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ASAP SHOW, INC.
Form 10QSB
January 16, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended November 30, 2006

Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number 001-51554

ASAP SHOW, INC.
(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

20-2934409

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

4349 Baldwin Ave., Unit A, El Monte, CA

(Address of principal executive offices)

91731

(Zip Code)

Issuer's telephone number (626) 636-2530

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

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

Number of shares outstanding of the issuer's classes of common equity, as of November 30, 2006: 8,701,480 Shares of Common Stock (One Class)

Transitional Small Business Disclosure Format: Yes No X

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASAP SHOW, INC.
CONDENSED BALANCE SHEET
(UNAUDITED)
November 30,
2006

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ASSETS

Current assets:	
Cash	\$ 61,412
Accounts receivable, net	10,000
Prepaid expenses	4,790

Total current assets	76,202
Other assets	9,800

Total assets	\$ 86,002
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Accounts payable and accrued expenses	\$ 350,294
Deferred revenue	52,074
Line-of-credit, stockholder	1,083,347

Total current liabilities	1,485,715

COMMITMENTS AND CONTINGENCIES

Stockholders' deficit:	
Common stock, \$0.001 par value; 45,000,000 shares authorized; 8,701,480 shares issued and outstanding	8,701
Capital contribution receivable	(50,000)
Additional paid-in capital	14,174,550
Accumulated deficit	(15,532,964)

Total stockholders' deficit	(1,399,713)

Total liabilities and stockholders' deficit	\$ 86,002
	=====

See accompanying notes to condensed financial statements.

ASAP SHOW, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

Six Months Ended	
November 30,	

2006	2005

Revenues:

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Transaction sales	\$ 243,914	\$ 200,756
Tradeshow	750,549	754,575
Buying trip	28,938	239,590
	-----	-----
Revenues	1,023,401	1,194,921
	-----	-----
Operating expenses:		
Cost of transaction sales	216,497	168,160
General and administrative	792,112	1,032,435
Payroll and related	189,456	305,135
	-----	-----
Total operating expenses	1,198,065	1,505,730
	-----	-----
Loss from operations	(174,664)	(310,809)
Interest expense	43,364	36,506
	-----	-----
Loss before income taxes	(218,028)	(347,315)
Income taxes	800	800
	-----	-----
Net loss	\$ (218,828)	\$ (348,115)
	=====	=====
Net loss per share available to common stockholders:		
Basic and diluted	\$ (0.03)	\$ (0.04)
	=====	=====
Weighted-average number of common shares outstanding:		
Basic and diluted	8,666,040	8,626,480
	=====	=====

See accompanying notes to condensed financial statements.

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ASAP SHOW, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended	
	November 30,	
	2006	2005
	-----	-----
Revenues:		
Transaction sales	\$ 65,511	\$ 80,037
Tradeshow	--	34,460
Buying trip	28,938	67,758

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Revenues	94,449	182,255
Operating expenses:		
Cost of transaction sales	53,851	70,244
General and administrative	112,096	198,299
Payroll and related	94,095	128,545
Total operating expenses	260,042	397,088
Loss from operations	(165,593)	(214,833)
Interest expense	23,287	10,112
Loss before income taxes	(188,880)	(224,945)
Income taxes	--	--
Net loss	\$ (188,880)	\$ (224,945)
Net loss per share available to common stockholders:		
Basic and diluted	\$ (0.02)	\$ (0.03)
Weighted-average number of common shares outstanding:		
Basic and diluted	8,701,480	8,626,480

See accompanying notes to condensed financial statements.

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ASAP SHOW, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended November 30,	
	2006	2005
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	\$ (218,828)	\$ (348,115)
Adjustments to reconcile net loss to net		

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cash used in operating activities:		
Estimated fair value of common stock issued for services rendered:	8,250	--
Changes in operating assets and liabilities:		
Accounts receivable	15,160	47,212
Prepaid expenses	(2,132)	17,597
Other assets	--	1,568
Accounts payable and accrued expenses	(4,316)	(62,731)
Deferred revenues	(69,361)	(168,640)
	-----	-----
Net cash used in operating activities	(271,227)	(513,109)
Cash flows from investing activities:		
Proceeds from capital contribution receivable	--	365,000
	-----	-----
Net cash provided by investing activities	--	365,000
Cash flows from financing activities:		
Repayment of loan payable	--	(100,000)
Proceeds from borrowings on line-of-credit from stockholder	718,636	658,800
Repayments of borrowings on line-of-credit from stockholder	(457,089)	(381,612)
	-----	-----
Net cash provided by financing activities	261,547	177,188
	-----	-----
Net (decrease) increase in cash	(9,680)	29,079
Cash, beginning of period	71,092	69,866
	-----	-----
Cash, end of period	\$ 61,412	\$ 98,945
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period		
Interest	55,481	30,294
Income taxes	800	800

See accompanying notes to condensed financial statements.

