange all of the outstanding stock of BII for all the issued and outstanding stock of BBST. After the consummation of the agreement, the former shareholders of BBST own 1500 shares of common stock of BII, which represent 100% of BII's issued and outstanding shares. For U.S. Federal income tax purpose, the transaction is intended to be qualified as a tax-free transaction under section 351 of the Internal Revenue Code of 1986, as amended.

The exchange of shares with BBST has been accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of the BBST obtained control of the consolidated entity. Accordingly, the merger of the two companies has been recorded as a recapitalization of BBST, with BBST being treated as the continuing entity. The historical financial statements presented are those of BBST. The continuing company has retained December 31 as its fiscal year end. The financial statements of the legal acquirer are not significant; therefore, no pro forma financial information is submitted.

On February 24, 2004, BII consummated a merger agreement with Stratabid.com, Inc. ("Stratabid"), a Delaware corporation, to exchange 12,000,000 shares of Stratabid to the shareholders of BII, in which BII merged into Bodisen Holdings, Inc. (BHI), an acquisition subsidiary of Stratabid, with BHI being the surviving entity. As a part of the merger, Stratabid cancelled 3,000,000 shares of its issued and outstanding stock owned by its former president and declared a stock dividend of three shares on each share of its common stock outstanding for all stockholders on record as of February 27, 2004.

Stratabid was incorporated in the State of Delaware on January 14, 2000 and before the merger, was a start- up stage Internet based commercial mortgage origination business based in Vancouver, BC, Canada.

The exchange of shares with Stratabid has been accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of BII obtained control of Stratabid. On March 1, 2004, Stratabid was renamed Bodisen Biotech, Inc. (the "Company"). Accordingly, the merger of the two companies has been recorded as a recapitalization of the Company, with the Company being treated as the continuing entity. The financial statements of legal acquiree are not significant; therefore, no pro forma financial information is submitted.

2. Summary of significant accounting policies

Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Terms of the sales vary from COD through a credit term up to 9 to 12 months. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful debts amounted to $185,301 as at December 31, 2004.

Advances to suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured. The advances to suppliers amounted to $755,210 at December 31, 2004.

Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. The Management compares the cost of inventories with the market value and allowance is made for writing down the inventories to there market value, if lower.

Loan receivable

On December 8, 2004, the Company entered in to an agreement to loan $968,000 to an unrelated party. The loan is unsecured, payable by December 7, 2005 and carries an interest rate of 8.7% per annum.

Property & Equipment & Capital work in progress

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of: 30 years for building, 10 years for machinery, 5 years for office equipment and 8 years for vehicles.

On December 31, 2004, the Company has “Capital Work in Progress” representing the construction in progress of the Company’s manufacturing plant amounting $1,596,405.

Long-lived assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” and the accounting and reporting provisions of APB Opinion No. 30, “Reporting the Results of Operations for a Disposal of a Segment of a Business.” The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of December 31, 2004 there were no significant impairments of its long-lived assets.

Intangible Assets

Intangible assets consist of Rights to use land and Fertilizers proprietary technology rights. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Fair value of financial instruments

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with Staff accounting bulletin (SAB) 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising Costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the years ended December 31, 2004 and 2003 were insignificant.

Stock-based compensation

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires compensation expense to be recorded (i) using the new fair value method or (ii) using the existing accounting rules prescribed by Accounting Principles Board Opinion No. 25, "Accounting for stock issued to employees" (APB 25) and related interpretations with proforma disclosure of what net income and earnings per share would have been had the Company adopted the new fair value method. The Company uses the intrinsic value method prescribed by APB 25 and has opted for the disclosure provisions of SFAS No.123.

Income Taxes

The Company utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

According to the Provisional Regulations of the People's Republic of China on Income Tax, the Document of Reductions and Exemptions of Income Tax for the Company had been approved by the local tax bureau and the Yang Ling Agricultural High-Tech Industries Demonstration Zone. The Company is exempted from income tax through December 31, 2004.

