GENESIS HOLDINGS, INC.
Form 10QSB
August 20, 2007

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

FORM 10-QSB

Quarterly Report of Small Business Issuers under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2007

Commission File No. 000-33073

GENESIS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	20-2775009 (I.R.S. Employer Identification No.)
1525 Clover Hill Rd. Mansfield, Texas (Address of principal executive offices)	76063 (Zip Code)

Issuer's telephone number, including area code: (817) 477-3863

Check whether the issuer has (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 the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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

Number of shares outstanding of each of the issuer's classes of common equity:

Class	Outstanding as of August 13, 2007
Common stock, $0.001 par value	21,780,226

Transitional Small Business Disclosure Format : Yes o No x

GENESIS HOLDINGS, INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

GENESIS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 2007
UNAUDITED

		2007
ASSETS		
Cash and cash equivalents	$	60,155
Investments		919,614
Investment in fully developed residential lots held for sale		718,681
Prepaid expenses		1,177
TOTAL ASSETS	$	1,699,627
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	$	117,572
Corporation income and Texas franchise taxes payable		153,173
Deposit on sale of lots		173,000
TOTAL LIABILITIES		443,745
STOCKHOLDERS' EQUITY		
Common stock, $0.001 par value Authorized-25,000,000 shares Issued and outstanding - 21,780,226 shares		21,780
Additional paid-in capital		581,051
Retained earnings		610,626
Accumulated other comprehensive income		42,425
TOTAL STOCKHOLDERS' EQUITY		1,255,882
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	1,699,627

See Accompanying Notes.

GENESIS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
REVENUE - SALE OF LOTS	$ -	$ 324,376	$ 1,091,519	$ 1,435,520
COST OF SALES	-	214,377	692,460	961,666
GROSS PROFIT	-	109,999	399,059	473,854
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and legal	14,713	2,200	41,785	21,147
Property taxes	-	3,744	28,898	47,009
Other	5,352	1,914	7,527	1,914
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	20,065	7,858	78,210	70,070
INCOME (LOSS) FROM OPERATIONS	(20,065)	102,141	320,849	403,784
OTHER INCOME AND EXPENSE				
Interest income	1,726	-	16,695	-
Interest expense	(889)	(26,852)	(54,924)	(55,505)
TOTAL OTHER INCOME AND EXPENSE	837	(26,852)	(38,229)	(55,505)
INCOME (LOSS) BEFORE CORPORATION INCOME AND TEXAS FRANCHISE TAXES	(19,228)	75,289	282,620	348,279
CORPORATION INCOME AND TEXAS FRANCHISE TAXES (BENEFIT)	(2,111)	-	108,651	-
NET INCOME (LOSS)	$ (17,117)	$ 75,289	$ 173,969	$ 348,279
NET INCOME PER COMMON SHARE				
Basic and Diluted	$ 0.00	$ 0.00	$ 0.01	$ 0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				

Basic and Diluted	21,780,226	21,780,226	21,780,226	21,780,226

See Accompanying Notes.

GENESIS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
NET INCOME (LOSS)	$ (17,117)	$ 75,289	$ 173,969	$ 348,279
OTHER COMPREHENSIVE INCOME				
UNREALIZED GAIN ON MARKETABLE SECURITIES, NET OF TAXES	25,522	-	42,425	-
NET COMPREHENSIVE INCOME	$ 8,405	$ 75,289	$ 216,394	$ 348,279

GENESIS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 173,969	$ 348,279
Adjustments to reconcile net income		
To net cash provided by operating activities:		
Interest paid by increase in notes payable to Larry Don Bankston	4,057	9,641
Changes in operating assets and liabilities:		
Investment in fully developed residential lots held for sale	692,064	959,777
Accounts receivable	82,603	-
Prepaid expenses	4,093	-
Accounts payable and accrued expenses	(35,324)	-
Corporation income and Texas franchise taxes payable	102,784	-
Deposit on sale of lots	173,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,197,246	1,317,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in marketable securities	(877,189)	-
NET CASH (USED) BY INVESTING ACTIVITIES	(877,189)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable and accrued interest - Larry Don Bankston	(270,680)	-
Repayment of land development loans payable	-	(1,279,928)
NET CASH (USED) BY FINANCING ACTIVITIES	(270,680)	(1,279,928)

See Accompanying Notes.