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ASAP Show, Inc.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
November 30, 2006

NOTE 1 - BASIS OF REPORTING

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form

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10-QSB and Article 10 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the three and six-month periods ended November 30, 2006 are not necessarily indicative of the results that may be expected for the year ending May 31, 2007.

At November 30, 2006, the Company has accumulated deficit of \$15,532,964, negative working capital of \$1,409,513 and a lack of profitable operational history. The Company hopes to increase revenues from the growth of its buying trips and the Fashion International Trade Show ("FITS"). In the absence of significant increase in revenues, the Company intends to fund operations through additional debt and equity financing arrangements, including continued support from its majority shareholder (see Note 3). The successful outcome of future activities cannot be determined at this time and there are no assurances that if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

Management believes that the Company will require approximately \$600,000 in cash to fund operations through November 30, 2007, based on approximately \$300,000 of cash used in operations during the six months ended November 30, 2006. Management also believes that such a fund requirement can be reduced by its cost reduction plan and the estimated growth of revenues from FITS and the buying trips. As of November 30, 2006, the Company had approximately \$217,000 available to borrow under the line of credit from stockholder.

The Company's success is dependent upon numerous items, certain of which are the successful growth of revenues from its products and services and its ability to obtain new customers/exhibitors in order to achieve levels of revenues adequate to support the Company's current and future cost structure, for which there is no assurance. Unanticipated problems, expenses, and delays are frequently encountered in establishing and maintaining profitable operations. These include, but are not limited to, competition, the need to develop customer support capabilities and market expertise, technical difficulties, market acceptance and sales and marketing. The failure of the Company to meet any of these conditions could have a materially adverse effect on the Company and may force the Company to reduce or curtail operations. No assurance can be given that the Company can achieve or maintain profitable operations.

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the classification of liabilities that might result from the outcome of these uncertainties.

REVENUE RECOGNITION

The Securities and Exchange Commission issued Staff Accounting Bulletin 104 ("SAB 104"), "Revenue Recognition" which outlines the basic criteria that must be met to recognize revenue and provide guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the Securities and Exchange Commission. Management believes the Company's revenue recognition policies conform to SAB 104.

Revenues include amounts earned under transaction sales, trade shows, and buying trips.

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Transaction Sales

Transaction revenues are recorded in accordance with Emerging Issues Task Force Issue No. ("EITF") 99-19 "Reporting Revenue Gross as a Principal versus net as an Agent." The Company recognizes net revenues from product transaction sales when title to the product passes to the customer. Beginning in fiscal 2005 for all product transactions with its customers, the Company acts as a principal, takes title to all products sold upon shipment, and bears inventory risk for return products that the Company is not able to return to the supplier, although these risks are mitigated through arrangements with factories, shippers and suppliers.

The Company recognizes revenue on transaction sales upon shipment when there is evidence that an arrangement exists, delivery has occurred under the Company's standard FOB shipping point terms, the sales price is fixed or determinable and the ability to collect sales proceeds is reasonably assured.

ASAP Trade Show

The ASAP trade show generates revenue through exhibitor booths sales, corporate sponsorship, and advertising. Such revenue is typically collected in advance, deferred and then recognized at the time of the related trade show. The Company conducts two trade shows per year, currently in February and August in Las Vegas.

Buying Trips

Buying trips generate revenue through the participating buyers ("Buyers") paying for the Company's assistance during travel through various foreign countries in Asia to meet local apparel manufacturers. The Company receives a portion of exhibition net revenues collected by the foreign government's trade promotion agencies located in the various cities which were visited by the Buyers (i.e. the Company does not share in losses, if any). The Buying Trip's revenue is recognized ratably during the period in which the event is conducted. The Company plans to conduct buying trips on a semi-annual basis.

Fashion International Trade Show ("FITS")

FITS is a brand licensing trade show held in China. FITS brings International Fashion Brands into the fastest growing consumer market, China, by matching them with a local Chinese Master Licensee partner. In this way, International Fashion Brands can provide their know-how - such as Brand name, designs, marketing and promotions - and receive royalty income without any capital investment. The revenue of FITS was recognized at the completion of the FITS Show.

