Advanced Biomedical Technologies Inc.
Form 10-Q
March 17, 2011

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

FORM 10-Q

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

For the quarterly period ended January 31, 2011

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-53051

Advanced BioMedical Technologies, Inc.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

18 Lake Ridge Drive
Middletown, NY 10940
(Address of principal executive offices, including zip code.)

(718) 766-7898
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ¨ NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
YES ¨ NO x

As of March 11, 2011, there are 56,374,850 shares of common stock outstanding.

All references in this Report on Form 10-Q to the terms “we”, “our”, “us”, the “Company”, “ABMT” and the “Registrant” refe
Advanced BioMedical Technologies, Inc. unless the context indicates another meaning.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying condensed unaudited financial statements of Advanced BioMedical Technologies, Inc., formerly known as Geostar Mineral Corporation, a Nevada corporation are condensed and, therefore, do not include all disclosures normally required by accounting principles generally accepted in the United States of America. These statements should be read in conjunction with the Company's most recent annual financial statements for the year ended October 31, 2010 included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on February 15, 2011. In the opinion of management, all adjustments necessary for a fair presentation have been included in the accompanying condensed financial statements and consist of only normal recurring adjustments. The results of operations presented in the accompanying condensed financial statements for the period ended January 31, 2011 are not necessarily indicative of the operating results that may be expected for the full year ending October 31, 2011.

ADVANCED BIOMEDICAL TECHNOLOGIES, INC.
AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JANUARY 31, 2011
(UNAUDITED)

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONTENTS

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. ("ABMT")
AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	January 31, 2011 Unaudited	October 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$16,130	$38,614
Other receivables and prepaid expenses	13,364	12,623
Total Current Assets	29,494	51,237
PROPERTY AND EQUIPMENT, NET	48,753	49,461
TOTAL ASSETS	$78,247	$100,698
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Other payables and accrued expenses	$19,559	$25,711
Due to a stockholder	99,104	217,951
Due to directors	144,047	158,941
Due to a related company	405,572	400,192
Due to related parties	765,627	788,400
Total Current Liabilities	1,433,909	1,591,195
COMMITMENTS AND CONTINGENCIES	-	-
DEFICIT		
ABMT Stockholders' Deficit		
Common stock, $0.00001 par value, 100,000,000 shares		
authorized, 56,374,850 and 56,144,850 shares		
issued and outstanding as of January 31, 2011 and October 31, 2010	564	562
Common stock, 230,000 shares to be issued	-	2
Stock subscription receivable	-	(230,000)
Additional paid-in capital	1,501,391	1,494,551
Deferred stock compensation	(143,334)	(206,459)
Accumulated deficit during development stage	(2,584,318)	(2,436,044)
Accumulated other comprehensive loss	(129,965)	(113,109)
Total ABMT Stockholders' Deficit	(1,355,662)	(1,490,497)
Noncontrolling interests		
Total Deficit	(1,355,662)	(1,490,497)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$78,247	$100,698

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

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three months ended January 31,		September 25, 2002 (Inception) through January 31,
	2011	2010	2010
OPERATING EXPENSES			
General and administrative expenses	$125,853	$144,600	$2,108,222
Depreciation	1,308	7,452	262,678
Research and development (Net of government grant)	30	1,840	119,063
Total Operating Expenses	127,191	153,892	2,489,963
LOSS FROM OPERATIONS	(127,191)	(153,892)	(2,489,963)
OTHER INCOME (EXPENSES)			
Other income	908	-	5,493
Interest income	24	13	1,625
Interest paid to a stockholder and related parties	(14,826)	(12,831)	(115,221)
Imputed interest	(6,840)	(7,388)	(183,924)
Other expenses	(349)	(293)	(19,533)
Total Other Expenses, net	(21,083)	(20,499)	(311,560)
LOSS FROM OPERATIONS BEFORE TAXES	(148,274)	(174,391)	(2,801,523)
Income tax expense	-	-	-
NET LOSS	(148,274)	(174,391)	(2,801,523)
Net loss attributable to noncontrolling interests	-	-	217,205
NET LOSS ATTRIBUTABLE TO ABMT COMMON STOCKHOLDERS	(148,274)	(174,391)	(2,584,318)
OTHER COMPREHENSIVE (LOSS) INCOME			
Total other comprehensive (loss) income	(16,856)	44	(129,965)
Add: foreign currency translation loss attributable to noncontrolling interest	-	-	-
Foreign currency translation (loss) income attributable to ABMT common stockholders	(16,856)	44	(129,965)
COMPREHENSIVE LOSS ATTRIBUTABLE TO ABMT COMMON STOCKHOLDERS	$(165,130)	$(174,347)	$(2,714,283)
Net loss per share-basic and diluted	$(0.00)	$(0.00)	

Weighted average number of shares outstanding during the period - basic and diluted	56,374,850	55,732,159

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

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY (UNAUDITED)

