Advanced Biomedical Technologies Inc.
Form 10-K
February 15, 2012

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

FORM 10-K

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

For the fiscal year ended October 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)

Empire State Building
350 Fifth Ave, 59th Floor
New York, NY 10118
(Address of principal executive offices, including zip code.)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.00001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 o

Indicate by check mark whether 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 o NO o

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 o No x

There was no active public trading market as of the last business day of the Company's year-end.

As of February 14, 2012, there are 56,574,850 shares of common stock outstanding.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this document, as well as some statements in periodic press releases and some oral statements of Advanced Biomedical Technologies Inc. ("ABMT") officials during presentations about ABMT, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future ABMT actions, which may be provided by management, are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about ABMT, economic and market factors and the industries in which ABMT does business, among other things. These statements are not guaranties of future performance and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in the forward-looking statements, and Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K.

ITEM 1. BUSINESS

Organizational History

Advanced BioMedical Technologies, Inc. has one direct wholly owned subsidiary, Masterise Holdings Ltd., a limited liability company organized under the laws of British Virgin Islands ("Masterise"). Masterise, owns seventy percent (70%) of the issued and outstanding equity or voting interests in Shenzhen Changhua, a company formed under the laws of the Peoples Republic of China. (ABMT, Masterise, and Shenzhen Changhua are collectively referred to throughout this document as "We, "Us," "Our" (and similar pronouns), "ABMT" and the "Company").

We were incorporated in the State of Nevada on September 12, 2006, under the name Geostar Minerals Corporation. On March 13, 2009, the Company changed its name to Advanced BioMedical Technologies, Inc. We maintain our statutory registered agent's office at The Corporation Trust Company of Nevada, 311 S Division Street, Carson City, Nevada 89703, and our business office is located at 350 Fifth Avenue, 59th Floor, New York, NY 10118. We have not been subject to any bankruptcy, receivership, or similar proceeding, or any material reclassification or consolidation.

Our primary business is carried out by Masterise through Shenzhen Changhua, as set forth in the following diagram:

Shenzhen Changhua does not have any subsidiary.

Organizational History of Masterise and Shenzhen Changhua

Masterise is a limited liability company which was organized under the laws of British Virgin Islands ("BVI") on May 31, 2007.

Shenzhen Changhua is a limited liability company which was organized under the laws of PRC on September 25, 2002.

On January 29, 2008, Masterise acquired 70% of the capital stock of Shenzhen Changhua, and this caused Shenzhen Changhua to become its subsidiary.

On December 31, 2008, Advanced BioMedical Technologies, Inc. acquired 100% of the capital stock of Masterise, and this caused Masterise to become its wholly owned subsidiary.

Since their founding, Shenzhen Changhua has been involved in the development of self-reinforced, absorbable degradable screws, rods and binding wires for fixation on human fractured bones. The Company is currently involved in conducting clinical trials on its products and intends to raise additional capital to produce and market its products commercially pending approval of its products by the State Food and Drug Administration ("SFDA") of the PRC.

The Company, through its subsidiaries, is now engaged in the business of developing, manufacturing and marketing self-reinforced, absorbable degradable Polyamide ("PA") screws, rods and binding wires for fixation on human fractured bones.

Primary Products

Our primary products include Absorbable PA Osteosynthesis Devices made of a proprietary polyamide material. These advanced materials are used in surgical screws, binding wires, rods and related medical devices for the treatment of orthopedic trauma, sports-related medical treatment, cartilage repair, and related treatments, and reconstructive dental procedures. Our devices are Self-Reinforced, Bioabsorbable, Brady-degradable internal fixation devices. At this time, ABMT is the sole patent holder of PA technologies in China, as well as the only company currently engaged in clinical trials and marketing submission for PA devices in the PRC. Our PA Screws have completed clinical trials and are pending approval by the State Food and Drug Administration of China ("SFDA"); Our PA Binding Wires are under clinical trials; Our PA Mini-Screws are under animal test.