The Company anticipates placing brands in the International Textile and Fashion Mega-Mall ("ITFM"), which is the world's largest textile and clothing distributing center with 13 million square feet of floor space. ITFM, the master licensee, will pay each brand an annual agreed upon royalty during a five year term. The Company will earn a negotiated fee for placing each brand. There were no ITFM related revenues earned during the six months ended November 30, 2006.

INDEMNITIES AND GUARANTEES

During the normal course of business, the Company has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. These indemnities include certain agreements with the

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Company's officers, under which the Company may be required to indemnify such person for liabilities arising out of their employment relationship. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. The majority of these indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated to make significant payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying condensed balance sheets.

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BASIC AND DILUTED LOSS PER COMMON SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted loss per common share computations:

	6 Months Ended		
	11/30/06	11/30/05	11/30/04
	-----	-----	-----
Numerator for basic and diluted loss per share:			
Net loss	\$ (218,828)	\$ (348,115)	\$ (188,000)
Denominator for basic and diluted loss per share:			
Weighted average shares (basic and diluted)	8,666,040	8,626,480	8,701,000
	-----	-----	-----
Loss charged to common stockholders per common share:			
Basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.02)
	=====	=====	=====

Stock-Based Compensation

At November 30, 2006, the Company had no stock-based compensation plans and has not issued any share-based payments to its employees.

Effective June 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123(R), Share Based Payment, using the modified-prospective transition method. Under this transition method, compensation cost required to be recognized in the periods ended subsequent to June 1, 2006 will include: (a) compensation cost for all share-based payments granted subsequent to May 31, 2006 based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R).

The Company will calculate stock-based compensation by estimating the fair value of each option using the Black-Scholes option pricing model. The Company's determination of fair value of share-based payment awards will be made as of their respective dates of grant using that option pricing model and is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behavior. The Black-Scholes option

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pricing model was developed for use in estimating the value of traded options that have no vesting or hedging restrictions and are fully transferable. Because the Company's employee stock options will have certain characteristics that are significantly different from traded options, the existing valuation models may not provide an accurate measure of the fair value of the Company's employee stock options. Although the fair value of employee stock options will be determined in accordance with SFAS No. 123(R) using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction. The calculated compensation cost will be recognized on a straight-line basis over the vesting period of the option.

Issuance of Stock for Non-cash Consideration

All issuances of the Company's common stock for non-cash consideration have been assigned a dollar amount equaling either the market value of the shares issued or the value of consideration received whichever is more readily determinable. The majority of the non-cash consideration received pertains to services rendered by consultants and others and has been valued at the market value of the shares issued. In certain issuances, the Company may discount the value assigned to the stock issued for illiquidity and restrictions on resale.

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The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of EITF Issue No. 96-18, Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services and EITF Issue No. 00-18, Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Recently Issued Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Income Tax Uncertainties ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. The recently issued literature also provides guidance on the de-recognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties.

FIN 48 is effective for fiscal years beginning after December 15, 2006 (ASAP's fiscal year ending May 31, 2008). The differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption will be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. The Company is still evaluating the impact, if any, of adopting the provisions of FIN 48 on its financial position, results of operations and liquidity.

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In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements, which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB No. 108 is effective for fiscal years ending after November 15, 2006 (ASAP's fiscal year ending May 31, 2007). The Company is currently assessing the impact, if any, the adoption of SAB No. 108 will have on our operating income or net earnings. The cumulative effect, if any, of applying the provisions of SAB No. 108 will be reported as an adjustment to beginning-of-year retained earnings.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after December 15, 2007 (ASAP's fiscal year ending May 31, 2009). We plan to adopt SFAS No. 157 beginning in the first quarter of fiscal 2009. We are currently evaluating the impact, if any; the adoption of SFAS No. 157 will have on our operating income or net earnings.

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NOTE 2 - BUSINESS SEGMENTS

Reportable business segments as of and for the periods ended November 30, 2006 and 2005 are as follows:

	6 Months Ended		3 Months Ended	
	11/30/06	11/30/05	11/30/06	11/30/05
Revenues:				
Transaction sales	\$ 243,914	\$ 200,756	\$ 65,511	\$ 80,037
Tradeshow	750,549	754,575	--	34,460
Buying trip	28,938	239,590	28,938	67,758
	\$ 1,023,401	\$ 1,194,921	\$ 94,449	\$ 182,255
	=====	=====	=====	=====
Income (loss) from operations:				
Transaction sales	\$ 27,417	\$ 32,596	\$ 11,660	\$ 9,793
Tradeshow	(221,557)	(486,807)	(196,729)	(273,710)
Buying trip	19,476	143,402	19,476	49,084
	\$ (174,664)	\$ (310,809)	\$ (165,593)	\$ (214,833)
	=====	=====	=====	=====
Identifiable assets:				
Transaction sales	\$ --			

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Tradeshow	76,002
Buying trip	10,000

	\$ 86,002
	=====

Revenues as reflected above, consist of sales to unaffiliated customers only as there were no significant intersegment sales for the three and six-month periods ended November 30, 2006 and 2005.