Foreign currency transactions and comprehensive income (loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company is Chinese Renminbi. The unit of Renminbi is in Yuan. Translation gains of $68,855 at December 31, 2004 are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet. During the year ended December 31, 2004, comprehensive income in the consolidated statements of operation included translation gains of $68,855. The Company had insignificant translation gain in the year ended December 31, 2003.

Basic and diluted net loss per share

Net loss per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Net loss per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Statement of Cash Flows:

In accordance with Statement of Financial Accounting Standards No. 95, “Statement of Cash Flows,” cash flows from the Company’s operations are calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

Segment Reporting

Statement of Financial Accounting Standards No. 131 (“SFAS 131”), “Disclosure About Segments of an Enterprise and Related Information” requires use of the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company. SFAS 131 has no effect on the Company’s consolidated financial statements as the Company consists of one reportable business segment. All revenue is from customers in People’s Republic of China. All of the Company’s assets are located in People’s Republic of China.

Recent Pronouncements

In November 2004, the FASB has issued FASB Statement No. 151, “Inventory Costs, an Amendment of ARB No. 43, Chapter 4” (“FAS No. 151”). The amendments made by FAS No. 151 are intended to improve financial reporting by clarifying that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities.

The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 23, 2004. The provisions of FAS No. 151 will be applied prospectively. The Company does not expect the adoption of FAS No. 151 to have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued FASB Statement No. 123R, “Share-Based Payment, an Amendment of FASB Statement No. 123” (“FAS No. 123R”). FAS No. 123R requires companies to recognize in the statement of operations the grant- date fair value of stock options and other equity-based compensation issued to employees. FAS No. 123R is effective beginning in the Company’s second quarter of fiscal 2006. The Company is in process of evaluating the impact of this pronouncements on its consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS Statement No. 153, “Exchanges of Nonmonetary Assets.” The Statement is an amendment of APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The Company believes that the adoption of this standard will have no material impact on its financial statements.

In March 2004, the Emerging Issues Task Force (“EITF”) reached a consensus on Issue No. 03-1, “The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments.” The EITF reached a consensus about the criteria that should be used to determine when an investment is considered impaired, whether that impairment is other-than-temporary, and the measurement of an impairment loss and how that criteria should be applied to investments accounted for under SFAS No. 115, “ACCOUNTING IN CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES.” EITF 03-01 also included accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other- than-temporary impairments. Additionally, EITF 03-01 includes new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the Financial Accounting Standards Board (FASB) delayed the accounting provisions of EITF 03-01; however the disclosure requirements remain effective for annual reports ending after June 15, 2004. The Company will evaluate the impact of EITF 03-01 once final guidance is issued.

3. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, BII and its wholly owned subsidiary, BBST. All significant inter-company accounts and transactions have been eliminated in consolidation. The acquisition of BII on February 24, 2004, has been accounted for as a purchase and treated as a reverse acquisition (note 1). The historical results for the year ended December 31, 2004 include both the Company (from the acquisition date) and BII and BBST (for full year) while the historical results for the year ended December 31, 2003 includes only BBST and BII.

4. Intangible assets

Net intangible assets at December 31, 2004 were as follows:

Rights to use land	$	1,666,920
Fertilizers proprietary technology rights		968,000
		2,634,920
Less Accumulated amortization		(435,281)
	$	2,199,639

The Company's office and manufacturing site is located in Yang Ling Agricultural High-Tech Industries Demonstration Zone in the province of Shanxi, People's Republic of China. The Company leases land per a real estate contract with the government of People's Republic of China for a period from November 2001 through November 2051. Per the People's Republic of China's governmental regulations, the Government owns all land.

During July 2003, the Company leased another parcel of land per a real estate contract with the government of the People's Republic of China for a period from July 2003 through June 2053.

The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over a period of fifty years. The "Rights to use land" is being amortized over 50 years period.

The Company acquired Fluid and Compound Fertilizers proprietary technology rights with a life ending December 31, 2011. The Company is amortizing Fertilizers proprietary technology rights over a period of ten years.

