China Runji Cement Inc.
Form 10QSB
July 11, 2008

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

FORM 10-QSB

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2008

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _______________to _______________

Commission File Number 000-51755

CHINA RUNJI CEMENT INC.
(Exact name of small business issuer as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	98-0533824 (I.R.S. Employer Identification No.)

Xian Zhong Town, Han Shan County
Chao Hu City, People's Republic of China
(Address of principal executive offices)

(0086) 565 4219871
(Issuer's telephone number)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes o No x

APPLICABLE ONLY TO CORPORATE ISSUERS

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
78,832,064 common shares, par value $0.0001 as at May 31, 2008

Transitional Small Business Disclosure Format (Check one): Yes o No x

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CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2008

PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The consolidated financial statements of China Runji Cement Inc. (the "Company"), included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, these financial statements should be read in conjunction with January 31, 2007 audited financial statements of the Company and notes thereto as included in Company's Form 10-KSB filed on April 30, 2007, and in conjunction with the August 31, 2007 audited financial statements of Anhui Province Runji Cement Co., Ltd. and the notes thereto as included in the Company's Current Report on Form 8-K filed on November 7, 2007.

CHINA RUNJI CEMENT INC.

INDEX TO MAY 31, 2008 CONSOLIDATED FINANCIAL STATEMENTS

China Runji Cement Inc.
Consolidated Balance Sheets
(Unaudited)

		May 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$	2,174,858
Accounts receivable, net (Note 3)		2,018,979
Notes receivable		727,666
Due from related parties		67,472
Inventory (Note 4)		1,595,520
Prepaid expenses and other receivables		894,375
Total Current Assets		7,478,870
Advances (Note 5)		11,428,860
Property, plant and equipment, net (Note 6)		38,272,035
Intangible assets and deferred charges (Note 7)		2,944,119
Total Assets	$	60,123,884
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Payables and accrued liabilities (Note 8)	$	7,569,741
Customer deposit		542,417
Short-term loans (Note 9)		432,277
Due to related parties - short-term (Note 10)		1,541,744
Taxes payable		1,603,588
Wages payable		348,287
Total Current Liabilities		12,038,054
Due to related parties – long-term (Note 10)		28,466,096
Total Liabilities		40,504,150
Shareholders' Equity		
Preferred stock: $0.0001 par value, 20,000,000 shares authorized, none shares issued and outstanding		-
Common stock: $0.0001 par value, 80,000,000 shares		

authorized, 78,832,064 shares issued and outstanding		7,883
Additional paid-in capital		12,327,102
Accumulated other comprehensive income		2,190,430
Retained earnings		5,094,319
Total shareholders' equity		19,619,734
Total Liabilities and Shareholders' Equity	$	60,123,884

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

China Runji Cement Inc.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2008	2007	2008	2007
Revenues	$ 11,681,719	$ 5,809,506	$ 27,901,832	$ 20,080,919
Cost of goods sold	8,819,531	5,515,764	21,584,102	18,071,681
Gross Profit	2,862,188	293,742	6,317,730	2,009,238
Operating Expenses				
Selling expenses	30,697	30,174	72,421	222,599
General and administrative expenses	375,996	322,661	1,019,430	769,123
Depreciation expense	26,572	17,166	69,659	72,906
Total operating expenses	433,265	370,001	1,161,510	1,064,628
Income (Loss) from Operations	2,428,923	(76,259)	5,156,220	944,610
Other Income (Expenses)				
Interest income	1,051	340	2,482	340
Interest expense	(12,620)	(3,544)	(38,215)	(626,404)
Other income	1,307,788	75,052	1,412,513	73,120
Income (Loss) Before Taxes	3,725,142	(4,411)	6,533,000	391,666
Income taxes	1,035,368	(1,962)	1,559,566	128,743
Net Income (Loss)	2,689,774	(2,449)	4,973,434	262,923
Other Comprehensive Income				
Foreign currency translation adjustment	482,874	143,440	1,398,816	494,614
Comprehensive Income	3,172,648	140,991	$ 6,372,250	757,537
Earnings Per Share, Basic and Diluted	$ 0.03		$ 0.07	
Weighted Average Shares Outstanding	78,832,064		71,031,033	