There were no significant concentrations on net segment sales for the three and six-month periods ended November 30, 2006 and 2005.

Transaction apparel sales are made from goods exported from China into the USA, while tradeshow revenue relates exclusively to the Company's Las Vegas, Nevada trade shows.

NOTE 3 - DEBT

Line of Credit from Stockholder

The Company has a revolving line-of-credit (the "Line") with Frank Yuan, the Company's Chief Executive Officer and a significant Company stockholder, which expires on August 1, 2007 and provides for borrowings up to a maximum of \$1,300,000, as amended. The Line bears an interest rate of 10.0% per annum. The balance at November 30, 2006 was \$1,087,905, including accrued and unpaid interest of \$4,558. Interest expense incurred under the Line approximated the following:

	Three-Months Ended	Six-Months Ended
November 30, 2006	\$ 23,250 =====	\$ 43,327 =====
November 30, 2005	\$ 12,000 =====	\$ 38,394 =====

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NOTE 4 - EQUITY

During the six months ended November 30, 2006, the Company issued 75,000 shares of common stock for services rendered. The estimated fair value of the common stock was \$8,250 (based on the estimated fair value on the date of grant) and the related expense is included in general and administrative expenses in the accompanying statement of operations.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

On March 7, 2006, a complaint was filed against Cyber Merchants Exchange Inc. ("C-Me") in a Chapter 7 bankruptcy proceeding in U.S. Bankruptcy Court in the

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District of Delaware in the matter captioned In Re: Factory 2-U Stores, Inc. The complaint seeks to recover from C-ME \$91,572 in alleged preferential transfers made to C-ME by the debtor during the ninety-day period prior to the filing of the debtor's bankruptcy petition. C-ME intends to defend against such preference claim by asserting that such transfers were made in the ordinary course of business and such other available defenses.

To the extent C-ME incurs any losses, costs or damages with respect to the preference claim, including attorneys' fees and related costs, the C-ME believes it may recover such losses, costs and damages from Frank Yuan and the Company pursuant to the indemnification provisions under the Transfer Agreement, which C-Me transferred all of its assets and liabilities to the Company. C-ME has informed Frank Yuan and the Company that it intends to seek indemnification from them with respect to the preference claim. Further, C-ME has informed Frank Yuan and the Company that the \$50,000 reserve originally due to be paid March 30, 2006 under the terms of the Transfer Agreement will be retained by C-ME until this preference claim is resolved to satisfy any potential indemnity claims.

NOTE 6 SUBSEQUENT EVENT

The Company signed a letter of intent (the "LOI") on December 20, 2006 involving the Company and China Renyuan International Inc., a Delaware corporation ("Renyuan"). The LOI confirmed the general terms of the reorganization whereby, the Company will form a wholly owned subsidiary (the "ASAP Subsidiary"), in which the officers and directors of the Company will be the officers and directors of. In addition, the ASAP Subsidiary and the Company will enter into a transfer agreement whereby all of the assets of the Company will be transferred to the ASAP Subsidiary and all liabilities, obligations and contracts of the Company (known and unknown, fixed or contingent or otherwise) will be assumed by the ASAP Subsidiary ("Assumed Liabilities"). Renyuan will purchase 100,000 shares of the Company's convertible preferred stock for \$600,000, which will be injected into the ASAP Subsidiary. The Company will issue an additional 200,000 shares of the convertible preferred stock in exchange for all of the issued and outstanding shares of the common stock of Renyuan. The aggregate of 300,000 shares of the Company's convertible preferred stock held by Renyuan will be convertible into 99% of the then issued and outstanding shares of the Company's common stock, effecting a change of control of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and the related notes thereto included elsewhere in this quarterly report for the period ended November 30, 2006. This quarterly report contains certain forward-looking statements and the Company's future operating results could differ materially from those discussed herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to announce publicly the results of any revisions of the forward-looking statements contained or incorporated by reference herein to reflect future events or developments.