GENESIS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
UNAUDITED

		2007		2006
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,377		37,769
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		10,778		48,944
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	60,155	$	86,713
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
CASH PAID DURING THE PERIOD FOR:				
Interest	$	54,924	$	45,864
Taxes	$	-	$	-
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Interest paid by increase in notes payable to Larry Don Bankston	$	4,057	$	9,641

See Accompanying Notes

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and History of Company

Genesis Holdings, Inc. (the "Company") was incorporated on May 25, 1999 in the state of Nevada. The Company is a holding company for subsidiary acquisitions.

Genesis Land Development, LLC was formed on September 8, 2003 in the state of Texas. The company is engaged in the business of developing vacant land into single family residential lots.

On July 1, 2006, the Company, which was formerly known as AABB, Inc., acquired all of the membership interests of Genesis Land Development, LLC, pursuant to a merger agreement dated as of July 1, 2006, among AABB, Inc., AABB Acquisitions Sub, Inc., certain shareholders and Genesis Land Development, LLC. The Company acquired 100% of the ownership interests of Genesis Land Development, LLC from the sole member of the LLC for 19,000,000 shares of the Company's common stock.

For accounting purposes, the acquisition was treated as a recapitalization rather than a business combination.

After the merger, AABB, Inc. changed its name to Genesis Holdings, Inc., and Genesis Land Development, LLC ceased to exist as it was merged into the Company's wholly-owned subsidiary, Genesis Land, Inc.

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and reflect all adjustments which, in the opinion of management, are necessary for a fair presentation. All such adjustments are of a normal recurring nature. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year. Certain amounts in the prior year statements have been reclassified to conform to the current year presentations. The statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's audit for the period ended December 31, 2006.

Basis of Consolidation

The consolidated financial statements include the accounts of Genesis Holdings, Inc. and its 100% ownership interest in Genesis Land, Inc.

All material inter-company accounts and transactions have been eliminated.

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents and Marketable Securities

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. All highly liquid investments with stated maturities of greater than three months are classified as marketable securities.

We determine the appropriate classification of our investments in marketable debt and equity securities at the time of purchase and reevaluate such designation at each balance sheet date. Our marketable and debt securities have been classified and accounted for as available for sale. We may or may not hold securities with stated maturities greater than twelve months until maturity. In response to changes in the availability of and the yield on alternative investments, as well as liquidity requirements, we may occasionally sell these securities prior to their stated maturities. As these debt and equity securities are viewed by us as available to support current operations, based on the provisions of Accounting Research Bulletin No. 43, Chapter 3A, Working Capital - Current Assets and Liabilities, equity securities, as well as debt securities with maturities beyond twelve months, are classified as current assets in the accompanying consolidated balance sheets. These securities are carried at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders' equity, except for unrealized losses determined to be other than temporary which are recorded as interest income and other, net. Any realized gains or losses on the sale of marketable securities are determined on a specific identification method, and such gains and losses are reflected as a component of interest income and other, net.

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory of Fully Developed Residential Lots Held For Sale

The inventory of fully developed residential lots held for sale is carried at the lower of cost or market. The cost of the lots is approximately $27,000 per lot and
the market value is estimated at $43,475 per lot as determined by the option agreement as disclosed in footnote Number 2.

Cost includes land, construction costs, including hard and soft cost, capitalized interest, capitalized property taxes and unamortized loan costs.

Sales and Profit Recognition

Land sales are recognized at closing when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and the Company has no significant continuing involvement.

The costs of acquiring and developing land are accumulated and will be charged to cost of sales as the related inventories are sold.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Disclosures About Fair Value of Financial Instruments

The Company estimates that the fair value of financial instruments at June 30, 2007 and 2006 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amount that the Company could realized in a current market exchange.

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Net Income Per Share

The Company adopted Statement of Financial Accounting Standards No. 128 that requires the reporting of both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Any anti-dilutive effects on net earnings per share are excluded.

Recently Issued Accounting Standards Not Yet Adopted

There currently are no recently issued accounting standards with pending adoptions that have any applicability to the Company.