Product Characteristics:

The theory of Brady-degradable PA absorbable material is based on water dissolution, that is, the material is broken down by body fluids in a predictable and carefully engineered fashion. As a bone fracture heals, the supporting implant is designed to degrade from the outer to the inner layers, inducing new bone generation in the gap left by the degrading material. Eventually, new bone is formed to occupy all of the space left by the degraded implant.

Brady-degradable PA absorbable materials consist of enhanced fiber and high molecular polymers. It has high tensile, bending, and shear strengths, and is particularly suitable for patients with severe conditions, such as fractures with light osteoporosis, severe soft tissue injury or bad blood supply, and so forth. This innovative material provides several benefits:

1. Reduces costs on all patient medical care,
2. Helps avoid the necessity for secondary surgery,
3. Enhances the performance of components constructed from these materials,
4. Improves the biological activity of components employing these materials,
5. Effectively controls the degeneration speed of the temporary support component.

The Company has developed six proprietary re-absorbable polymer fixation implant product lines, including screws, pins, tacks, rods and binding wires, which provide an alternative to metal implants and overcome the limitations of first generation re-absorbable fixation devices. The Company's product range will ultimately cover the full gamut of components featuring self-reinforced, re-absorbable, biodegradable PA macromolecule polymer materials for implantation, including human orthopedic and dental applications, as well as veterinary applications.

Industry Development

The fracture fixation industry has developed through three generations of materials science:

The first generation internal-fracture fixation material:
The first generation internal-fracture-fixer components are usually made of stainless steel, titanium and alloy. Due to their high intensity, low costs and easy machining character, these components have achieved huge success in fracture treatment and remain the most widely used internal-fracture-fixer material. However, their prominent flaws are the huge difference between metal's elasticity co-efficient, easily causing second-time bone fracture. The metallic ion can also cause tissue inflammation, and the need of a secondary surgery to have them taken out. These flaws stimulated the development of the degradable macromolecule material.

The second generation fracture fixation material:
The second generation bone-fracture-fixed components are made of degradable macromolecule material, such as PLLA, PGA and PDS, etc. The disadvantage of these components is rapid self-degeneration in early stages after the initial implant. For example, the strength of SR-PLLA decreases to 10-20Mpa after 4 weeks of implantation. Therefore, the second generation bone-fracture-fixed components can be only used to treat substantial spongiosa bone fractures.

The third generation fracture fixation material:
The third generation fracture fixation material, biodegradable fracture fixation components are currently under research by developed countries. There are many technical challenges to research in the third generation fracture fixation material field; for example, the materials must have a high degree of bio-compatibility and mechanical compatibility. They also must be of high biological activity, self absorbable, and degeneration controllable.

Product Development

After careful deliberation, we selected the biodegradable screw as our first product to market. In order to replace the widely-used metal components, the new materials must meet multiple bio-consistency and mechanical-consistency requirements. Furthermore, they must also exhibit specific properties with respect to bio-activities, degradability, and controllable degradation speed. Although many macromolecule materials are degradable inside human body, relatively few provide the physical characters required for fracture fixation.

Development began with selection of macromolecule materials that exhibited the desired physical characters, leading, ultimately, to our selection of polyamide. In order to achieve the desired mechanical performance and degrading speed, various chemical and physical techniques were employed to modify the bio-degradable polyamide so as to synthesize the required new bio-degradable material. This phase of our research also entailed the selection of monomer class, polymerization conditions, the mensuration of polymer molecular weight, hydrophile capability, crystal capability, the mensuration and controlled degrading speed of the polymer, the mensuration and control of the mechanical performance of the polymer, and numerous other critical considerations.

Our next challenge was to identify a suitable bio-active inorganic material, and to optimize the compound and associated production conditions. It was critical that we could predict and control the bio-activities of the implanted fixture material, and to this end we used high grade and mature phosphate type bio-active materials, taking into account the preparation characteristics of the compound material, and the surface character requirements of the finished products. We also improved current technical parameters by modifying the surface character, thereby achieving critical control over the desired grain size and surface activities.