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

China Runji Cement, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended May 31,	
	2008	2007
Cash flows from operating activities:		
Net income	$ 4,973,434	$ 262,923
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Bad debt expense (recovery)	(172,409)	25,864
Depreciation expense	2,477,452	2,218,894
Changes in operating assets and liabilities:		
Accounts receivable	1,480,922	(972,139)
Notes receivable	(143,901)	-
Prepaid expenses and other receivables	(93,420)	1,909,210
Inventory	103,059	315,710
Accounts payable and accrued liabilities	468,713	(36,315)
Customer deposits	(210,876)	379,219
Taxes payable	284,799	300,290
Wages payable	135,305	76,759
Net cash provided by operating activities	9,303,078	4,480,415
Cash flows from investing activities		
Advances to suppliers	(7,426,140)	(148,222)
Collection of loans to related parties	14,947	527,268
Cash paid for intangible assets and deferred expenses	(136,532)	(2,747,827)
Cash paid for property, plant and equipment	(9,688,605)	(14,037,696)
Net cash used in investing activities	(17,236,330)	(16,406,477)
Cash flows from financing activities		
Proceeds from issuance of debt	-	1,510,210
Payments on debt	(1,155,911)	-
Proceeds from related party loans	8,476,546	10,529,281
Other	(11,820)	-
Net cash provided by financing activities	7,308,815	12,039,491
Effect of exchange rate changes on cash and cash equivalents	1,398,816	494,614

Net increase in cash and cash equivalents		774,379		608,043
Cash and cash equivalents, beginning of year		1,400,479		62,704
Cash and cash equivalents, end of year	$	2,174,858	$	670,747
Supplemental Disclosures				
Interest paid	$	29,482	$	626,404
Income taxes paid		1,431,995		128,743

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

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated as Fitmedia Inc., a Delaware corporation, on August 30, 2004.

On October 9, 2007, the Company entered into a Share Exchange Agreement (the "Exchange Agreement") by and among FitMedia, Timothy Crottey, the President and majority shareholder of FitMedia ("Crottey"), Shouren Zhao, a citizen and resident of the People's Republic of China and owner of 100% of the share capital of Ren Ji Cement Investment Company Limited ("Ren"); Ren Ji Cement Investment Company, Ltd., a British Virgin Islands corporation ("Renji Investment") and owner of 100% of the share capital of Ren Ji Cement Company, Limited; Ren Ji Cement Company, Limited, a corporation organized and existing under the laws of the Hong Kong SAR of the People's Republic of China ("HK Renji") and owner of 100% of the share capital of Anhui Province Runji Cement Co., Ltd.; and Anhui Province Runji Cement Co., Ltd., a corporation organized under the laws of the People's Republic of China ("Anhui Runji"). For purposes of the Exchange Agreement, Mr. Zhao is referred to therein as the "Ren Shareholder, " and Renji Investment, HK Renji and Anhui Runji are referred to therein as the "Renji Subsidiaries." Upon closing of the share exchange transaction (the "Share Exchange") contemplated under the Exchange Agreement on November 1, 2007, the Ren Shareholder transferred all of his share capital in Renji Investment to the Registrant in exchange for an aggregate of 55,000,000 shares of common stock of the Registrant, thus causing the Renji Subsidiaries to become a direct and indirect wholly-owned subsidiaries of the Registrant. In addition, on November 1, 2007, Shouren Zhao purchased 18,500,000 shares of our common stock from our President, Timothy J. Crottey, for $540,000 in cash. After the closings, Shouren Zhao became the CEO and President of FitMedia, and Yichun Jiang became the Chief Financial Officer. Mr. Zhao is also the Chairman and CEO of Anhui Province Runji Cement Co. Ltd.

Anhui Province Runji Cement Co., Limited ("Anhui Runji") is a producer and distributor of cement located in Anhui Province in China, was established in December 2003 with registered capital of 60 million RMB. Anhui Runji started production in October 2005 and specializes in cement production and sales. The main cement varieties produced are ordinary silicate cement PO52.5, P.O42.5, P.O32.5 and P.C32.5. At present, Anhui Runji has one cement clinker production line with daily production of 2,500 tons and one million tons annually.

Anhui Runji obtained its production license in 2005. Presently, Anhui Runji mainly focuses production on Runji Brand P.II52.5, P.O42.5, P.O32.5 and P.C32.5 cements. P.II52.5 is a high grade, high strength cement that is made in Anhui and Jiangsu Provinces and the region of north of the Changjiang River and is used in large projects. Anhui Runji has a rigorous quality control system and received ISO9001 quality system certification and international accreditation in March 2006. In addition Anhui Runji passed the national GB/T 19001-2000 standard authentication.

Presently, Anhui Runji's main market is in Hefei and Pukou (Nanjing), with total sales of 600,000 tons in the area, representing 60% of our total annual production of one million tons. An additional 30% of total annual production is sold in the cities surrounding Hefei and Pukou, with another 10% being sold in Liu'an and Dingyuan in Anhui and Jiangsu. To reflect its business and business plan, the Company changed its name from "Fitmedia Inc." to "China Runji Cement Inc.".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of China Runji Cement have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with August 31, 2007 audited financial statements of Anhui Province Runji Cement Co., Ltd. and the notes thereto as included in the Company's Current Report on Form 8-K filed on November 7, 2007. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements, which would substantially duplicate the disclosure required in China Runji's June 30, 2007 annual financial statements have been omitted.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Ren Ji Cement Investment Co., Ltd (a BVI corporation), Ren Ji Cement Company, Limited (a Hong Kong corporation) and Anhui Province Runji Cement Co., Ltd. (a PRC corporation). Intercompany transactions have been eliminated in consolidation.