NOTE 2 OPTION AGREEMENT

On June 3, 2005, the Company entered into an option agreement to sell 171 lots to Wall Homes, Inc. under the following terms and conditions:

1. Sales price - 171 lots at $38,500 for a total of $6,583,500. The price increases 6% each year.
2. Lot closing schedule:

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 2 OPTION AGREEMENT (CONTINUED)

1st closing - at date of closing - 60 lots at $38,500
2nd closing - 6 months from initial closing - 28 lots at $38,500 plus 6% 3rd final closing - every 6 months - 28 lots each closing at $38,500 plus 6%

The agreement was extended until January 2, 2008. As of June 30, 2007, the Company has received payments for 144 lots.

As of June 30, 2007, the Company received a deposit of $173,000 for the future purchase of lots.

NOTE 3 INVESTMENTS

Debt and equity securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale, and reported at fair value based on market quotes. Unrealized gains and losses, net of deferred taxes, have not been significant and are recorded as a component of other comprehensive income.

We expect that the majority of marketable securities will be sold within one year, regardless of maturity date. We primarily invest in high-credit-quality debt instruments with an active resale market and money market funds to ensure liquidity and the ability to readily convert these investments into cash to fund current operations, or satisfy other cash requirements as needed. Accordingly, we have classified all marketable securities as current assets in the accompanying balance sheets.

GENESIS HOLDINGS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006
UNAUDITED

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

From January 28, 2005 through April 29, 2005, Larry Don Bankston (the majority beneficial owner of the Company) loaned the Company approximately $300,000. Mr. Bankston obtained the funds to loan the Company by “cashing in” a number of his pension and retirement savings accounts. In connection with this transaction, Mr. Bankston had to pay early withdrawal tax penalties and loss of interest penalties due to the early withdrawal of the funds. On March 31, 2007, the Company agreed to reimburse Mr. Bankston $49,978 for the losses he incurred. The transaction was recorded as interest expense. All amounts were reimbursed during the six months ended June 30, 2007.

NOTE 5 COMMON STOCK TRANSACTIONS

On January 1, 2006, the Company issued 1,800,000 shares to consultants. The stock was valued at $15,000, which was the fair market value of the consulting services rendered.

We account for non-employee stock-based awards in which goods or services are the consideration received for the equity instruments in accordance with FAS 123R.

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

Caution Regarding Forward-Looking Information

All statements contained in this Form 10-QSB, other than statements of historical facts, that address future activities, events or developments are forward-looking statements, including, but not limited to, statements containing the words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," and similar expressions . All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties described under "Risk Factors" beginning on page 20 below and in the "Risk Factors" section of our Form 10-KSB for the fiscal year ended December 31, 2006 that may cause actual results to differ materially.

Consequently, all of the forward-looking statements made in this Form 10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations. Readers are cautioned not to place undue reliance on such forward-looking statements as they speak only of the Company's views as of the date the statement was made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations

Genesis Holdings, Inc. was incorporated on May 25, 1999 in the state of Nevada. The Company is a holding company for subsidiary acquisitions.

Genesis Land Development, LLC was formed on September 8, 2003 in the state of Texas. The company is engaged in the business of developing vacant land into single family residential lots. On July 1, 2006, the Company, which was formerly known as AABB, Inc., acquired all of the membership interests of Genesis Land Development, LLC, pursuant to a merger agreement dated as of July 1, 2006, among AABB, Inc., AABB Acquisitions Sub, Inc., certain shareholders and Genesis Land Development, LLC. The Company acquired 100% of the ownership interests of Genesis Land Development, LLC from the sole member of the LLC for 19,000,000 shares of the Company's common stock. Genesis Land Development, LLC merged into AABB Acquisition Sub, Inc., a Nevada corporation that changed its name post-merger to Genesis Land, Inc.

For accounting purposes, the acquisition was treated as a recapitalization rather than a business combination. After the merger, AABB, Inc. changed its name to Genesis Holdings, Inc. The Company was considered a development stage company prior to its acquisition of Genesis Land Development, LLC.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In consultation with our Board of Directors, we have identified several accounting principles that we believe are key to an understanding of our financial statements. These important accounting policies require management's most difficult, subjective judgments.