	Common Stock		Shares to be issued		Stock Subscriptions	Additional Paid-in	Deferred Stock	Accumulated deficit during Development	Accumulated other Comprehensive	Noncon
	Number of Shares	Amount	Number of Shares	Amount	receivable	capital	Compensation	stage	loss	inte
Stock issued to founders for cash	50,510,000	$505	-	$-	$-	$275,002	$-	$-	$-	$217
Net loss for the period	-	-	-	-	-	-	-	(40,343)	-	(17,
Foreign currency translation loss	-	-	-	-	-	-	-	-	(225)	10
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2003	50,510,000	505	-	-	-	275,002	-	(40,343)	(225)	199
Net loss for the year	-	-	-	-	-	-	-	(65,960)	-	(28,
Foreign currency translation loss	-	-	-	-	-	-	-	-	(357)	2
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2004	50,510,000	505	-	-	-	275,002	-	(106,303)	(582)	171
Imputed interest on advances from a stockholder and related company	-	-	-	-	-	23,103	-	-	-	-

Net loss for the year	-	-	-	-	-	-	-	(357,863)	-	(15
Foreign currency translation loss	-	-	-	-	-	-	-	-	(12,290)	2,06
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2005	50,510,000	505	-	-	-	298,105	-	(464,166)	(12,872)	20,3
Imputed interest on advances from a stockholder and related company	-	-	-	-	-	27,184	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	(172,738)	-	(18,
Foreign currency translation loss	-	-	-	-	-	-	-	-	(6,084)	(2,0
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2006	50,510,000	505	-	-	-	325,289	-	(636,904)	(18,956)	-
Imputed interest on advances from a stockholder, related company and related party	-	-	-	-	-	39,021	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	(196,871)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(27,401)	-

Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2007	50,510,000	505	-	-	-	364,310	-	(833,775)	(46,357)	-
Imputed interest on advances from a stockholder and related company	-	-	-	-	-	27,764	-	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(227,038)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(35,833)	-
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at October 31,2008	50,510,000	505	-	-	-	392,074	-	(1,060,813)	(82,190)	-
Recapitalization	5,104,000	51	-	-	-	(51)	-	-	-	-
Stock issued for services ($3.05 per share)	100,000	1	-	-	-	304,999	(292,292)	-	-	-
Stock issued for cash in private placement ($1.15 per share)	5,000	-	-	-	-	5,750	-	-	-	-
Stock issued for cash in private placement ($1.15 per share)	2,000	-	-	-	-	2,300	-	-	-	-
Contributed capital	-	-	-	-	-	26,950	-	-	-	-
Distributed to the stockholders	-	-	-	-	-	(31,409)	-	-	-	-

Imputed Interest on advances from a stockholder and related company	-	-	-	-	-	31,656	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	(558,432)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(1,856)	-
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at October 31, 2009	55,721,000	557	-	-	-	732,269	(292,292)	(1,619,245)	(84,046)	-
Stock issued for cash in private placement ($1.5 per share)	6,667	-	-	-	-	10,000	-	-	-	-
Stock issued for cash in private placement ($1.5 per share)	16,667	-	-	-	-	25,000	-	-	-	-
Stock issued for cash in private placement ($1.5 per share)	136,833	2	-	-	-	205,248	-	-	-	-
Stock to be issued for cash in private placement ($1.0 per share)	-	-	230,000	2	(230,000)	229,998	-	-	-	-
Stock issued for services ($1 per share)	100,000	1	-	-	-	99,999	(100,000)	-	-	-
Stock issued for services ($1 per share)	13,683	-	-	-	-	13,683	(13,683)	-	-	-

Stock issued for services ($1 per share)	150,000	2	-	-	-	149,998	(150,000)	-	-	-
Amortisation for stock issued for services	-	-	-	-	-	-	349,516	-	-	-
Imputed interest on advances from a stockholder and related company	-	-	-	-	-	28,356	-	-	-	-
Net loss for the year	-	-	-	-	-	-	-	(816,799)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(29,063)	-
Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at October 31, 2010	56,144,850	562	230,000	2	(230,000)	1,494,551	(206,459)	(2,436,044)	(113,109)	-
Stock issued for cash in private placement ($1 per share)	230,000	2	(230,000)	(2)	230,000	-	-	-	-	-
Imputed interest on advances from a stockholder and related company	-	-	-	-	-	6,840	-	-	-	-
Amortisation for stock issued for services	-	-	-	-	-	-	63,125	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(148,274)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(16,856)	-

Comprehensive loss	-	-	-	-	-	-	-	-	-	-
Balance at January 31, 2011	56,374,850	$564	-	$-	$-	$1,501,391	$(143,334)	$(2,584,318)	$(129,965)	$-

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

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended January 31,		September 25, 2002 (inception) through January 31,
	2011	2010	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(148,274)	$(174,391)	$(2,584,318)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	1,308	7,452	262,678
Loss on disposal of fixed assets	-	-	5,327
Stock issued for services	63,125	38,125	425,350
Noncontrolling interests	-	-	(217,205)
Imputed interest	6,840	7,388	183,924
Changes in operating assets and liabilities			
(Increase) decrease in:			
Other receivables and prepaid expenses	(566)	-	(13,364)
Increase (decrease) in:			
Other payables and accrued expenses	(6,205)	6,114	19,559
Net cash used in operating activities	(83,772)	(115,312)	(1,918,049)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	-	(4,389)	(316,759)
Due from a related party	-	-	-
Due from stockholders	-	-	-
Due from a noncontrolling stockholder of a subsidiary	-	766	-
Net cash used in investing activities	-	(3,623)	(316,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Stock issued to founders	-	-	505
Proceeds from issuance of shares	230,000	35,000	478,300
Contribution by stockholders	-	-	519,157
Distributed to stockholders	-	-	(31,409)
Due to a stockholder	(118,352)	6,560	99,104
Due to directors	(16,832)	(18,530)	144,047
Due to a related company	-	-	405,572
Due to related parties	(32,963)	114,531	765,627
Net cash provided by financing activities	61,853	137,561	2,380,903
EFFECT ON EXCHANGE RATES ON CASH	(565)	(11)	(129,965)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,484)	18,615	16,130
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	38,614	10,606	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$16,130	$29,221	$16,130