The third technological hurdle involved the actual preparation and utilization of the engineered compound in conjunction with a bio-active material. Hydronium bombardment of the surface, with spread and cover techniques, was employed during this critical step in the process. This had the effect of creating a well-knit bio-active membrane on the degradable polymer's surface, and embedding a bio-active core inside the degradable polymer stick, so as to form the bio-active degradable compound material.

The final step entailed strengthening and shaping the processed compound by using directional extrusion and molding. Degradable acantha inoculators, fixation screws, orthopedics stuffing, enlace strings, and anti-conglutination membrane can all be manufactured, as needed, using this same technique.

Our company has studied and researched Polyamide, changing its chemical and physical properties to meet the above requirements. As a result of our research we have:

1. Increased mechanical strength to 170Mpa
2. Increased biological activities to accelerate bone cell substitution.
3. Extended the degeneration period during the implant. While the PA is degenerating layer by layer, the bone cells grow and take its place.

Product Analysis

1. Our Company is researching and currently developing the capability of manufacturing several different kinds of human implant products including Artificial Lumber Disc, Mini-Screws, Suture Anchors, reconstructive dental devices and other PA products. Currently the company has two production lines certified by the GMP regulations.

2. Our Company is constantly analyzing the market needs to develop suitable products. One of the company's products is currently pending SFDA approval and two products are under clinical tests.

Overview of PA Devices and Market in China and Worldwide

The demand for medical device equipment has rapidly increased during the last decade. Total market sales have increased more than 15% each year. There are in excess of 5 million cases of bone fractures in the world every year, among which there are over 1 million cases in China. The figures show that about 4 million bone bolts/screws are needed each year. Between 2005 and 2009, the total world-wide sales of clinical equipments and materials are over 2 trillion USD, and more than 50% of the sales are related to bio-materials.

China's Market for PA Devices

China's market for PA devices depends on 3 major conditions:

- patients
- advanced technology level
- performance and price of the materials.

In the first 50 years of the 21st century, China will have a growing aging population, while the total population in China will continually increase. New and improved medical technologies will be rapidly developed and utilized throughout hospitals in China, and material optimization and product pricing is expected to directly stimulate increased sales.

Competitive Analysis

Our Company is the only patent holder of PA technologies in China, as well as the only company carrying out Clinical Trials on PA products in China. At this time there are no similar products in this market (bio-degradable internal fixation devices that degrade without acids or other non-naturally occurring substances). Moreover, due to the nature of the regulatory environment, and the requirements and logistics of mounting a clinical trial, it would take any new competitor a minimum of three years to catch up to our lead in this area alone. Factoring in our established relationships with key customers, distributors, and regulators, as well as our ready-to-run production facilities, and our actual advantage is considerable longer than the 3 year regulatory advantage. . This represents an invaluable window in which to firmly entrench our company as the preferred purveyor of self-reinforced, absorbable biodegradable PA components in the Chinese health care environment.

Our primary competition will be the generation-one and generation-two counterparts, which, despite their functional inferiority, enjoy the benefit of familiarity and an established manufacturing and marketing base. This competition comes from a number of entrenched players worldwide, including Acumed, Biomet, Inc., Conmed Corp., Encore Orthopedics, Exactech, Inc., Johnson & Johnson, DePuy, Inc., Medtronic Sofamor Danek, Inc., Orthofix International N.V., Smith and Nephew Plc, Stryker Corp., Synthes, Inion, Ltd. and others. Although many of these competitors have substantially greater resources upon which to draw, we are confident that the technological superiority of the more forward-looking product will ultimately equalize the playing field by favoring innovation.