Use of Estimates

In preparing these financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheets and revenues and expenses during the year reported. Actual results may differ from these estimates.

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

On December 4, 2007, the FASB issued SFAS No.141R, Business Combinations (SFAS No. 141R). SFAS No. 141R requires the acquiring entity in a business combination to recognize all the assets acquired and liabilities assumed, establishes the acquisition date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to expand disclosures about the nature and financial effect of the business combination. SFAS No. 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We have not yet determined the impact of the adoption of SFAS No. 141R on our consolidated financial statements and footnote disclosures.

On December 4, 2007, the FASB issued SFAS No. 160, Noncontrolling interest in Consolidated Financial Statements (SFAS No. 160). SFAS No. 160 requires all entities to report non-controlling (minority) interests in subsidiaries as equity in the consolidated financial statements. The statement establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation and expands disclosures in the consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. We have not yet determined the impact of the adoption of SFAS No. 160 on our consolidated financial statements and footnote disclosures. In September 2006, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements," which provides a definition of fair value, establishes a framework for measuring fair value and requires expanded disclosures about fair value measurements. In November 2007, the FASB deferred the effective date of SFAS 157 for non-financial assets and liabilities until fiscal years and interim periods beginning after November 15, 2008. The provisions of SFAS 157 will be applied prospectively. We do not believe the adoption of SFAS 157 would have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 allows companies to choose to measure financial instruments and certain other financial assets and financial liabilities at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We do not believe the adoption of SFAS 159 would have a material impact on the Company's consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with various financial institutions in the PRC, and all highly-liquid investments with original maturities of three months or less at the time of purchase.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management judgment and estimates are made in connection with establishing the allowance for doubtful accounts. Specifically, the Company analyzes the aging of accounts receivable balances, historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment terms. Significant changes in customer concentration or payment terms, deterioration of customer credit-worthiness or weakening in economic trends could have a significant impact on the collectibility of receivables and the Company's operating results. The allowance of doubtful account is accrued based on the AR identified uncollectible.

Inventories

Inventories, which are primarily comprised of raw materials, packaging materials, semi-finished goods, and finished goods, are stated at the lower of cost or net realizable value, using the moving average("MA") method. Cost being determined on the basis of a moving average. The Company evaluates the need for reserves associated with obsolete, slow-moving and non-salable inventory by reviewing net realizable values on a periodic basis.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method, with an estimated 5% salvage value of original cost, over the estimated useful lives of the assets as follows:

Buildings	20 years
Manufacturing machinery & equipment	8 years
Electronic equipment & automobiles	5 years
Office equipment	5 years

Expenditures for repairs and maintenance, which do not improve or extend the expected useful lives of the assets, are expensed as incurred while major replacements and improvements are capitalized.

When property or equipment is retired or disposed of, the cost and accumulated depreciation are removed from the accounts, with any resulting gains or losses being included in net income or loss in the year of disposition.

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Company evaluates potential impairment of long-lived assets, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which requires the Company to (a) recognize an impairment loss only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the asset. The Company believes that long-lived assets in the accompanying balance sheets are appropriately valued at May 31, 2008.

Government Subsidies

A government subsidy is recognized only when there is reasonable assurance that the enterprise will comply with any conditions attached to the grant and the grant will be received. The Company received a government incentive of $2,135,616 (or RMB 14,949,314) for the year ended August 31, 2005, in the form of a reduction in the cost of land use rights. The Company is entitled to receive a treasury subsidy of the local government in accordance with the "Regulations of facilitating investment in industrial enterprises" (Article 17 of Han Order [2002]) which is jointly promulgated on Oct 28, 2002 by the Communist Party Commission of Han Shan County, Anhui Province and Han Shan County Government of Anhui Province. According to this regulation, the first 3 years of tax payable to the local government by the Company after it commenced production will be refunded to the Company for the purpose of increasing production. The application of the Company was approved.

In February 2008, Han Shan county government refunded to the Company a treasury subsidy for the year 2005 - 2006 which totaled $469,322. A total of $820,589 Government subsidy is still in process.

Revenue Recognition

The Company recognizes revenue when the significant risks and rewards of ownership have been transferred pursuant to PRC law, including such factors as when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, sales and value-added tax laws have been complied with, and collectibility is reasonably assured. The Company generally recognizes revenue when its products are shipped.