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

ADVANCED BIOMEDICALTECHNOLOGIES, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position as of January 31, 2011, the consolidated results of operations for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) to January 31, 2011 and consolidated statements of cash flows for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) to January 31, 2011. The consolidated results for the three months ended January 31, 2011 are not necessarily indicative of the results to be expected for the entire fiscal year ending October 31, 2011. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended October 31, 2010 appearing in the Company's annual report on Form 10-K as filed with the Securities and Exchange Commission on February 15, 2011.

NOTE 2 ORGANIZATION

Advanced BioMedical Technologies, Inc. (fka “Geostar Mineral Corporation” or ”Geostar”) (“ABMT”) was incorporated in Nevada on September 12, 2006.

Shenzhen Changhua Biomedicine Engineering Company Limited (“Shenzhen Changhua”) was incorporated in the People’s Republic of China (“PRC”) on September 25, 2002 as a limited liability company with a registered capital of $724,017. Shenzhen Changhua is owned by two stockholders in the proportion of 70% and 30% respectively. Shenzhen Changhua plans to develop, manufacture and market self-reinforced, re-absorbable degradable PA screws, robs and binding ties for fixation on human fractured bones. The Company is currently conducting clinical trials on its products and intends to raise additional capital to produce and market its products commercially pending the approval from the State Food and Drug Administration (“SFDA”) of the PRC on its products. The Company has no revenue since its inception and, in accordance with Accounting Standards Codification (“ASC”) Topic 915, “Development Stage Entities” (formerly Statement of Financial Accounting Standard (“SFAS”) No. 7, “Accounting and Reporting by Development Stage Enterprise”), is considered a Development Stage Company.

Masterise Holdings Limited (“Masterise”) was incorporated in the British Virgin Islands on May 31, 2007 as an investment holding company and was then owned as to 63% by the spouse of Shenzhen Changhua’s 70% majority stockholder at the time and 37% by a third party corporation.

On January 29, 2008, Masterise entered into a Share Purchase Agreement (“the Agreement”) with a stockholder of Shenzhen Changhua whereupon Masterise acquired 70% of Shenzhen Changhua for US$64,100 in cash. The acquisition was completed on February 25, 2008. As both Masterise and Shenzhen Changhua were under common control and management, the acquisition was accounted for as a reorganization of entities under common control.

Accordingly, the operations of Shenzhen Changhua for the three months ended January 31, 2011 and 2010 were included in the consolidated financial statements as if the transactions had occurred retroactively.

On December 31, 2008, ABMT consummated a Share Exchange Agreement ("the Exchange Agreement") with the stockholders of Masterise pursuant to which ABMT issued 50,000 shares of Common Stock to the stockholders of Masterise for 100% equity interest in Masterise.

Concurrently, on December 31, 2008, a major stockholder of ABMT also consummated an Affiliate Stock Purchase Agreement (the "Affiliate Agreement") with thirteen individuals including all the stockholders of Masterise, pursuant to which the major stockholder sold a total of 5,001,000 shares of ABMT's common stock for a total aggregate consideration of $5,000, including 4,438,250 shares to the stockholders of Masterise.

On consummation of the Exchange Agreement and the Affiliate Agreement, the 70% majority stockholder of Masterise became a 80.7% stockholder of ABMT.

The merger of ABMT and Masterise was treated for accounting purposes as a capital transaction and recapitalization by Masterise ("the accounting acquirer") and a re-organization by ABMT ("the accounting acquiree"). The financial statements have been prepared as if the re-organization had occurred retroactively.

Accordingly, these financial statements include the following:

(1) The balance sheet consisting of the net assets of the acquirer at historical cost and the net assets of the acquiree at historical cost.

(2) The statement of operations including the operations of the acquirer for the periods presented and the operations of the acquiree from the date of the transaction.

ABMT, Masterise and Shenzhen Changhua are hereinafter referred to as ("the Company")

NOTE 3 PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the financial statements of ABMT and its wholly owned subsidiaries, Masterise and its 70% owned subsidiary, Shenzhen Changhua. The noncontrolling interests represent the noncontrolling stockholders' 30% proportionate share of the results of Shenzhen Changhua.

All significant inter-company balances and transactions have been eliminated in consolidation.

NOTE 4 USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

NOTE 5 RELATED PARTY TRANSACTIONS

As of January 31, 2011, the Company owed a stockholder $99,104 which is unsecured and repayable on demand. Interest is charged at 7% per annum on the amount owed.

As of January 31, 2011, the Company owed two related parties a total of $765,627 which are unsecured and repayable on demand. Interests are charged at 7% per annum on the amount owed.

Total interest expenses on advances from a stockholder and the related parties accrued for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011 were $14,826, $12,831 and $115,221 respectively.