To reiterate, our company and product line offer several critical competitive advantages, specifically:

- There are no similar patent registrations in China.
- Our initial product, the PA Screw, has completed 100% of the required clinical trials, with a 100% success rate, and now await the formality of SFDA approval.
- We are the only company qualified and permitted to conduct clinical trials of other PA products by China's SFDA.
- We have a timing advantage over other companies in China, which would have to go through the preclinical testing before they could even apply for a permit to conduct actual clinical trials.
- Under existing regulation structure, it will take at least 3 years for any competitor's clinical trials to be completed, and total of 7 or more years to reach the point where we are now.

Specific Competition

Competition in the medical implant device industry is intense both in China and in global markets. In orthopedics, ABMT's principal competitors are the numerous companies that sell metal implants. ABMT competes with the

manufacturers and marketers of metal implants by emphasizing the ease of implantation of the Company's Self-Reinforced, Bio-absorbable, Brady-degradable implants, the cost effectiveness of such products, and the elimination of risks associated with the necessity of performing removal surgeries frequently required with less modern products. Within the resorbable implant market, ABMT is competing with other manufacturers of resorbable internal fixation devices primarily on the basis of the physiological strength of ABMT's polymers and the length of the strength retention time demonstrated by ABMT's formulations. In order to replace the widely-used metal components, the new materials must meet numerous bioconsistency and mechanical-consistency requirements. Furthermore, they must also exhibit specific properties with respect to bio-activities, degradability, and controllable degradation speed. Although many macromolecule materials are degradable inside human body, relatively few provide the physical characters required for fracture fixation.

Our primary competition will be the generation-one and generation-two counterparts, which, despite their functional inferiority, enjoy the benefit of familiarity and an established manufacturing and marketing base. This competition comes from a number of entrenched players worldwide, including Acumed.

For the past 20 years, titanium has been the most widely used, and the most expensive material for fixing fractures (in both elective and emergency surgery). Although metal exhibits the desired strength and rigidity to allow the healing process to begin, there are a number of issues associated with using permanent titanium systems. Biodegradable plating systems deliver many of the benefits of their metal counterparts, without the disadvantages.
There are a number of marketers and manufacturers of PLA and PLLA--the first generation of Self- degradable, absorbable, orthopedic internal fixation devices in China. (Note: Titanium screws cost as much as $2200.)

Competing products and prices in China (screw)

Producer	Origin	Brand	Price (USD/PC)
Arthrex	Germany/USA	Arthrex	$554.74
Conmed	USA	Linvatec	$554.74
Bionx	Finland	Biofix	$554.74
Gunze	Japan	Grandfix	$416.06
Takiron	Japan	Fixsorb	$408.76
Dikang	China	(PDLLA)	$321.17
ABMT:	China	ABMT	$300.00

Other foreign companies that produce PLA, PLLA or titanium, stainless products, but have less marketing in China are:

• Depuy (Johnson & Johnson)
• Medtronic
• Stryker
• Zimmer
• Smith & Nephew
• Biomet
• Conmed
• Inion

Product advantage and Market Opportunity:

- There are no similar patent registrations in China.
- We are the only company qualified and permitted to take clinical trials by China
- 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 regulation by SFDA, it will take at least 3-5 years to complete clinical trials for a new product similar to the Company’s PA Screw, which has finished all required clinical trials.

Product Comparisons

Among many other advantages, a main advantage of ABMT's proprietary PA technology is the elimination of the need for secondary surgery to remove an implantation device. Implant removal belongs to the most common elective orthopaedic procedures in industrial countries. In children, implant removal may be necessary to remove implants early to avoid disturbances to the growing skeleton, to prevent their bony immuring making later removal technically difficult or impossible, and to allow for planned reconstructive surgery after skeletal maturation (e.g., in case of hip dysplasia). In adults, pain, soft tissue irritation, the resumption of strenuous activities or contact sports after fracture healing, and the patient's demand are typical indications for implant removal in clinical practice. However, implant removal requires a second surgical procedure in scarred tissue, and poses a risk for nerve damage and re-fractures. (cite: Hanson et al. BMC Musculoskeletal Disorders 2008)