Comprehensive Income

The Company has adopted SFAS No. 130, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income, its components, and accumulated balances in a full-set of general-purpose financial statements. Accumulated other comprehensive income represents the accumulated balance of foreign currency translation adjustments.

Concentration of Credit Risk

The Company maintains cash balances at various financial institutions in the PRC, which do not provide insurance for amounts on deposit.

The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk in this area.

The Company operates principally in the PRC and grants credit to its customers in this geographic region. Although the PRC is economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

Foreign Currency Translation

The functional currency of the Company is the Renminbi ("RMB"), the PRC's currency. The Company maintains its financial statements using the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income (loss) for the respective periods.

For financial reporting purposes, the financial statements of the Company, which are prepared using the RMB, are translated into the Company's reporting currency, United States Dollars. Balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using the average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in stockholder's equity.

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Company's financial instruments include cash equivalents, accounts receivable, other receivables, accounts payable, accrued expenses, value-added taxes, short-term and long-term bank loans, and loans payable to related parties. The carrying amounts of financial instruments other than long-term obligations approximate fair value due to their short maturities. Long-term obligations approximate fair value based upon rates currently available for similar instruments.

NOTE 3 – ACCOUNTS RECEIVABLE

	May 31, 2008
Accounts Receivable –Trade	$ 2,077,441
Allowance for Doubtful Accounts	(58,462)
	$ 2,018,979

NOTE 4 – INVENTORY

Inventory consists of the following:

	May 31, 2008
Raw Materials	$ 728,526
Packaging Materials	67,782
Semi-Finished Goods	164,333
Finished Goods	634,879
	$ 1,595,520

NOTE 5 – ADVANCES TO SUPPLIERS

Advances to suppliers represent amounts prepaid for Construction in Progress. The advances are applied against amounts due the supplier as the materials are received.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	May 31, 2008
Buildings – Cost	$ 21,987,314
Buildings - Accumulated Depr	(1,815,110)

Buildings – Net		20,172,204
Equipment & Machinery – Cost		18,462,789
Equipment & Machinery – Accumulated Depr		(5,097,580)
Equipment & Machinery – Net		13,365,209
Automobiles – Cost		252,053
Automobiles – Accumulated Depr		(82,604)
Automobiles – Net		169,449
Other Equipment – Cost		11,451
Other Equipment - Accumulated Depr		(1,102)
Other Equipment – Net		10,349
Computer Equipment – Cost		19,602
Computer Equipment - Accumulated Depr		(5,506)
Computer Equipment – Net		14,096
Total Fixed Assets - Net		33,731,307
Construction in progress		4,540,728
	$	38,272,035

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 7 –INTANGIBLE ASSETS & DEFERRED CHARGES

Intangibles and deferred charges include the following:

	May 31, 2008
Mineral rights-Limestone	$ 2,687,616
Mineral rights-Sandstone	256,503
	$ 2,944,119

NOTE 8 –PAYABLES AND ACCRUED LIABILITIES

Payables and accrued liabilities consist of the following:

	May 31, 2008
Accounts payable	$ 5,350,622
Other Payables	2,209,995
Accrued liabilities	9,124
	$ 7,569,741

NOTE 9 – SHORT TERM LOANS

This loan was from Zhongxing Bank and was dated December 27, 2007, matures on December 26, 2008 and bears an interest rate of 1.038% per month. During the nine months ended May 31, 2008, interest expense related to this loan totaled $22,435.

NOTE 10 – RELATED PARTY TRANSACTIONS

(a) Names and relationship of related parties:

Name	Existing relationship with the Company
Nanjin Hongren	A company controlled by a shareholder
Nanjin Runji	A company controlled by a shareholder

Shouren Zhao	Shareholder, president & CEO of the Company
Xuanjun Yang	Shareholder of the Company

(b) Due to Related Parties - short-term consists of $1,541,744 due to Shouren Zhao and Xuanjun Yang.

These are shareholder short-term loans in Hong Kong Renji are used in the merger and acquisition of the shares of Anhui Runji's shareholders, Mr. Shouren Zhao and Mr. Xuanjun Yang. The loan bears no stated interest rate or maturity date and is deemed payable on demand.

China Runji Cement Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Due to Other Related Parties - long-term consists of the following:

	May 31, 2008
Due to related party - L/T - Nanjin Hongren	$ 19,774,166
Due to related party - L/T - Nanjin Runji	7,033,458
Due to related party - L/T - Shouren Zhao	613,627
Due to related party - L/T - Xuanjun Yang	1,044,845
	$ 28,466,096

The above amounts due to related parties represent loans payable that are unsecured and non-interest bearing. The loans are due two years after May 31, 2008 and are used to meet the Company's operating needs.