Basis of Consolidation

The consolidated financial statements include the accounts of Genesis Holdings, Inc. and its 100% ownership interest in Genesis Land, Inc.

All material inter-company accounts and transactions have been eliminated.

Inventory of Fully Developed Residential Lots Held For Sale

The inventory of fully developed residential lots held for sale is carried at the lower of cost or market. The cost of the lots is approximately $27,000 per lot and the market value is estimated at $43,475 per lot as determined by the option agreement.

Cost includes land, construction costs including hard and soft cost, capitalized interest, capitalized property taxes and loan costs.

Sales and Profit Recognition

In accordance with statement of financial accounting standard (“SFAS”) No. 66, “Accounting for Sales of Real Estate,” development land sales will be recognized at closing when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and the Company has no significant continuing involvement.

The costs of acquiring and developing land are accumulated and will be charged to cost of sales as the related inventories are sold.

Long-Lived Assets

Statement of Financial Accounting Standards No. 144. “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of,” requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset’s carrying value and fair value. This standard did not have a material effect on the Company’s results of operations, cash flows or financial position.

Disclosures About Fair Value of Financial Instruments

The Company estimates that the fair value of financial instruments at June 30, 2007 and 2006 as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Marketable Securities

Marketable securities, all of which are classified as available-for-sale, are stated at fair value based on market quotes. Unrealized gains and losses, net of deferred taxes, are recorded as a component of other comprehensive income.

We expect that the majority of marketable securities will be sold within one year, regardless of maturity date. We primarily invest in high-credit-quality debt instruments with an active resale market and money market funds to ensure liquidity and the ability to readily convert these investments into cash to fund current operations, or satisfy other cash requirements as needed. Accordingly, we have classified all marketable securities as current assets in the accompanying balance sheets.

Stock Issued for Non-Cash Transactions

It is the Company's policy to value stock issued for non-cash transactions, such as services, at the fair market value of the goods or services received or the consideration granted, whichever is more readily determinable, at the date the transaction is negotiated.

There were 1,800,000 shares of common stock issued during 2006 for consulting services valued at $15,000.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB Statement No. 109, Accounting for Income Taxes. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Net Income Per Share

The Company adopted Statement of Financial Accounting Standards No. 128 that requires the reporting of both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. In accordance with FASB 128, any anti-dilutive effects on net earnings per share are excluded.

SELECTED FINANCIAL INFORMATION

	Three Months Ended		Six Months Ended	
	06/30/07	06/30/06	06/30/2007	06/30/2006
Statement of Operations Data:				
Total revenue	$ -	$ 324,376	$ 1,091,519	$ 1,435,520
Income (loss) from operations	(20,065)	102,141	320,849	403,784
Income (Loss) from operations before corporation income and Texas franchise taxes (benefit)	$ (19,228)	$ 75,289	$ 282,620	$ 348,279
Net income (loss)	$ (17 117)	$ 75,289	$ 173,969	$ 348,279
Net income per share - basic and diluted	$ 0.00	$ 0.00	$ 0.01	$ 0.02
Balance Sheet Data:				
Total assets			$ 1,699,627	$ 2,115,015
Total liabilities			443,745	1,179,623
Stockholders' equity			$ 1,255,882	$ 935,392

Results of Operations

Six months ended June 30, 2007 compared to six months ended June 30, 2006

Revenues. Revenues from operations decreased $344,001 for the six months ended June 30, 2007 as compared to the six months ended June 30, 2006 as summarized below:

Six months ended June 30, 2007	
Sold 26 lots at $41,981 per lot	$ 1,091,519
Six months ended June 30, 2006	
Sold 36 lots at $39,876 per lot	1,435,520
Decrease in revenue	$ 344,001

Cost of Sales. The cost of sales decreased for the six months ended June 30, 2007 as compared to the six months ended June 30, 2006 due to the decrease in the number of lots sold as follows:

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Six months ended June 30, 2007 Cost of lots sold - 26 lots @ $26,633	$ 692,460
Six months ended June 30, 2006 Cost of lots sold - 36 lots @ $26,713	961,666
Decrease in cost of sales	$ 269,206

General and Administrative Expenses. General and administrative expenses increased by $8,140 to $78,210 for the six months ended June 30, 2007 as compared to $70,070 for the six months ended June 30, 2006, a 12% increase.