Amortization expense for the Company's intangible assets for the year ended December 31, 2004 and 2003 amounted to $130,181 and $109,401, respectively.

Amortization expense for the Company's intangible assets over the next five fiscal years is estimated to be: 2005-$130,000, 2006-$130,000, 2007-$130,000, 2008-$130,000 and 2009-$130,000.

5. Short term loans

Short term loans consisted of the following at December 31, 2004:

Note payable to bank, interest rate; 6.51% per annum, payable quarterly, maturity date; 5/30/05, secured by assets of the Company.	$	544,500
Note payable to bank, interest rate; 6.05% per annum, payable quarterly, maturity date; 10/28/05, secured by assets of the Company.		423,500
Short term support loan from the Shanxi Technology Bureau of the Government of People's Republic of China, interest free; secured by assets of the Company, due on demand.		12,100
	$	980,100

6. Shareholders' equity

On February 24, 2004, BII entered into a merger agreement with Stratabid.com, Inc. (Stratabid) to exchange 12,000,000 shares of Stratabid to the shareholders of BII (note 14). As a part of the merger, Stratabid cancelled 3,000,000 shares of its issued and outstanding stock owned by a majority shareholder and declared a stock dividend of three shares on each share of its common stock outstanding for all stockholders on record as of February 27, 2004, after the merger agreement. The Company has a total of 15,268,000 shares of common stock outstanding as of December 31, 2004.

7. Stock options

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock Based Compensation- Transition and Disclosure". SFAS No. 148 amends SFAS No. 123, "Accounting for Stock Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used, on reported results. The Statement is effective for the Companies' interim reporting period ending January 31, 2003.

In compliance with FAS No. 148, the Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation plan as defined by APB No. 25 and has made the applicable disclosures below.

In 2004 the board of directors approved the creation of the 2004 Stock Option Plan. This plan provides for the grant of incentive stock options to employees, directors and consultants. Options issued under this plan will expire over a maximum term of five years from the date of grant.

Pursuant to the Stock Option Plan, the Company granted 110,000 stock options to two directors (55,000 options each) during the year ended December 31, 2004, of which 100,000 stock options was granted on June 4, 2004 and the balance of the 10,000 was granted on Dec. 28, 2004.

On the first 100,000 stock options granted, 50,000 stock options vested immediately and 50,000 stock options became vested over 8 equal quarterly installments, with the first installment vesting at the end of the second quarter of 2004. The 10,000 stock options granted on Dec. 28, 2004 vested on Dec. 31, 2004.

The option exercise price was $5 for the first 100,000 stock options which was the same as fair value of the shares at the time of granting of the options. The option exercise price was $5.80 for the second 10,000 stock options which was the same as fair value of the shares at the time of granting of the options.

Following is a summary of the stock option activity:

Outstanding at December 31, 2003	
Granted	110,000
Forfeited	0
Exercised	0
Outstanding at December 31, 2004	110,000

Following is a summary of the status of options outstanding at December 31, 2004:

Outstanding Options			*Exercisable Options*		
Exercise Price	*Number*	*Average Remaining Contractual Life*	*Average Exercise Price*	*Number*	*Average Exercise Price*
$5.00	100,000	4.42	$5.00	68,750	$5.00
$5.80	10,000	4.99	$5.80	10,000	$5.80

For options granted during the year ended December 31, 2004, the weighted-average fair value of such options was $1.92.