NOTE 11 – COMMITMENTS AND CONTINGECIES

Social insurance for employees

According to the prevailing laws and regulations of the PRC, the Company is required to cover its employees with medical, retirement and unemployment insurance programs. Management believes that due to the transient nature of its employees, the Company does not need to provide all employees with such social insurances, and has paid the social insurances for the Company's employees who have completed three months' continuous employment with the Company.

In the event that any current or former employee files a complaint with the PRC government, the Company may be subject to making up the social insurances as well as administrative fines. As the Company believes that these fines would not be material, no provision has been made in this regard.

Tax issues

The tax authority of the PRC Government conducts periodic and ad hoc tax filing reviews on business enterprises operating in the PRC after those enterprises had completed their relevant tax filings, hence the Company's tax filings may not be finalized. It is therefore uncertain as to whether the PRC tax authority may take different views about the Company's tax filings which may lead to additional tax liabilities.

NOTE 12 – INCOME TAXES

The Company's Enterprise Income Tax ("EIT") rate is 25%. The income taxes for the nine months ended May 31, 2008 was $1,559,566.

NOTE 13 - OPERATING RISK

The Company operates in the research, development, manufacturing, marketing and sales of cement products industry. Substantially all of the Company's identifiable assets and operations at May 31, 2008 and May 31, 2007 were located in the PRC.

The Company has significant investments in the PRC. The operating results of the Company may be adversely affected by changes in the political and social conditions in the PRC and by changes in Chinese government policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things. There can be no assurance; however, those changes in political and other conditions will not result in any adverse impact.

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

As used herein the terms "we", "us", "our," the “Issuer,” and the "Company" means, China Runji Cement Inc., a Delaware corporation.

GENERAL DESCRIPTION OF BUSINESS

Introduction

The Issuer was incorporated as Fitmedia Inc., a Delaware corporation, on August 30, 2004. It was a development stage company.

In October, 2007, the management of the Issuer determined that it was in the best interests of the stockholders of the Issuer to agree to enter into a share exchange (the “Share Exchange”) and acquire Anhui Province Runji Cement Co., Ltd. (“Anhui Runji”), a Chinese company that is engaged in the business of distributing cement across several provinces in the People’s Republic of China. As part of the reverse merger, the Issuer has ceased engaging in the health and fitness business that Fitmedia Inc. was once engaged in.

As a result of the Share Exchange, Anhui Runji became an indirect wholly-owned subsidiary of the Issuer, and the Issuer succeeded to the business of Anhui Runji, which is a leading cement production and distribution company in the People’s Republic of China. Using low cost production techniques, while building a strong brand image, Anhui Runji has a strong competitive edge in the central China cement market. To reflect its business and business plan, the Issuer changed its name from “Fitmedia Inc.” to “China Runji Cement Inc.”

Material Terms and Conditions of the Share Exchange Agreement

On October 9, 2007, the Issuer entered into a Share Exchange Agreement (the “Exchange Agreement”) by and among the Issuer, Timothy Crottey, the President and majority shareholder of FitMedia (“Crottey”), Zhao Shou Ren, a citizen and resident of the People’s Republic of China and owner of 100% of the share capital of Ren Ji Cement Investment Company Limited (“Ren”); Ren Ji Cement Investment Company., Ltd., a British Virgin Islands corporation (“Renji Investment”) and owner of 100% of the share capital of Ren Ji Cement Company Limited; Ren Ji Cement Company Limited, a corporation organized and existing under the laws of the Hong Kong SAR of the People’s Republic of China (“HK Renji”) and owner of 100% of the share capital of Anhui Province Runji Cement Co., Ltd.; and Anhui Province Runji Cement Co., Ltd., a corporation organized under the laws of the People’s Republic of China (“Anhui Runji”). For purposes of the Exchange Agreement, Ren is referred to therein as the “Ren Shareholder,” and Renji Investment, HK Renji and Anhui Runji are referred to therein as the “Renji Subsidiaries.” Upon closing of the Share Exchange contemplated under the Exchange Agreement on November 1, 2007, the Ren Shareholder transferred all of his share capital in Renji Investment to the Issuer in exchange for an aggregate of 55,000,000 shares of common stock of the Issuer, thus causing the Renji Subsidiaries to become a direct and indirect wholly-owned subsidiaries of the Issuer.

On October 9, 2007, the Issuer entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”) by and among the Issuer, Crottey, and the Ren Shareholder, pursuant to which the Ren Shareholder, as Purchaser, at closing on November 1, 2007, acquired 18,500,000 shares (the “Stock Purchase”) of common stock of the Issuer from Crottey for $540,000.