PHYSICAL COMPARISON

	Metal	PLLA	ABMT's PA devices
Strength	Excellent	Weak	Superior to PLLA
Unit Cost	High	Low	Lowest
Processability	Good	Good	Good
Modulus of Elasticity	Low: may cause infection, may cause second fracture	Moderate to Quite Fragile	Excellent
Self-Reinforced	No	Yes, but degradation starts too quickly	Yes
Self-Resorbable	No1	Yes, but initial degradation too fast in first few weeks. Initial strength down to 10~20Mpa in 4 weeks (close to osteoporosis)	Yes: unchanged during first 12 weeks, hardness remains 70% min through week 20.
Stretchability	Strong	50~60 Mpa	170 Mpa (min)
Bone Healing	Bone mineral density decrease averages 18%	Bone mineral density decrease averages 7-10%	Bone mineral density decrease less than 5%
Implant Failure Rate	High to Medium	Medium to Low	Very Low
Need for Repeat Surgery	As Required2	Only if failure (second fracture)	No

1 Titanium and aluminum has been traced in serum and hair of 16 of 46 patients after receiving titanium implants. (cite: Kasai Y, Iida R, Uchida A: Metal concentrations in the serum and hair of patients with titanium alloy spinal implants.)

2Implant removal belongs to the most common elective orthopaedic procedures in the industrial countries. In a frequently cited Finnish study, implant removal contributed to almost 30% of all planned orthopaedic operations, and 15% of all operations. (cite: Bostman O, Pihlajamaki H: Routine implant removal after fracture surgery: a potentially reducible consumer of hospital resources in trauma units.)

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Towards the end of the last century, spinal and orthopedic implants evolved towards progressively stronger and stiffer devices, as it was presumed that increased construct rigidity would optimize the biological milieu and provide more rapid and robust healing and arthrodesis. For the past 20 years, titanium has been the most widely used, and the most expensive material for fixing fractures (in both elective and emergency surgery). More than 1,000 tons (2.2 million pounds) of titanium devices of every description and function are implanted in patients worldwide each year. Although metal exhibits the desired strength and rigidity to allow the healing process to begin, there are a number of issues associated with using permanent titanium systems. Biodegradable systems deliver many of the benefits of their metal counterparts, without the disadvantages:

	METAL	ABMT's PA devices
Cranial Growth	• Growth restriction • Intracranial implant migration	• Stimulation of growth leading to better bone healing
Accumulation of Metal in tissues	Yes	No
Adverse Effect	• Many necessitate removal operation either for mechanical strength of the overall structure • majority of implant failures occur at the bone-screw interface with screw pullout being the most common mechanistic cause of construct failure • should the bone fail to heal, these micromotions will persist and cause the metallic screw to oscillate within the far softer surrounding bone interface	None
Stiffness for optimal healing	• Too stiff • Stress shielding can result in bone atrophy and degradation	• Optimal stiffness/flexibility characteristics to achieve surgical fixation, while conforming to the softer, more pliable bone of the patient
Other Effects	• Implant palpability • Temperature sensitivity • Occasionally visibility • Could cause trauma in the event of mechanical failure • Imaging and radiotherapy interference • Potential for cross contamination	• No long-term palpability • No temperature sensitivity • Predictable degradation • Reduced patient trauma • No imaging and radiotherapy interference • No second surgery required
Cost of product	Cost to hospital: $400-$2200	Cost to hospital: $300

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Intellectual Property

The Company has been granted one patent for its material by the Chinese Intellectual Property Rights Bureau: Patent no. ZL97119073.9, PRC. This patent also protects the use and manufacturing process of the material.