As of January 31, 2011, the Company owed $144,047 to three directors for advances made on an unsecured basis, repayable on demand and interest free.

As of January 31, 2011, the Company owed $405,572 to a related company on an unsecured basis, repayable on demand and interest free.

Imputed interest charged at 5% per annum on the amounts owed to three directors, and a related company is $6,840, $7,388 and $183,924 for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011 respectively.

NOTE 6 STOCKHOLDERS' EQUITY

For the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011, the Company recognized $63,125, $38,125 and $425,350 respectively as consultancy fees included in general and administrative expenses and recorded deferred stock compensation of $143,334 and $206,459 as of January 31, 2011 and 2010 for these services.

NOTE 7 RECENT ACCOUNTING PRONOUNCEMENTS

In July 2010, the FASB issued ASU 2010-20 Receivable (Topic 310) disclosure about the credit quality of financing receivables and the allowance for credit losses. The objective of this guidance is to provide financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. The guidance requires an entity to provide disclosures on a disaggregated basis on two defined levels: (1) portfolio segment; and (2) class of financing receivable. The guidance includes additional disclosure requirements about financing receivables, including: (1) Credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables; (2) The aging of past due financing receivables at the end of the reporting period by class of financing receivables; and (3) The nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses. In January 2011, FASB issued ASU 2011-1. The amendments in this Update temporarily delay the effective date of the disclosures about troubled debt restructurings in Accounting Standards Update No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. The deferral in this amendment is effective upon issuance. The adoption of ASU 2010-20 did not have a material impact on the Company's financial statements.

In August 2010, FASB issued ASU 2010-21 Accounting for Technical Amendments to Various SEC Rules and Schedules. Amendments to SEC Paragraphs Pursuant to Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. This Accounting Standards Update amends various SEC paragraphs pursuant to the issuance of Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. The adoption of ASU 2010-21 did not have a material impact on the Company's financial statements.

In August 2010, FASB issued ASU 2010-22 Accounting for Various Topics-Technical Corrections to SEC paragraphs (SEC Update). This Accounting Standards Update amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. The adoption of ASU 2010-22 did not have a material impact on the Company's financial statements.

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In December 2010, FASB issued ASU 2010-28 Intangibles—Goodwill and Other (Topic 350)- When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts. The amendments in this Update affect all entities that have recognized goodwill and have one or more reporting units whose carrying amount for purposes of performing Step 1 of the goodwill impairment test is zero or negative. The amendments in this Update modify Step 1 so that for those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units that have carrying amounts that are zero or negative is required to assess whether it is more likely than not that the reporting units' goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting unit(s). Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. Any goodwill impairments occurring after the initial adoption of the amendments should be included in earnings as required by Section 350-20-35. The adoption of ASU 2010-28 did not have a material impact on the Company's financial statements.

In December 2010, FASB issued ASU 2010-29 Business Combinations (Topic 805)-Disclosure of Supplementary Pro Forma Information for Business Combinations. The objective of this Update is to address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this Update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this Update are effective prospectively 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, 2010. Early adoption is permitted. The adoption of ASU 2010-29 did not have a material impact on the Company's financial statements.

NOTE 8 GOING CONCERN

As reflected in the accompanying unaudited condensed financial statements, the Company has an accumulated deficit of $2,584,318 at January 31, 2011 that includes a net loss of $148,274 for the three months ended January 31, 2011. As at January 31, 2011, the Company's total current liabilities exceeded its total current assets by $1,404,415 and the Company used cash in operations of $83,772 for the three months ended on that date. These factors raise substantial doubt about its ability to continue as a going concern. In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying condensed balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern. The Company is actively pursuing

additional funding and strategic partners, which will enable the Company to implement its business plan. Management believes that these actions as successful will allow the Company to continue its operations through the next fiscal year.

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

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this annual report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

Overview

The following discussion is an overview of the important factors that management focuses on in evaluating our businesses, financial condition and operating performance and should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward looking statements as a result of any number of factors, including those set forth in this Quarterly Report, and in the Company's most recent Annual Report on Form 10-K filed on February 15, 2011.

The Company is subject to a number of risks similar to other companies in the medical device industry. These risks include but are not limited to rapid technological change, uncertainty of market acceptance of our products, uncertainty of regulatory approval, competition from substitute products and larger companies, the need to obtain additional financing, compliance with government regulation, protection of proprietary technology, product liability, and the dependence on key individuals.

All written and oral forward-looking statements made in connection with this Quarterly Report on Form 10-Q that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

Our Business

We are engaged in the business of designing, developing, manufacturing and the planned future marketing of self-reinforced, re-absorbable biodegradable internal fixation devices. Our polyamide materials, their uses and manufacturing processes are protected by Patent no. ZL97119073.9, PRC, issued by the Chinese Intellectual Property Rights Bureau. Our polyamide materials are used in producing screws, binding wires, rods and related products. These products are used in a variety of applications which include orthopedic trauma, sports related medical treatment, or cartilage injuries. Our products are biodegradable internal fixation devices which are made of a very unique material called Polyamide ("PA"). Our PA products, such as screws, binding wires, rods, suture anchors and rib-pins consist of enhanced fibers and high molecular polymers which are designed to facilitate quick healing of complex fractures in many areas of the human skeletal system. Our products offer a number of significant advantages over existing metal implants and the first generation of degradable implants (i.e. PLLA) for patients, surgeons and other customers including:

1. A notably reduced need for a secondary surgery to remove implant due to post-operative complications, therefore avoiding unnecessary risk and expense on all patient care;
2. Enhancing the performance of the materials by manufacturing them to be easily fitted to each patient, forming an exact fit;
3. Improving the biological activity of materials. Clinical trial results have shown that as PA implants degrade, they promote a progressive shift of load to the new bone creating micro-motion and thereby avoiding bone atrophy due to 'stress shielding';
4. Reducing the chance of post-operative infection;
5. Effectively controlling the degeneration speed, so that there will be no complications in treating repeat injuries;
6. Ease of post-operative care i.e. no distortion during x-ray imaging;
7. Simple and cost-effective to manufacture.

Our products are designed to replace the traditional internal fixation device made of stainless steel and titanium and overcome the limitations of previous generations of products such as PLA and PLLA. Our laboratory statistics show that our PA products have a higher mechanical strength, last longer in degradation ratio and are more evenly absorbed from outer layer inwards as compared with similar materials such as PLA and PLLA. Thus PA allows increased restoration time for bone healing and re-growth. The Company's PA Degradable and Absorbable Screw ("PA Screw") and Degradable and Absorbable Binding Wire (“PA Binding Wire”) are currently being tested in human trials under permit from China's State Food and Drug Administration ("SFDA").

SFDA Application Process for PA Screws

The Company first submitted its application for PA Screws to the SFDA in 2008. The application has been withheld by the SFDA pending additional clinical trial cases. This is due to the amended SFDA regulations, which unlike previous regulations require the applicant to specify the position on the body where the clinical trial is carried out. Our amended SFDA application has specified the ankle fracture as the body part of our clinical trial. This is because bones around this part carry most of the body weight. As of January 31, 2011, we have completed all additional clinical trials required by the SFDA. The Company’s SFDA application process will be resumed once the additional and supplementary reports are submitted to the SFDA. We expect the final SFDA approval by the third fiscal quarter of 2011.

Furthermore, we anticipate that following the SFDA final approval, the Company should be earning revenues as early as the fourth quarter of 2011. The Company is also looking forward to starting the application process for the PA Biding Wires with the SFDA by the end of 2011 provided sufficient funding is in place.

Process of Human Trials

As of January 31, 2011, for medical study and comparison purpose, the Company has completed a total of 83 successful clinical human trial cases, including 71 cases on ankle fractures and 57 successful PA Binding Wire trial cases. Under SFDA Regulations, a total number of 60 trial cases and 60 comparison cases must be completed before approval is considered. Currently, we have been conducting human trials at the 6 state level hospitals recognized by SFDA for clinical trials in different cities throughout China; including Nanchang, Changsha, Luoyang, Nanning and Tianjin. The cities and provinces where our clinical trial hospitals are based will be the initial target regions on our marketing plan. These regions are both densely populated and have experienced high or above medium economic growth. The clinical trials for the Company’s PA Screws have been completed with 100 percent success rate. The Company is continuously conducting clinical trials on PA Binding Wires.

The Company has also been conducting research and animal tests on Cranio-Maxillofacial Fracture (CMF) Treatment in cooperation with The First Affiliated Hospital of Guangdong Pharmaceutical University in Guangzhou, China. Under the cooperative agreement, both parties will join efforts in utilizing the Company's bio-absorbable mini-screws and plates. CMF surgery encompasses the treatment of the face, jaws and skull, including trauma and the correction of facial skeletal deformity. Since the 1980s, titanium plates and screws have been the most commonly used fixation devices in CMF surgery. However concerns of using titanium include bone growth restriction and implant migration through the cranium in children. Also adult patients complain about feeling the metal implants, particularly in cold weather or through thin skin. We believe that utilizing our bio-absorbable mini-screws and plates in CMF surgery will eliminate the problems associated with other treatment types.

There can be no assurance that the Company will be able to obtain any further clearances or approvals, if required, to market its products for their intended uses on a timely basis, if at all. Moreover, regulatory approvals, if granted, may include significant limitations on the indicated uses for which a product may be marketed. Delays in the receipt of or the failure to obtain such clearances or approvals, the need for additional clearances or approvals, the loss of previously received clearances or approvals, unfavorable limitations or conditions of approval, or the failure to comply with existing or future regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

GOVERNMENT REGULATION

Medical implant devices/products manufactured or marketed by the Company in China are subject to extensive regulations by the SFDA. Pursuant to the related laws and acts, as amended, and the regulations promulgated there under (the "SFDA Regulations"), the SFDA regulates the clinical testing, manufacture, labeling, distribution and promotion of medical devices. The SFDA also has the authority to request repair, replacement, or refund of the cost of any device manufactured or distributed by the Company.

Under the SFDA Regulations, medical devices are classified into three classes (class I, II or III), the basis of the controls deemed necessary by the SFDA to reasonably assure their safety and efficacy. Under the SFDA's regulations, class I devices are subject to general controls [for example, labeling and adherence to Good Manufacturing Practices ("GMP") requirements] and class II devices are subject to general and special controls. Generally, class III devices are those which must receive premarket approval by the SFDA to ensure their safety and efficacy (for example, life-sustaining, life-supporting and certain implantable devices, or new devices which have not been found substantially equivalent to legally marketed class I or class II devices). The Company is classified as a manufacturer of class III medical devices. Current SFDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses.