In addition, pursuant to the terms and conditions of the Exchange Agreement:

- Demand and piggy-back registration rights were granted to the Ren Shareholder with respect to shares of the Company's restricted common stock to be acquired by him at closing in a Regulation S offering.
- On the Closing Date, the current officers of the Registrant resigned from such positions and the persons chosen by Anhui Runji were appointed as the officers of the Issuer, notably Zhao Shou Ren, as Chairman, CEO and President and Jiang Yi Chun as CFO.
- On the Closing Date, Crottey resigned from his position as a director effective upon the expiration of the ten day notice period required by Rule 14f-1, at which time additional persons designated by Anhui Runji were appointed as director of the Issuer, notably Bi Li Ming and Yang Xuan Jun.
- On the Closing Date, the Issuer paid and satisfied all of its "liabilities" as such term is defined by U.S. GAAP as of the closing.
- As of the Closing, the parties consummated the transactions contemplated by the Stock Purchase Agreement.

As of the date of the Exchange Agreement and Stock Purchase Agreement, there were no material relationships between the Issuer or any of its affiliates and the Renji Subsidiaries, or Anhui Runji, other than in respect of the Share Exchange.

The foregoing description of the Exchange Agreement and the Stock Purchase Agreement do not purport to be complete and is qualified in its entirety by reference to the complete text of the Exchange Agreement, which is filed as Exhibit 2.1, and the complete text of the Stock Purchase Agreement, which is filed as Exhibit 2.2, to a Form 8-K filed with the Commission on November 7, 2007, both of which are incorporated herein by reference.

Anhui Runji's Business Plan

Anhui Runji has completed the construction of its first cement production line with daily production of 2,500 tons, or one million tons per year. In August 2007, Anhui Runji started to build up its second cement production line with daily production capacity of 2,500 tons, or one million tons per year. The second cement production line is estimated to be completed in August 2008 and put into production in October 2008. At that time, the annual cement production capacity of Anhui Runji will be over two million tons.

After completing the construction of Anhui Runji's first two production lines, the Company plans to construct its 3rd and 4th production lines in 2009 and 2010 respectively. These two production lines will have a daily production capacity of 5,000 tons or 2 million tons annually respectively.

After completing the construction of these production lines, the Company will be capable of a daily cement production capacity of 15,000 tons and yearly cement production capacity of 6 million tons, thus becoming a large cement plant in China. The market share of the Company will be estimated to be over 80% in the market area surrounding the Company in a radius of 150 kilometers from the production facilities.

Summary of the Operations of Anhui Runji

Anhui Province Runji Cement Co., Ltd. is a private company located in Anhui Province in China, established in December 2003 with registered capital of RMB 60 million. The Company started production in October 2005 and specializes in cement production and sales. The main cement varieties produced are ordinary silicate cement PII52.5, P.O42.5, P.O32.5 and P.C32.5. At present, the Company has one cement clinker production line with daily production of 2,500 tons and one million tons annually.

The Company obtained its production license in 2005. Presently, the Company focuses production on Runji Brand P.II52.5, P.O42.5, P.O32.5 and P.C32.5 cements. P.II52.5 is a high grade, high strength cement that is made in the Anhui and Jiangsu Provinces and the region of north of the Changjiang River and is used in large architectural projects. The Company has a rigorous quality control system and received ISO9001 quality system certification and international accreditation in March 2006. In addition, the Company passed the national GB/T 19001-2000 standard authentication.

Presently, the Company's main market is in Hefei and Pukou (Nanjing), with total sales of 600,000 tons in the area, representing 60% of its total annual production of one million tons. An additional 30% of total annual production is sold in the cities surrounding Hefei and Pukou, with another 10% being sold in Liu'an and Dingyuan in the Anhui and Jiangsu Provinces.

The Company's net sales to customers for the three and nine months ended May 31, 2008 and May 31, 2007, were \$11,681,719 and \$5,809,506, and \$27,901,832 and \$20,080,919 respectively.

The second cement clinker production with daily production of 2,500 tons and one million tons annually is under construction, which is estimated to be completed in August 2008. In 2009, the Company plans to construct additional cement product line with daily production of 5,000 tons and two million tons annually, which has been approved by China government.

The following discussion should be read in conjunction with the financial statements included in this report and is qualified in its entirety by the foregoing.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 31, 2007 AND 2008.

Revenues

We generated all of our revenue by selling primarily cement products. Revenues increased by $5,872,213 or 101% to $11,681,719 for the three months ended May 31, 2008 from $5,809,506 for the same corresponding period in 2007. The increase is primarily the result of increased sales volume especially PO42.5 cement; and also due to increased retail price for cement products.

Of the $11,681,719 in revenue for the three months ended May 31, 2008, approximately $8,435,168 (or 72%) was generated from sales of PO42.5 cement, and $453,022 (or 4%) from the stronger and more durable PII52.5 cement.