The assumptions used in calculating the fair value of options granted using the Black-Scholes option- pricing model are as follows:

First 100,000 stock options granted on June 4, 2004

Risk-free interest rate	4.0%
Expected life of the options	5.00 years
Expected volatility	35%
Expected dividend yield	0

Second 10,000 stock options granted on December 28, 2004

Risk-free interest rate	4.0%
Expected life of the options	5.00 years
Expected volatility	40%
Expected dividend yield	0

Had the Company determined employee stock based compensation cost based on a fair value model at the grant date for its stock options under SFAS 123, the Company's net earnings per share would have been adjusted to the pro forma amounts for the year ended December 31, 2004 as follow ($ in thousands, except per share amounts):

Net Income — as reported	$	5,027
Stock-Based employee compensation expense included in reported net income, net of tax		—
Total stock-based employee compensation expense determined under fair-value-based method for all rewards, net of tax		(153)
Pro forma net income	$	4,874

		Year ended December 31, 2004
Earnings per share:		
Basic, as reported	$	0.33
Diluted, as reported	$	0.33
Basic, pro forma	$	0.32
Diluted, pro forma	$	0.32

The Company did not grant any options during year ended December 31, 2003.

8. Supplemental disclosure of cash flows

The Company prepares its statements of cash flows using the indirect method as defined under the Financial Accounting Standard No. 95.

The Company paid $60,231 and $41,359 for interest and $0 for income tax during the year ended December 31, 2004 and 2003, respectively.

9. Employee welfare plans

The Company has established its own employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to employee welfare plan. The total expense for the above plan $80,761 and $55,813 for the year ended December 31, 2004 and 2003, respectively. The Company has recorded welfare payable of $175,758 at December 31, 2004.

10. Statutory common welfare fund

As stipulated by the Company Law of the People's Republic of China (PRC), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

(i) Making up cumulative prior years' losses, if any;

(ii) Allocations to the "Statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;

(iii) Allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory common welfare fund", which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and

(iv) Allocations to the discretionary surplus reserve, if approved in the shareholders' general meeting.

The Company established a reserve for the annual contribution of 5% of net income to the welfare fund in 2004. The amount included in the statutory reserve for the year ended December 31, 2004 amounted to $251,370.

11. Statutory Reserve

In accordance with the Chinese Company Law, the company has allocated 10% of its annual net income, amounting $502,740 and $197,036 as statutory reserve for the year ended December 31, 2004 and 2003, respectively.

12. Factory location and lease commitments

BBST's principal executive offices are located at North Part of Xinquia Road, Yang Ling Agricultural High-Tech Industries Demonstration Zone Yang Ling, Shaanzi province, People's Republic of China. BBST owns two factories, which includes three production lines, an office building, one warehouse, and two research labs and, is located on 10,900 square meters of land. The rent of the office building is $121 a month from May 20, 2004 through May 20, 2005. BBST also leases warehouses in Yang Ling near the site of Bodisen's factories. The rent of the warehouses is $194 a month from January 2005 through May 2005. Total future commitment through June 30, 2005 amounts to $1,573.

The Company has committed to pay $18,150 to an advertising agency for an advertising campaign, by October 2006.

13. Earnings per share

Earnings per share for year ended December 31, 2004 and 2003 were determined by dividing net income for the periods by the weighted average number of both basic and diluted shares of common stock and common stock equivalents outstanding.

The following is an analysis of the differences between basic and diluted earnings per common share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share".

	For the year ended December 31,	
	2004	*2003*
Weighted average common shares outstanding	15,268,000	15,268,000
Effect of dilutive securities:		
Stock options	60,356	—
Weighted average common shares outstanding and common share equivalents	15,328,356	15,268,000

14. Merger agreement

On February 11, 2004, Stratabid entered into an Agreement and Plan of Merger with Bodisen Acquisition Corp., a Delaware corporation ("BAC") wholly-owned by Stratabid, Bodisen International, Inc., a Delaware corporation ("BII") and the shareholders of BII. BII has one 100% wholly-owned subsidiary in Shaanxi, China, Yang Ling Bodisen Biology Science and Technology Development Company Limited ("BBST"). Under the terms of the agreement, BAC acquired 100% of BII's stock in exchange for the issuance by Stratabid of three million shares of its common stock to the holders of BII. The new shares constitute approximately 79% of the outstanding shares of Stratabid, which changed its name to Bodisen Biotech, Inc. (the "Company"). The Agreement and Plan of Merger was closed on February 24, 2004.