Before a new device can be introduced into the market in China, the manufacturer generally must obtain SFDA marketing clearance through clinical trials. Since the Company is classified as a manufacturer of Class III medical devices, the Company must carry out all clinical trials in pre-selected SFDA approved hospitals.

Manufacturers of medical devices for marketing in China are required to adhere to GMP requirements. Enforcement of GMP requirements has increased significantly in the last several years and the SFDA has publicly stated that compliance will be more strictly scrutinized. From time to time the SFDA has made changes to the GMP and other requirements that increase the cost of compliance. Changes in existing laws or requirements or adoption of new laws or requirements could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will not incur significant costs to comply with applicable laws and requirements in the future or that applicable laws and requirements will not have a material adverse effect upon the Company's business, financial condition and results of operations.

Regulations regarding the development, manufacturing and sale of the Company's products are subject to change. The Company cannot predict the impact, if any, that such changes might have on its business, financial condition and results of operations.

Results of Operations

The "Results of Operations" discussed in this section merely reflect the information and results of the Company for the period from September 25, 2002 (Shenzhen Changhua's date of inception) to January 31, 2011.

Revenues

The Company is in its development stage and does not have any revenue. The management team is continuously looking for fundraising possibilities for product improvement, machinery upgrades, facility expansions, continuous research and development, and sales and marketing preparation.

Our facility is located in Shenzhen, China which is built to meet the GMP standards. Our facility covers about 865 square meters, which includes the combined facilities of offices, laboratories, and workshops. There is one production line for the PA Screw and another production line for the PA Binding Wire. The annual production capabilities of each production line are 100,000 pieces for PA Screw, and 240,000 packs for the PA Binding Wires. Both production lines, at their maximum production capacity, are capable of generating approximately USD $30,000,000 in annual revenue.

Estimate current production lines in full capacity

	Output Quantity (Max.)		Price at ex-factory (U$)	Total Turnover (U$)
PA Screw	100,000	(piece)	180	18,000,000
PA Binding Wire	240,000	(pack)	50	12,000,000
			Total:	30,000,000

The Company will market its products through a hybrid sales force comprised of a managed network of independent regional distributors/sales agents (80%) and direct sales representatives (20%) in China.

There are two ways the Company will generate revenue, 1) through our nationwide and regional distributors and 2) through our direct sales channels.

Marketing and Sales Goals:

1) Fourth quarter of 2011: forecasted revenue of $665,280; Distribution of our product in approximately 50 hospitals immediately following SFDA approval.

2) First quarter of 2012: forecasted revenue of $914,980; Distribution of our product in approximately 78 hospitals.

3) Second quarter of 2012: forecasted revenue of $1,307,920; Distribution of our product in approximately 126 hospitals.

4) Third quarter of 2012: forecasted revenue of $2,596,560; Distribution of our product in approximately 210 hospitals.

5) Fourth quarter of 2012: forecasted revenue of $4,022,870; Distribution of our product in approximately 356 hospitals.

In general, we estimate that the Company will distribute product to a total of 50 hospitals and expect to generate total revenues of $665,280 in the year 2011 and $8,842,330 in the year 2012. We also expect a continuous increase of affiliated hospitals and anticipate large increases in revenue due to marketing results of the PA Screw in China and the utilization of the Company's secured funding to bring the remaining family of self-reinforced, re-absorbable PA products to market. Our marketing and sales goals are based on fund availability for the past two years. We expect to achieve a much higher growth rate in terms of number of affiliated hospitals and revenue when adequate funds become available.

China’s Marketing Analysis and Sales Strategy:

We have established long term relationships with many hospitals and national distributors in China. Ms. WANG Hui, the Company's CEO, has over 20 years’ sales experience in medical distribution. She will be in charge of our sales programs. Professor LIU, Shangli, our chief medical advisor, is one of the highest ranked orthopedic doctors in China as well as being highly renowned in the rest of the world. He will assist the Company in nationwide product promotion and joint projects with associated academic institutions and medical schools.

During product development and clinical trial stages we developed close relationships with many major national hospitals. We expect these relationships to boost our revenue generation following SFDA final approval. In order to better serve our customers, including hospitals, distributors, patients and the general public, the Company will set up Regional Service Offices to provide technical support, product information, and customer aid service.

China's market for PA devices depends on 3 major conditions:
- Patients
- Advanced technology level
- Performance and price of the materials

The demand for internal fixation medical devices has rapidly increased during the last decade. Total market sales have increased more than 15% each year. There are over 1 million bone fractures in patients in China requiring about 4 million bone bolts/screws each year. Research shows that in the next 10 years, China will have a booming aging population and the population in China will continue to increase. New and improved medical technology will continue to rapidly grow throughout hospitals in China, and material optimization and product pricing is expected to directly stimulate increased sales.

The Company has advantages and more opportunities over other competitors due to:
- No other similar patent registrations in China.
- We are the only company qualified and permitted to perform PA clinical trials by SFDA
- We have a timing advantage over other companies in China which would have to go through the preclinical testing for the SFDA permit on clinical trials.
- Under existing regulations by SFDA, it will take at least 3-5 years for clinical trials.