Cost of Goods Sold

Our cost of goods sold for the three months ended May 31, 2008 was $8,819,531, compared to $5,515,764 for the same corresponding period in 2007, an increase of $3,303,767 or approximately 60%. The increase was attributed to the increase in our sales revenue and increase in the cost of purchasing raw materials.

Gross Profit

Our gross profit increased by $2,568,446 or approximately 874% to $2,862,188 for the three months ended May 31, 2008 from $293,742 for the same period in 2007. The increase was primarily due to the increase in the retail price of cement products in China. This increase counter balanced the negative effect imposed by the increase in raw material costs. We are able to transfer the costs of raw materials to our customers by increasing the retail price of cement, which is subsequently accepted by the market.

Operating Expenses

Total operating expenses for the three months ended May 31, 2008 was $433,265, compared to $370,001 for the same period in 2007, an increase of $63,264 or approximately 17%. The increase was mainly the result of the increased costs associated with the increase in revenue.

Interest Expenses

Our interest expense for the three months ended May 31, 2008 and May 31, 2007 was $12,620 and $3,544, respectively. The increased interest expense of $9,076 was due mainly to the increase in short-term loans.

Other Income

Other income was $1,307,788 for the three months ended May 31, 2008, compared to $75,052 for the same period in 2007, an increase of $1,232,736 or approximately 1,643%. The increase in other income was mainly the result of a tax refund from the Chinese government in 2008.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MAY 31, 2007 AND 2008.

Revenues

We recorded revenue of $27,901,832 for the nine months ended May 31, 2008, compared to $20,080,919 for the same period in 2007, an increase of $7,820,913, or 39%. This was due primarily to increased cement sales in our geographic area and increased market price of our cement products.

Cost of Goods Sold

Our cost of goods sold during the nine months ended May 31, 2008 and May 31, 2007 was $21,584,102 and $18,071,681, respectively. The increase in cost of goods sold was attributable to the increase of our sales revenue and the increase of raw material costs.

Gross Profit

Gross profit during the nine months ended May 31, 2008 and May 31, 2007 was $6,317,730 and $2,009,238, respectively. The gross profit ratio increased 214% for the nine months ended May 31, 2008 over the same period in year 2007. The increase was primarily due to the increase in retail price of cement products in China in general, counter balanced by the negative effect imposed by the increase in raw material costs. We are able to transfer the cost of raw materials to our customers by increasing the retail price of cement, which is subsequently accepted by the market.

Operating Expenses

Total operating expenses for the nine months ended May 31, 2008 and May 31, 2007 were $1,161,510 and $1,064,628, respectively. The increase of $96,882 was due mainly to increased administrative and general expenses.

Interest Expenses

Interest expense for the nine months ended May 31, 2008 and May 31, 2007, was $38,215 and $626,404, respectively. The decrease of $588,189 was due mainly to the decreased interest expenses for our shareholder loans.

Other Income

Other income increased by $1,339,393 to $1,412,513 for the nine months ended May 31, 2008 from $73,120 for the same period in 2007. The increase in other income was mainly the result of a tax refund from Chinese government in 2008.

Liquidity and Capital Resources

Net cash flows provided by operating activities for the nine months ended May 31, 2008 and May 31, 2007 were $9,303,078 and $4,480,415, respectively. This was primarily due to depreciation expense, a decrease in accounts receivable and an increase in accounts payable and accrued liabilities.

Net cash flows used in investing activities for the nine months ended May 31, 2008 and May 31, 2007 were $17,236,330 and $16,406,477. This was due mainly to advances made to suppliers and cash paid for intangible assets and deferred charges and property, plant and equipment in connection with the development of the second production line.

Net cash flows provided by financing activities for the nine months ended May 31, 2008 and May 31, 2007 were $7,308,815 and $12,039,491, respectively. This was due mainly proceeds received on related party loans offset by payments made on debt.

Overall, we have funded most of our cash needs from inception through May 31, 2008 with operating activities and loans from related parties.

On May 31, 2008, we had cash and cash equivalents of $2,174,858 on hand. We anticipate raising funds through an equity or debt offering or with a strategic partner in the coming year.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of the Company's financial condition presented in this section are based upon the unaudited consolidated financial statements of China Runji Cement Inc., which have been prepared in accordance with the generally accepted accounting principles in the United States. During the preparation of the financial statements China Runji Cement Inc. is required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, China Runji Cement Inc. evaluates its estimates and judgments, including those related to sales, returns, pricing concessions, bad debts, inventories, investments, fixed assets, intangible assets, income taxes and other contingencies. China Runji Cement Inc. bases its estimates on historical experience and on various other assumptions that it believes are reasonable under current conditions. Actual results may differ from these estimates under different assumptions or conditions.