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STATUS OF OPERATIONS

Background

ASAP Show, Inc. (the "Company") is a trade show organizer that is initially targeting the apparel industry and an international electronic trading, financing and logistics corporation. The following four interlocking services make the Company unique: 1) ASAP Shows consists of ASAP Global Sourcing Show - held twice a year in Las Vegas, NV., ASAP Buying Trips, and Fashion International Trade Show ("FITS"), 2) The Company builds private extranets, or Internet Sourcing Networks ("ISN"), for its retail partners. The ISN matches and pushes merchandise to the appropriate buyers computer desktops, 3) The Company's Global Financial Platform ("GFP": Patent Pending) allows U.S. buyers to purchase overseas merchandise without the need of issuing a letter of credit, and 4) Logistics warehouse, shipping, and billing services for overseas manufacturers. The Company presently has representatives located in 25 countries throughout Asia, Africa, and the Middle East to facilitate international transactions.

Services

ASAP Global Sourcing Show

The Apparel Sourcing Association Pavilion ("Global Sourcing Show" or "ASAP Show") is bringing a totally new concept to the trade show industry. The Company has a unique opportunity to make the ASAP Show successful because of the Company's global presence and management expertise in the apparel industry. In addition, there were no trade shows for the producing countries to exhibit in the U.S.A. to gain container load orders until the ASAP Show was launched. Also, many buyers are reluctant to travel overseas. Therefore, the ASAP Show is well positioned for buyers and overseas manufacturers.

The ASAP Show derives revenue principally from the sale of exhibit space and conference attendance fees generated at its events. In fiscal 2006, approximately 95% of the revenue generated from the ASAP Show was from the sale of exhibit space. Events are generally held on a semi-annual basis in Las Vegas, Nevada. At many of our trade shows, a portion of exhibit space is reserved and partial payment is received as much as 90 days in advance. Booth fees that are collected in advance of the related ASAP Show are recorded on our balance sheet as deferred revenue. Revenue and related direct event expenses are recognized in the month in which the event is held.

Costs incurred by the ASAP Show include facility rent, outsourced services such as registration, booth rental, electrical services, security, decorator and attendee and exhibitor promotion. All show promotion related expenses such as advertisements, traveling, staff salaries and related payroll expenses are treated as monthly period expenses. The deposit for the ASAP Show facility is capitalized and then expensed in the month the event occurs.

ASAP Buying Trips

The China Buying Trip is being arranged by the Company to bring 80 U.S. and European buyers during fiscal 2006, each with more than \$10 million in purchasing power, to four production centers in China. This event has been supported by the International Cotton Council, The American Apparel Production Network and many other leading corporations and associations. The first tour of its kind was designed for U.S. and European buyers prepared to place production orders, find joint ventures possibilities and relocate U.S. textile plants to China. Participation from the U.S. side has included such prominent names as Fruit of the Loom, Maidenform and many others. The Company also arranged a trip

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bringing 12 buyers to Bangladesh and Pakistan Buying trip in November 2005. Management is planning to conduct annual buying trips in China in May and Southeast Asia countries in November.

The Buying Trip's revenue is generated from participation fees paid by buyers and shared exhibitors' fees with each city's Co-organizer, the Municipal Government, and is recognized ratably during the period in which the event is conducted. The company plans to conduct 2 buying trips durint fiscal 2007.

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ASAP Buying Trips have a great reputation for taking U.S. and European buyers to visit factories in Asia. The buying trips provide a cost effective way to evaluate multiple pre-arranged qualified factories in a short time period. ASAP has arranged four trips to China, Bangladesh, and Pakistan.

Fashion International Trade Show ("FITS")

Currently there are very few brands in China. Only world famous brands such as Louis Vuitton, Chanel, DKNY, and Polo, have a presence. There is a vacuum for up and coming brands from the U.S., Canada and Europe. Since many Chinese consumers are not familiar with certain foreign brands, the opportunity for designers to become famous brands is available with the right promotion.

FITS is a brand new licensing trade show to be held in China. FITS intends to bring International Fashion Brands into the fastest growing consumer market, China, by matching them with a local Chinese Master Licensee partner. In this way, International Fashion Brands can provide their know-how i.e. Brand name, designs, marketing and promotions - and receive royalty income without any capital investment. The first FITS was held in Hangzhou from June 29 to July 1, 2006. The Company's management negotiated with Hangzhou municipal government, whereby it covered all venue rental, booth decoration, and International Fashion Brands' hotel accommodation expenses. The revenue of FITS was recognized at the completion of the FITS show and is classified as tradeshow revenue in the accompanying statements of operations.

The Company anticipates placing brands in the International Textile and Fashion Mega-Mall ("ITFM"), which is the world's largest textile and clothing distributing center with 13 million square feet of floor space. ITFM, the master licensee, will pay each brand an annual agreed upon royalty during a five year term. The Company will earn a negotiated fee for placing each brand. There were no ITFM related revenues earned during the six months ended November 30, 2006.