Number of Hospitals in China in year 2009 Statistic and Census report by Ministry of Health of People's Republic of China.

Statistic and Census report by Ministry of Health of People's Republic of China.
(Year 2009)

	Total	Government	Society	Private	Total Non-Profit	Total Profit
Hospitals	19712	9777	6048	3887	15650	4038
General Hospital	13119	5830	5060	2229	10856	2245
TCM Hospital	2688	2244	158	286	2403	285
TCM-WM Hospital	236	96	48	92	139	97
Minority Hospital	191	170	8	13	175	16
Specialist Hospital	3437	1422	763	1252	2048	1383
Nursing Hospital	41	15	11	15	29	12

TCM Hospital: Traditional Chinese Medicine Hospital
WM Hospital: Western Medicine Hospital
Minority Hospital: The hospitals locate in Autonomous Region (Province) in China

By the end of year 2011, we anticipate that there will be over 50 hospitals carrying our products, and by the end of year 2017, we estimate that our products will reach over 1500 hospitals. Based on the estimated sales figures for one single product, PA Screw, the Company's projected annual revenue in 2017 would be $64,800,000.

In general, technological advancements and the marketing potential within Asia are the biggest factors in driving significant growth within the global orthopedic devices market. Another major factor that positively influences this market is the growing number of aging baby boomers with active lifestyles. This sector represents a large portion of the total population.

Research and Development

There is substantial research and development (R&D) activity in the market indicating a favorable growth trend. While revenues for active lifestyle participants registered a compound annual growth rate (CAGR) of 17.4 percent for the period 2002-2006; R&D expenditure for the same period recorded a higher growth of 18.4 percent. Increasing R&D expenditure is considered a key indicator of the future direction of the orthopedic market as it points to sustained technological development and innovation.

The Company believes that Asia holds tremendous growth potential for orthopedic device manufacturers due to its fundamental population advantage. Asia accounts for more than 50 percent of the population in the world, but its share of the global orthopedic devices market is comparatively low at approximately 10 percent. Within the region, Japan contributes to a majority of market revenues, indicating large potential of growth in relatively under-penetrated countries such as China and India.

In future periods, we expect research and development expenses to grow as we continue to invest in basic research, clinical trials, product development and in our intellectual property.

Finance Costs

As of January 31, 2011, a stockholder and two related parties had loaned a total of $864,731 to the Company as unsecured loans repayable on demand and interest is charged at 7% per annum on the amount due. Total interest expenses on advances from a stockholder and the related parties accrued for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011 are $14,826, $12,831 and $115,221 respectively

As of January 31, 2011, the Company owed $549,619 to the directors and a related company for advances made on an unsecured basis, repayable on demand. Total imputed interest expenses, calculated at 5% per annum, recorded as additional paid-in capital amounted to $6,840, $7,388 and $183,924 for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011, respectively.

	Three months ended January 31,		September 25, 2002 (Inception) through January 31,
	2011	2010	2011
Interest paid to directors and a related company	$(6,840)	(7,388)	(183,924)

Net Loss

The net loss for the three months ended January 31, 2011 and 2010 and for the period from September 25, 2002 (inception) through January 31, 2011 are $148,274, $174,391 and $2,801,523 respectively. We do not have any revenue from inception to January 31, 2011 but have to incur operating expenses for the upkeep of the Company and the clinical trials.

Liquidity and Capital Resources

We had a working capital deficit of $1,404,415 as of January 31, 2011 compared to a working capital deficit of $1,539,958 as of October 31, 2010. Our working capital deficit is due to the fact that we are in the application process for the SFDA permit to produce, market or sell in China. We had no revenues during the period and that our sole source of financing are loans from our related parties and stockholders. Meanwhile, we have been conducting clinical trials for PA Binding Wire.

Cash Flows

Net Cash Used in Operating Activities.
Net cash used in operating activities was $83,772 in the three months ended January 31, 2011. This amount was attributable primarily to the net loss after adjustment for non-cash items, such as depreciation, imputed interest on advances from directors and a related company, and others like decrease in other receivables and prepaid expenses.

Net Cash Used in Investing Activities.
We recorded zero net cash used in investing activities in the three months ended January 31, 2011.

Net Cash Provided by Financing Activities.
Net cash provided by financing activities in the three months ended January 31, 2011 was $61,853, which represented proceeds from private placement.

Operating Capital and Capital Expenditure Requirements

Our ability to continue as a going concern and support the commercialization of current products is dependent upon our ability to obtain additional financing in the near term. We anticipate that such funding will be in the form of equity financing from sales of our common stock. However, there is no assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our business plan should we decide to proceed. We anticipate continuing to rely on advances from our related parties and stockholders in order to continue to fund our business operations

We believe that our existing cash, cash equivalents at January 31, 2011, will be insufficient to meet our cash needs. The management is actively pursuing additional funding and strategic partners, which will enable the Company to implement our business plan, business strategy, to continue research and development, clinical trials or further development that may arise.

We intend to spend more to support the commercialization of current products and on research and development activities, including new products development, regulatory and compliance, clinical studies, and the enhancement and protection of our intellectual property portfolio.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our investors.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements requires us 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, we evaluate our estimates, including but not limited to those related to income taxes and impairment of long-lived assets. We base our estimates on historical experience and on various other assumptions and factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Based on our ongoing review, we plan to adjust to our judgments and estimates where facts and circumstances dictate. Actual results could differ from our estimates.