In response to the SEC's Release No. 33-8040, "Cautionary Advice Regarding Disclosure About Critical Accounting Policy," China Runji Cement Inc. identified the most critical accounting principals upon which its financial status depends. China Runji Cement Inc. determined that those critical accounting principles are related to the use of estimates, inventory valuation, revenue recognition, income tax and impairment of intangibles and other long-lived assets. China Runji Cement Inc. presents these accounting policies in the relevant sections in this management's discussion and analysis, including the Recently Issued Accounting Pronouncements discussed below.

Revenue Recognition. China Runji Cement Inc. recognizes sales when the revenue is realized or realizable, and has been earned, in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements". China Runji Cement Inc.' sales are related to sales of product. Revenue for product sales is recognized as risk and title to the product transfer to the customer, which usually occurs at the time shipment is made. Substantially all of China Runji Cement Inc.' products are sold FOB ("free on board") shipping point. Title to the product passes when the product is delivered to the freight carrier.

Sales revenue represents the invoiced value of goods, net of a value-added tax (VAT). All of China Runji Cement Inc.' products that are sold in the China are subject to a Chinese value-added tax at a rate of 17% of the gross sales price or at a rate approved by the Chinese local government. This VAT may be offset by VAT paid by China Runji Cement Inc. on raw materials and other materials included in the cost of producing their finished product.

Accounts Receivable, Trade and Allowance for Doubtful Accounts. China Runji Cement Inc.' business operations are conducted in the People's Republic of China. During the normal course of business, China Runji Cement Inc. extends unsecured credit to its customers. Management reviews accounts receivable on a regular basis to determine if the allowance for doubtful accounts is adequate. An estimate for doubtful accounts is recorded when collection of the full amount is no longer probable.

Inventories. Inventories are stated at the lower of cost or market using the weighted average method. China Runji Cement Inc. reviews its inventory on a regular basis for possible obsolete goods or to determine if any reserves are necessary for potential obsolescence.

Income Taxes. China Runji Cement Inc. has adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). SFAS 109 requires the recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consist of taxes currently due plus deferred taxes. Since China Runji Cement Inc. had no operations within the United States there is no provision for US income taxes and there are no deferred tax amounts at December 31, 2006 and 2005. The charge for taxation is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probably that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the Company intends to settle current tax assets and liabilities on a net basis.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"), which permits entities to choose to measure financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will be effective for the Company on January 1, 2008. The Company does not expect that the adoption of SFAS 159 will have a material impact on its financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations, which replaces SFAS No. 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141(R) is effective for the Company beginning September 1, 2008 and will apply prospectively to business combinations completed on or after that date. While the Company has not yet evaluated this statement for the impact, if any, that SFAS 141(R) will have on its consolidated financial statements, the Company will be required to expense costs related to any acquisitions after August 31, 2008.

In December 2007, the FASB issued SFAS No. 160, Non Controlling Interests in Consolidated Financial Statements, an amendment of ARB 51, which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parents' equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for the Company beginning September 1, 2008 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively. The Company does not expect the adoption of SFAS No. 160 will have a material impact on its financial statements.

ITEM 3. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized and reported within the specified time periods. Our Chief Executive Officer and our Chief Financial Officer (collectively, the "Certifying Officers") are responsible for maintaining our disclosure controls and procedures. Our controls and procedures established by us are designed to provide reasonable assurance that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

As of the end of the period covered by this report, the Certifying Officers evaluated the effectiveness of our disclosure controls and procedures. Based on the evaluation, the Certifying Officers concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not aware of any pending or threatened legal proceedings, in which we are involved. In addition, we are not aware of any pending or threatened legal proceedings in which entities affiliated with our officers, directors or beneficial owners are involved.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(1) Exhibits: Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning at the end of this Form 10-QSB.

(2) a) 8-K filed May 5, 2008 – Appointment of CFO
b) 8-K filed June 5, 2008 – Change in Auditors
c) 8-K/A filed June 30, 2008 – Change in Auditors

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

CHINA RUNJI CEMENT INC.

Date: July 11, 2008 By: /s/ Shouren Zhao
Shouren Zhao
Chairman and Chief Executive Officer

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Articles of Incorporation of Fitmedia Inc. (incorporated by reference from Exhibit 3 to Fitmedia's Registration Statement on Form SB-2 filed with the Commission on May 13, 2005).
3.2	By-laws of Fitmedia Inc. (incorporated by reference from Exhibit 3 to Fitmedia's Registration Statement on Form SB-2 filed with the Commission on May 13, 2005).
31.1	Certification of Chairman and Chief Executive Officer
31.2	Certification of Chief Financial Officer and Principal Accounting Officer
32.1	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of Shouren Zhao, Chairman and Chief Executive Officer.
32.2	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, of Yichun Jiang, Chief Financial

Officer and Principal Accounting Officer.