

China Youth Media, Inc.
Form 10-Q
November 19, 2008

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED: **September 30, 2008**

COMMISSION FILE NUMBER **000-33067**

CHINA YOUTH MEDIA, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

87-0398271
(I.R.S. Employer Identification No.)

4143 Glencoe Avenue, Unit B, Marina Del Rey, CA 90292
(Address of principal executive offices)

Registrant's telephone number, including area code: **(310) 728-1450**

Digicorp, Inc.

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of October 23, 2008, the issuer had 52,628,439 outstanding shares of Common Stock, \$.001 par value.

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CHINA YOUTH MEDIA, INC.

Consolidated Balance Sheet

| | September 30, 2008 (Unaudited) | December 31, 2007 (Audited) |
|---|---|--|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 180,561 | \$ 5,600 |
| Accounts receivable, net | 281,435 | 304,841 |
| Inventories | | 15,436 |
| Other current assets | 112,500 | 19,865 |
| TOTAL CURRENT ASSETS | 574,496 | 345,742 |
| Property and equipment, net | 15,069 | 170,767 |
| Intangible assets, net | 8,961,238 | 394,935 |
| Other Assets | 125,731 | |
| TOTAL ASSETS | \$ 9,676,534 | \$ 911,444 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 324,981 | \$ 342,842 |
| Accrued liabilities | 651,895 | 575,601 |
| Note payable - related party | 5,000 | 1,068,000 |

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| | | |
|---|--------------|-------------|
| Deferred revenue | 69,672 | 69,672 |
| TOTAL CURRENT LIABILITIES | 1,051,548 | 2,056,115 |
| LONG TERM LIABILITIES | | |
| Convertible notes payable - related party | 2,148,543 | 556,307 |
| Convertible note payable | 250,000 | |
| Debt discount - beneficial conversion feature | | (116,216) |
| TOTAL LONG TERM LIABILITIES | 2,398,543 | 440,091 |
| TOTAL LIABILITIES | 3,450,091 | 2,496,206 |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Preferred stock, \$0.001 par value: 1,000,000 shares authorized; Series A Preferred Stock, \$0.001 par value; 500,000 shares authorized; 102,220 shares issued and outstanding at September 30, 2008; Zero shares issued and outstanding at December 31, 2007; | 102 | |
| Common stock, \$0.001 par value: 60,000,000 shares authorized; 53,063,228 shares issued and outstanding at September 30, 2008; 39,545,104 shares issued and outstanding at December 31, 2007; | 52,628 | 39,545 |
| Paid-in capital | 16,196,423 | 6,243,079 |
| Accumulated deficit | (10,022,710) | (7,867,386) |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIT) | 6,226,443 | (1,584,762) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ 9,676,534 | \$ 911,444 |

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

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CHINA YOUTH MEDIA, INC.

Consolidated Statements of Operations (Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2008 | September 30, 2007 | September 30, 2008 | September 30, 2007 |
| REVENUE | | | | |
| Sales | \$ 28,144 | \$ 143,919 | \$ 106,753 | \$ 346,534 |
| Total revenue | 28,144 | 143,919 | 106,753 | 346,534 |
| OPERATING EXPENSES | | | | |
| Cost of sales | 260 | 32,298 | 17,106 | 105,479 |
| Selling, general and administrative expenses | 1,024,632 | 494,647 | 1,881,514 | 2,073,223 |