Accounting and legal expenses increased by $20,638 to $41,785 for the six months ended June 30, 2007, as compared to $21,147 for the six months ended June 30, 2006, a 98% increase. This is due to required filings with the Securities and Exchange Commission.

Property taxes decreased by $18,111 to $28,898 for the six months ended June 30, 2007, as compared to $47,009 for the six months ended June 30, 2006, a 39% decrease. This is due to owning fewer lots in 2007 as compared to 2006.

Other expenses increased by $5,613 to $7,527 for the six months ended June 30, 2007, as compared to $1,914 for the six months ended June 30, 2006, a 293% increase. This is mainly due to an increase in insurance expenses.

Results of Operations

Three months ended June 30, 2007 compared to three months ended June 30, 2006

Revenues. Revenues from operations decreased by $324,376 to $0 for the three months ended June 30, 2007 as compared to $324,376 for the three months ended June 30, 2006. This is due to the sale of 8 lots during the three months ended June 30, 2006, and none for the three months ended June 30, 2007. The next sale of lots is scheduled for January of 2008.

Cost of Sales. The cost of sales decreased by $214,377 to $0 for the three months ended June 30, 2007 as compared to $214,377 for the three months ended June 30, 2006. This is due to the sale of 8 lots during the three months ended June 30, 2006, and none for the three months ended June 30, 2007.

General and Administrative Expenses. General and administrative expenses increased by $12,207 to $20,065 for the three months ended June 30, 2007 as compared to $7,858 for the three months ended June 30, 2006, a 155% increase.

Accounting and legal expenses increased by $12,513 to $14,713 for the three months ended June 30, 2007, as compared to $2,200 for the three months ended June 30, 2006, a 569% increase. This is due to required filings with the Securities and Exchange Commission.

Property taxes decreased by $3,744 to $0 for the three months ended June 30, 2007, as compared to $3,744 for the three months ended June 30, 2006, a 100% decrease. This is due to owning fewer lots in 2007 as compared to 2006.

Other expenses increased by $3,438 to $5,352 for the three months ended June 30, 2007, as compared to $1,914 for the three months ended June 30, 2006. This is mainly due to an increase in insurance expenses.

Liquidity and Capital Resources. We currently have no material commitments for capital expenditures and have no fixed expenses.

To date we have financed our operations with cash from our operating activities and the following loans:

On October 1, 2005, the Company received a land development loan for $3,625,000 from Texas Bank. The loan bore an interest rate of 8.25%, and was paid off during 2006.

On October 13, 2004, the Company received a $417,000 note from Texas Bank. The loan bore interest at 8.25% and was paid off during 2006.

During 2005, the Company entered into seven notes payable dated from January 28, 2005 through April 29, 2005 payable to Larry Don Bankston. The loans bore interest at a rate of 7%, and were paid off during April 2007.

Working capital is summarized and compared as follows:

	June 30,	
	2007	2006
Current assets	$ 1,699,627	$ 2,115,015
Current liabilities	443,745	1,179,623
Working capital	$ 1,255,882	$ 935,392

Our net cash provided by operations was $1,197,246 for the six months ended June 30, 2007. Net income for the six months ended June 30, 2007 was $173,969, and included interest paid by the increase in notes payable of $4,057. We also had cash provided to us by a decrease in an investment in fully developed residential lots held for sale of $692,064, prepaid expenses of $4,093, corporation and Texas franchise taxes payable of $102,784, collection of our accounts receivable in the amount of $82,603, and $173,000 deposits received for future sales of lots. These were offset by a decrease in accounts payable and accrued expenses of $35,324.

Our net cash provided by operations for the six months ended June 30, 2006, consisted of net income of $348,279, and included interest paid by the increase in notes payable of $9,641. We also had cash provided by a decrease in an investment in fully developed residential lots held for sale of $959,777.

Our net cash used by investing activities was $877,189 for the six months ended June 30, 2007. It was for the investment in marketable securities.

There was no net cash used or provided from investing activities for the six months ended June 30, 2006.

Our net cash used by financing activities was $270,680 for the six months ended June 30, 2007. It was for the repayment of notes payable and accrued interest to Larry Don Bankston.