Electronic Commerce, A New Wave of International Trade

The Company has utilized the convenience and power of the Internet to communicate between buyers and sellers internationally. The ISN was built with the buyer in mind to make it user friendly to gain global apparel stock lot information. The Company has successfully represented Fruit of the Loom, Kellwood, Value City, and others to be their buyer's agent. The ASAP Show helps promote the Company's ISN transaction model to these buyers. In addition, the Company sometimes acts as a principal to purchase merchandise for presale orders. ISN is in its development stage as the Company is focusing its resources on its trade show operations.

Global Financial Platform

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The Company developed a patent-pending global financial platform, levied with CIT - a factoring accounts receivable guarantee service. This process allows overseas sellers to gain cash advances through their local bank and eliminate the need for letters of credit to sell international merchandise. The application for the patent was filed in 2001. Due to the U. S. Patent Office's workload, the Company has not received any response to the filing. Therefore, the Company cannot predict when or if this patent will be granted. The GFP is in its development stage. There can be no assurance as to when or if the GFP will be utilized.

Logistics, Warehouse, Shipping and Invoice Services

Logistics, warehousing, shipping and billing services are also provided for overseas manufacturers.

In international trade, the shipment of goods from one country to another involves multiple activities. The Company will assist clients in finding ocean and air forwarders, custom brokers, domestic trucking companies and public warehouses for packaging and shipping. The Company intends to leverage the contacts from its trade show buyers and sellers to negotiate with FedEx, DHL, and many ocean carriers for a deep discount bulk rate. The Company will keep a portion of the discount rate. When the Company's client base expands, this activity could generate significant revenues. However there is no assurance as to if or when this will occur.

These logistics and warehousing activities are in their development stages.

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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the amounts reported in the our financial statements and the accompanying notes. The amounts of assets and liabilities reported on our balance sheet and the amounts of revenues and expenses reported for each of our fiscal periods are affected by estimates and assumptions, which are used for, but not limited to, the accounting for revenue recognition, stock based compensation and the valuation of deferred taxes. Actual results could differ from these estimates. The following critical accounting policies are significantly affected by judgments, assumptions and estimates used in the preparation of the financial statements:

Revenue Recognition

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition" which outlines the basic criteria that must be met to recognize revenue and provide guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. SAB 101 has been amended and replaced by SAB 104. Management believes the Company's revenue recognition policies conform to SAB 104.

Net revenues include amounts earned under transaction sales, trade shows, buying trips, Material World and subscription fees.

Transaction Sales

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Transaction revenues are recorded in accordance with EITF 99-19 "Reporting Revenue Gross as a Principal versus net as an Agent." The Company recognizes net revenues from product transaction sales when title to the product passes to the customer, net of factoring fees. For all product transactions with its customers in 2005 and 2006, the Company acted as a principal, took title to all products sold upon shipment, and bore inventory risk for return products that the Company was not able to return to the supplier, although these risks are mitigated through arrangements with factories, shippers and suppliers.

Trade Shows

Trade shows generate revenue through exhibitor booths sales, corporate sponsorship, and advertising. Such revenue is typically collected in advance, deferred and then recognized at the time of the related trade show.

Buying Trips

Buying trips generate revenue through the participating buyers ("Buyers") paying for the Company's assistance during the travel through various foreign countries in Asia to meet local apparel manufacturers. The Company receives a portion of exhibition net revenues collected by the overseas government's trade promotion agencies located in the various cities which were visited by the Buyers (we do not share any losses, if any). Buying Trip's revenue is recognized ratably during the period in which the event is conducted.

Material World

The Company shares Material World's foreign exhibitors' net exhibitors' fees income which are derived through Company introduction (we do not share in losses, if any). Material World's net revenue is recognized in the accounting period in which the event is conducted. Effective November 1 2005, the Company is no longer associated with Material World and does not expect any additional revenues to be generated.

Subscription Fees

The Company also recognizes revenue from monthly subscription fees. Subscriber fees represent revenue generated through one-time, non-refundable setup fees and monthly hosting fees. Subscription and subscriber fees are recognized as revenue after the services have been provided.

DEFERRED TAX ASSET VALUATION

The Company accounts for income taxes under SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Management provides a valuation allowance for significant deferred tax assets

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when it is more likely than not that such assets will not be recovered.