We believe the following critical accounting policies are important to the portrayal of our financial condition and results and require our management's most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain.

1. Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is provided on a straight-line basis, less estimated residual value over the assets estimated useful lives. The estimated useful lives of the assets are 5 years.

2. Long-lived assets

In accordance with FASB Codification Topic 360 (ASC Topic 360), “Accounting for the impairment or disposal of Long-Lived Assets", long-lived assets and certain identifiable intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long- lived assets. The Company reviews long-lived assets to determine that carrying values are not impaired.

3. Fair value of financial instruments

FASB Codification Topic 825(ASC Topic 825), "Disclosure About Fair Value of Financial Instruments," requires certain disclosures regarding the fair value of financial instruments. The carrying amounts of other receivables and prepaid expenses, due from related parties, other payables and accrued liabilities and due to related parties approximate their fair values because of the short-term nature of the instruments. The management of the Company is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial statements.

4. Government grant

Government grant represents a subsidy from the local government and is unconditional. The Company recognizes the grant upon receipt from the local government and is accounted for as an offset of research and development expenses.

5. Income taxes

The Company accounts for income taxes under the FASB Codification Topic 740-10-25 (“ASC 740-10-25”). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period included the enactment date.

6. Research and Development

Research and development costs related to both present and future products are expensed as incurred.

7. Foreign currency translation

The financial statements of the Company's subsidiary denominated in currencies other than US dollars are translated into US dollars using the closing rate method. The balance sheet items are translated into US dollars using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated at historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at the average exchange rate for the year. All exchange differences are recorded within equity.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2010, the FASB issued ASU 2010-20 Receivable (Topic 310) disclosure about the credit quality of financing receivables and the allowance for credit losses. The objective of this guidance is to provide financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. The guidance requires an entity to provide disclosures on a disaggregated basis on two defined levels: (1) portfolio segment; and (2) class of financing receivable. The guidance includes additional disclosure requirements about financing receivables, including: (1) Credit quality indicators of financing receivables at the end of the reporting period by class of financing receivables; (2) The aging of past due financing receivables at the end of the reporting period by class of financing receivables; and (3) The nature and extent of troubled debt restructurings that occurred during the period by class of financing receivables and their effect on the allowance for credit losses. In January 2011, FASB issued ASU 2011-1. The amendments in this Update temporarily delay the effective date of the disclosures about troubled debt restructurings in Accounting Standards Update No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. The deferral in this amendment is effective upon issuance. The adoption of ASU 2010-20 did not have a material impact on the Company's financial statements.

In August 2010, FASB issued ASU 2010-21 Accounting for Technical Amendments to Various SEC Rules and Schedules. Amendments to SEC Paragraphs Pursuant to Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. This Accounting Standards Update amends various SEC paragraphs pursuant to the issuance of Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. The adoption of ASU 2010-21 did not have a material impact on the Company's financial statements.

In August 2010, FASB issued ASU 2010-22 Accounting for Various Topics-Technical Corrections to SEC paragraphs (SEC Update). This Accounting Standards Update amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. The adoption of ASU 2010-22 did not have a material impact on the Company's financial statements.

In December 2010, FASB issued ASU 2010-28 Intangibles—Goodwill and Other (Topic 350)- When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts. The amendments in this Update affect all entities that have recognized goodwill and have one or more reporting units whose carrying amount for purposes of performing Step 1 of the goodwill impairment test is zero or negative. The amendments in this Update modify Step 1 so that for those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with existing guidance, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units that have carrying amounts that are zero or negative is required to assess whether it is more likely than not that the reporting units' goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting unit(s). Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. Any goodwill impairments occurring after the initial adoption of the amendments should be included in earnings as required by Section 350-20-35. The adoption of ASU 2010-28 did not have a material impact on the Company's financial statements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this quarterly report on From 10-Q (the “Evaluation Date”). Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our certifying officers have concluded that our disclosure controls and procedures require additional diligence to be considered effective in reaching that level of assurance.

As of the Evaluation Date, we carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that with the additional controls and procedures we have put in place, our disclosure controls and procedures were effective as of the Evaluation Date.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Currently we are not involved in any pending litigation or legal proceeding.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

Exhibit No.	Description
3.1	Articles of Incorporation (1)
3.2	Bylaws (1)
31.1	Section 302 Certification of Chief Executive Officer*
31.2	Section 302 Certification of Chief Financial Officer *
32.1	Section 906 Certification of Chief Executive Officer *
32.2	Section 906 Certification of Chief Financial Officer *

*filed herewith
(1) Incorporated by reference to the Form SB-2 registration statement filed on January 16, 2007.

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, thereunto duly authorized.

March 17, 2011

By:

ADVANCED BIOMEDICAL TECHNOLOGIES, INC.

By:	/s/ Chi Ming YU
Name:	Chi Ming YU
Title:	President and Director

By:	/s/ Wang Hui
Name:	Wang Hui
Title:	Director and Chief Executive Officer

By:	/s/ Kai GUI
Name:	Kai GUI
Title:	Director, Secretary and Chief Financial Officer