Our net cash used by financing activities was $1,279,928 for the six months ended June 30, 2006, which was for the repayment of land development loans payable.

Risk Factors

You should consider the following discussion of risks as well as other information regarding our operations. The risks and uncertainties described below are not the only ones. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. For a more detailed discussion of the risks facing us, you should review the "Risk Factors" section contained in our Form 10-KSB for the fiscal year ended December 31, 2006.

Risks Related to Our Business

- We plan to sell the remaining lots in Bankston Meadows in the near future and upon sale of the final lots we will have no source of additional revenue to pay our ongoing expenses.
- Management may not run the company in a profitable manner.
- We may not be able to locate and acquire suitable companies for our future acquisitions and any failure to acquire suitable companies may result in losses to us and our investors.
- We have a limited operating history in real estate development and therefore, predicting our future performance is difficult.
- We may not have access to sufficient capital to pursue our acquisition strategies and therefore may be unable to achieve our planned future growth.
- We depend on key management personnel and the loss of any of them would seriously disrupt our operations.
- We have not yet identified any specific target businesses to acquire through a purchase or merger or any specific areas of real estate development that we intend to pursue and we may acquire businesses that our shareholders do not approve of.
- We have not conducted research to determine whether there is demand in the market for a business combination with us and, if not, we may not be able to acquire suitable businesses.
- Our lack of diversification subjects our investors to a greater risk of losses.
- Control of the Company may change and any new management may not successfully run our business.
- We currently have only one officer and two directors each of whom have other employment obligations.
- Investors may not be able to review the terms of potential business combinations and any combination could result in losses.
- We are subject to currently unforeseeable risks associated with our potential business combinations, any of which could result in losses.
- Leveraged transactions may encumber our assets and reduce any returns to investors.

· Our business will be negatively affected if we do not keep pace with the latest real estate development trends and consumer preferences.

· Management has limited experience with real estate development and may not manage current or future projects successfully.

· We may not be able to manage rapid growth and acquisition of substantial new opportunities effectively.

· Our ownership of real estate may result in losses if demand for property declines.

· Our real estate activities will be subject to vigorous competition from other properties and other real estate investors, which may reduce our earnings.

· Development costs are difficult to estimate and if costs exceed our budget we may lose money on the sale of a property.

· The U.S. real estate market is cyclical, and is experiencing a downturn, which may increase the difficulty of selling our future property.

· Many real estate costs are fixed and must be paid even if the property is not generating revenue.

· There is no assured market for properties and we may be unable to sell a property in a timely manner, which would reduce our earnings.

· We are subject to zoning and environmental controls that may restrict the use of our property.

· We are subject to potential uninsured losses that may require substantial payments that would reduce our cash reserves or result in losses.

· As a developer of residential property, we are subject to risks affecting the homebuilding industry, any of which may reduce the sales price of our property.

· Our inability to make secured debt payments could result in the loss of any mortgaged property.

· Rising interest rates could adversely affect our cash flow.

Risks Related to Our Shares

· There is no market for our common stock and shareholders may be unable to sell their shares.

· If publicly traded, our stock price could be very volatile.

· Our controlling shareholder may exert considerable influence over elections and other decisions.

ITEM 3. CONTROLS AND PROCEDURES

(a) Under the supervision and with the participation of our management, including our principal executive and principal financial officer, we conducted an evaluation of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-14(c) and 15d-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 30, 2007. Based on that evaluation, our principal executive and principal financial officer concluded that the design and operation of our disclosure controls and procedures were effective in timely alerting him to material information required to be included in the Company's periodic reports filed with the SEC under the Exchange Act. The design of any system of controls 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, regardless of how remote. However, management believes that our system of disclosure controls and procedure is designed to provide a reasonable level of assurance that the objectives of the system will be met.

(b) There were no changes in our internal control over financial reporting during the second quarter of 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

31	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive and Principal Financial Officer
32	Section 1350 Certification

(b) Reports on Form 8-K:

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.

Dated: August 20, 2007

GENESIS HOLDINGS, INC., a Nevada corporation

By	/s/ Jason Pratte
	Jason Pratte, Chief Executive and Chief Financial Officer

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