BII's Chairman of the Board was appointed the Company's Chief Executive Officer.

At the Effective Time, by virtue of the Merger and without any action on the part of the BAC, BII or the BII Shareholders, the shares of capital stock of each of BII and the BAC were converted as follows:

(a) Capital Stock of the BAC. Each issued and outstanding share of the BAC's capital stock continued to be issued and outstanding and was converted into one share of validly issued, fully paid, and non- assessable common stock of the Surviving Company (Bodisen Holdings, Inc.). Each stock certificate of the BAC evidencing ownership of any such shares continued to evidence ownership of such shares of capital stock of the Surviving Company.

(b) Conversion of BII Shares. Each BII Share that was issued and outstanding at the Effective Time was automatically cancelled and extinguished and converted, without any action on the part of the holder thereof, into the right to receive at the time and in the amounts described in the Agreement an amount of Acquisition Shares equal to the number of Acquisition Shares divided by the number of BII Shares outstanding immediately prior to Closing. All such BII Shares, so converted, were no longer outstanding and were automatically cancelled and retired and ceased to exist, and each holder of a certificate representing any such shares ceased to have any rights with respect thereto, except the right to receive the Acquisition Shares paid in consideration therefore upon the surrender of such certificate in accordance with the Agreement.

(c) Within thirty (30) days from the Closing Date, Stratabid was required to sell its business operations, as they exist immediately prior to the Closing, to Derek Wasson, former president. In consideration of the sale, Mr. Wasson returned 750,000 Common Shares to Stratabid for cancellation. In addition, Mr. Wasson forgave all indebtedness owed by Stratabid to Mr. Wasson. Other than indebtedness of BII, Stratabid had no indebtedness or other liability of any kind or nature after the sale of the business to Mr. Wasson, save and except for liabilities incurred in connection with the Merger.

15. Current vulnerability due to certain concentrations

Four vendors provided 70% of the Company's raw materials for the year ended December 31, 2004 and three vendors provided 51% of the Company's raw materials for the year ended December 31, 2003. The payable balance for these parties amounted to $53,098 and $241,078 at December 31, 2004 and 2003, respectively.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

16. Reclassifications

Certain prior period amounts have been reclassified to conform to the year ended December 31, 2004 presentation.

BODISEN INTERNATIONAL INC.
AND SUBSIDIARY
FINANCIAL STATEMENTS DECEMBER 31, 2003 AND 2002

Independent auditors' reports

Board of Directors and Shareholders
Bodisen International, Inc.,

We have audited the accompanying consolidated balance sheets of Bodisen International Inc, and subsidiary as of December 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years ended December 31, 2003 and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bodisen International Inc, and subsidiary as of December 31, 2003 and 2002, and the consolidated results of their operations and cash flows for the years ended December 31, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Kabani & Company, Inc.

Kabani & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS
Fountain Valley, California
February 5, 2004

Consolidated balance sheets

December 31, 2003 and 2002

		2003		2002
ASSETS				
Current assets				
Cash & cash equivalents	$	2,974,773	$	233,182
Accounts receivable, net		1,822,841		2,071,927
Advances to Suppliers		1,933,516		1,662,872
Inventory		715,732		797,270
Total current assets		7,446,862		4,765,250
Property and equipment, net		1,220,587		1,225,490
Capital work in progress		222,083		217,206
Intangible assets, net		2,310,148		949,242
	$	11,199,680	$	7,157,188
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	1,634,163	$	1,098,978
Accrued expenses		75,755		-
Unearned revenue		15,888		601,975
Short term loan		1,092,000		12,000
Dividend payable		-		180,000
Other payables		14,300		81,423
Total current liabilities		2,832,106		1,974,376
Stockholders' equity				
Common stock, $0.12 per share; authorized shares 80,000,000; issued and outstanding 40,000,000 shares		1		1
Additional paid in capital		6,014,399		4,799,999
Statutory reserve		263,795		66,758
Retained earnings		2,089,379		316,054
Total stockholders' equity		8,367,574		5,182,813