RESULTS OF OPERATIONS

Six Months Ended November 30, 2006 and 2005

Revenue

Revenues from transaction sales for the six months ended November 30, 2006 were \$243,914, an increase of \$43,158 or 21% compared to \$200,756 for the same period last year. The Company does not anticipate that transactions sales will be a significant percentage of the Company's overall business in future periods, because the Company allocates most of its resources and efforts to ASAP Show production and promotion.

The gross tradeshow revenue for the six months ended November 30, 2006 was \$750,549, a decrease of \$4,026 or 0.5% compared to \$754,575 for the same period last year. This decrease was due to a slight decrease in number of exhibitors for the ASAP Show in August 2006 compared to the same show in August 2005. Because of the Men's Apparel Guild in California's ("MAGIC") Sourcing Zone which is held at the same time, management believes the competing show will make it difficult to have significant growth for the ASAP show in the future.

Gross revenues from the buying trip for the six months ended November 30, 2006 were \$28,938, a decrease of \$210,652 or 88% compared to \$239,590 for the same period last year. This decrease was due to having only one small buying trip to China for the six months ended November 30, 2006, while there were three buying trips to China, South Eastern Asia and Pakistan for the same period last year.

Operating Expenses

Operating expenses decreased by \$307,665, or 20%, to \$1,198,065 for the six months ended November 30, 2006, as compared to \$1,505,730 for the same period last year. The decrease in operating expenses is primarily due to the decrease in payroll, ASAP attendee marketing expenses, and professional fees. Payroll decreased by \$115,679 to \$189,456 for the six months ended November 20, 2006, as compared to \$305,135 for the same period last year. ASAP attendee marketing expenses decreased by \$50,811 to \$44,695 for the six months ended November 20, 2006, as compared to \$95,506 for the same period last year. Such decreases in payroll and marketing expenses resulted from the implementation of the Company's cost reduction plan. Professional fees decreased by \$133,065 to \$52,485 for the six months ended November 30, 2006, as compared to \$185,550 for the same period last year. The decrease in professional fees is primarily related to the additional legal and accounting fees in connection with the filing of the Company's Form 10-SB and related amendments for the same period last year.

Net Loss (Income)

The Company recorded a net loss of \$218,828 for the six months ended November 30, 2006, an improvement of \$129,287 as compared to a net loss of \$348,115 for the same period last year. Such an improvement is mainly due cost savings in operating expenses of \$307,665, net of the decrease in total revenues of \$171,520.

Three Months Ended November 30, 2006 and 2005

Revenue

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Gross revenue from transaction sales for the three months ended November 30, 2006 were \$65,511, a decrease of \$14,526 or 18% compared to \$80,037 for the same period last year. The Company does not anticipate that transactions sales will be a significant percentage of the Company's overall business in future periods, because the Company allocates most of its resources and efforts to ASAP Show production and promotion.

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The gross tradeshow revenue for the three months ended November 30, 2006 was \$0, a decrease of \$34,460 or 100% compared to \$34,460 for the same period last year. The gross trade show revenue of \$34,460 for the same period last year was the profit sharing revenues from the sales of Material World show booths. This revenue stream was stopped in this fiscal year. The Company is no longer promoting Material World Shows.

Gross revenues from the buying trip for the three months ended November 30, 2006 were \$28,938, a decrease of \$38,821 or 57% compared to \$67,758 for the same period last year. This decrease was due to there was only one small buying trip held to China for the three months ended November 30, 2006, while there were two buying trips held to South Eastern Asia and Pakistan.

Operating Expenses

Operating expenses decreased by \$137,046, or 35%, to \$260,042 for the three months ended November 30, 2006, as compared to \$397,088 for the same period last year. The decrease in operating expenses is primarily due to the decrease in payroll, cost of transaction sales and professional fees. Payroll decreased by \$34,450 to \$94,095 for the three months ended November 30, 2006, as compared to \$128,545 for the same period last year. Cost of transaction sales decreased by \$16,393 to \$53,851 for the three months ended November 30, 2006 as compared to \$70,244 for the same period last year. Professional fees decreased by \$72,939 to \$28,591 for the three months ended November 30, 2006, as compared to \$101,530 for the same period last year. The decrease in payroll was due to the continued implementation of the Company's cost reduction plan. The decrease in cost of transaction sales was due to less customer orders in the second quarter. The decrease in professional fees was due to less additional legal and accounting fees in connection with the filing of the Company's Form 10-SB and related amendments for the same period last year.

Net Loss (Income)

The Company recorded a net loss of \$188,880 for the three months ended November 30, 2006, an improvement of \$36,065 as compared to a net loss of \$224,945 for the same period last year. Such an improvement is mainly due to the reduction of operating expenses of \$137,046, net of the reduction of net revenues from transaction sales, tradeshow revenue and buying trip as a whole of \$87,806 and an increase in interest expense of \$13,175.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a deficit in working capital of approximately \$1,409,513 at November 30, 2006. During this six month period ended November 30, 2006, the Company had average monthly expenses of approximately \$89,000 (excluding ASAP Show production expenses). Management anticipates maintaining its monthly expenses in the range of \$90,000 to \$100,000 in the foreseeable future. The Company will focus its efforts on the semi-annual ASAP Shows in Las Vegas, Buying Trips and FITS, to generate more revenue to cover its minimum average

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monthly expenses.

At November 30, 2006, the Company has current assets of approximately \$76,000. With the net revenue from the ASAP shows, Buying Trips, FITS and continuing support from its major shareholder to provide a revolving line-of-credit, management believes the Company will have enough net working capital to sustain its business through November 2007 and beyond.

The Company has a revolving line-of-credit (the "Line") from Frank Yuan, the Company's CEO and a significant shareholder, which expires on August 1, 2007 and provides for borrowings up to a maximum of \$1,300,000, as amended. The Line carries an interest rate of 10.0% per annum. The balance as of November 30, 2006 was 1,087,905, including \$4,558 of accrued interest.

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The Company signed a letter of intent (the "LOI") on December 20, 2006 involving the Company and China Renyuan International Inc., a Delaware corporation ("Renyuan"). The LOI confirmed the general terms of the reorganization whereby, the Company will form a wholly owned subsidiary (the "ASAP Subsidiary"), in which the officers and directors of the Company will be the officers and directors of. In addition, the ASAP Subsidiary and the Company will enter into a transfer agreement whereby all of the assets of the Company will be transferred to the ASAP Subsidiary and all liabilities, obligations and contracts of the Company (known and unknown, fixed or contingent or otherwise) will be assumed by the ASAP Subsidiary ("Assumed Liabilities"). Renyuan will purchase 100,000 shares of the Company's convertible preferred stock for \$600,000, which will be injected into the ASAP Subsidiary. The Company will issue an additional 200,000 shares of the convertible preferred stock in exchange for all of the issued and outstanding shares of the common stock of Renyuan. The aggregate of 300,000 shares of the Company's convertible preferred stock held by Renyuan will be convertible into 99% of the then issued and outstanding shares of the Company's common stock, effecting a change of control of the Company.

The Report of the Company's Independent Registered Public Accounting Firm on our May 31, 2006 financial statements includes an explanatory paragraph stating that the Company has incurred recurring losses and has a working capital deficit of \$377,135 at May 31, 2006, and that these factors, among others, raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the CEO and CFO concluded that as of November 30, 2006 our disclosure controls and procedures were effective in timely alerting him to the material information relating to the Company required to be included in the Company's periodic filings with the SEC, subject to the various limitations on effectiveness set forth below under the heading, "LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS," such that the information relating to the Company, required to be disclosed in SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure." (b) Changes in internal control over financial reporting. There has been no change in the Company's internal

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control over financial reporting that occurred during the fiscal quarter ended November 30, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, and/or the degree of compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On March 7, 2006, a complaint was filed against Cyber Merchants Exchange Inc. ("C-Me") in a Chapter 7 bankruptcy proceeding in U.S. Bankruptcy Court in the District of Delaware in the matter captioned In Re: Factory 2-U Stores, Inc. The complaint seeks to recover from C-ME \$91,572 in alleged preferential transfers made to C-ME by the debtor during the ninety-day period prior to the filing of the debtor's bankruptcy petition. C-ME intends to defend against such preference claim by asserting that such transfers were made in the ordinary course of business and such other available defenses.

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To the extent C-ME incurs any losses, costs or damages with respect to the preference claim, including attorneys' fees and related costs, the C-ME believes it may recover such losses, costs and damages from Frank Yuan and the Company pursuant to the indemnification provisions under the Transfer Agreement, which C-Me transferred all of its assets and liabilities to the Company. C-ME has informed Frank Yuan and the Company that it intends to seek indemnification from them with respect to the preference claim. Further, C-ME has informed Frank Yuan and the Company that the \$50,000 reserve originally due to be paid March 30, 2006 under the terms of the Transfer Agreement will be retained by C-ME until this preference claim is resolved to satisfy any potential indemnity claims.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

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None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

None.

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SIGNATURES

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

ASAP SHOW, INC.
(Registrant)

Date: 1/16/07

/s/ Frank S. Yuan

Frank S. Yuan, Chairman, Chief Executive Officer

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