Chinese Patent

Title: High molecular human body embedding article and its preparing process product and use

Application Number:	97119073	Application Date:	1997.10.22
Publication Number:	1214939	Publication Date:	1999.04.28
Approval Pub. Date:		Granted Pub. Date:	2002.08.14
International Classification:	A61F2/02,A61L27/00,C08L33/00		
Applicant(s) Name:	Liu Jianyu		
Address:	518111		
Inventor(s) Name:			
Attorney & Agent:	Li Zhining		

Abstract

The present invention discloses a macromolecular implant for human body and its preparation process, and relates to the products made up by using said macromolecular implant and their application. Said invented product is made up by using resin fibre through hot-pressing treatment according to the formula provided by said invention, and its strength is high, tenacity is good and its shape can be processed according to the requirement in the period of bone union after implantation, and said implant can be made into the fixation block, eurymeric block, fastening piece and suture for reduction of fracture, and can be started to be degraded from twenty-fourth week after implantation, and can be completely absorbed by human body after 1.5-2 years, and its cost is low.

Employees

As of October 31, 2011, we had 16 employees, with 9 employees in R&D and Clinical, Regulatory, including 4 part-time employees, 5 employees in General and Administrative, 2 employees in Accounting including 1 part-time employee. There are no employees in sales, marketing, and manufacture because we are in the clinical trial stage.

We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. None of our employees are represented by a labor union, and we believe our employee relations are good.

The company’s facilities are located at Block A, Longcheng Tefa Industrial park, Longgang, Shenzhen, China.

Availability of new qualified employees

Shenzhen is located in the southern part of the Guangdong Province, on the eastern shore of the Pearl River Delta. Neighboring the Pearl River Delta and Hong Kong, Shenzhen's location gives it a geographical advantage for economic development.

Shenzhen's well-built market economy and diversified culture of migration have helped to create the best-developed and most dynamic market economy in China. Shenzhen is China's first special economic zone. After more than 20 years of development, Shenzhen has grown into a powerful city boasting the highest per capita GDP in China's mainland. Its comprehensive economic capacity ranks among the top of the country's big cities. The combined value of imports and exports has remained No.1 for 12 years in China's foreign trade.

Since 1997, China has accelerated the development of higher education and increased enrollment in regular universities and colleges. In 2002, the number of registered students has increased by 105.2% from 24.9 to 51.1 per 10,000 people. The gross enrollment rate of higher education increased from 8% in 1998 to 15.3% in 2002, approaching the target of 16% by 2005 proposed by the provincial "Tenth Five-Year Plan".

Guangdong has entered a transition period from an elite education to a popularized higher education. The total number of registered students has experienced an annual growth rate of 25%. There are 112 universities and colleges offering higher education in Guangdong province with over 349,300 students graduated in 2010. Combined with graduates from other parts of China, there are over 600,000 job-seeking graduates in total in Guangdong in 2010.

Insurance

While we are carrying out the Clinical Trials, we do not have any Product Liability Insurance coverage for the use of our proposed products. We intend to obtain Product Liability Insurance coverage for commercial sale of our products in due course.

Government Regulations

Our primary target market is the medical community of the Peoples Republic of China (PRC). Medical devices manufactured by the Company in China are subject to regulation by the State Food and Drug Administration ("SFDA") of PRC. The manufacturing facilities are also required to meet China's Good Manufacturing Practices ("GMP") standards.

The Company's production facilities are fully compliant with GMP requirements. While the Company has not yet received SFDA approval for its products, we expect to obtain SFDA approval in 2012. We are in progress of achieving this goal.

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 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the SEC.

ITEM 2. PROPERTIES

None.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. REMOVED AND RESERVED

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder in all likelihood will be unable to resell his securities in our company. Furthermore, it is unlikely that a lending institution will accept our securities as pledged collateral for loans unless a regular trading market develops.

Our company's securities are traded on the world's largest electronic interdealer quotation system "OTCQB" operated by the OTC Markets Group under the symbol "ABMT".

Fiscal Quarter 2011	High Bid	Low Bid
Fourth Quarter 08-01-11 to 10-31-11	$ 2.45	$ 0.20
Third Quarter 05-01-11 to 07-31-11	$ 3.00	$ 0.98
Second Quarter 02-01-11 to 04-30-11	$ 1.04	$ 0.65
First Quarter 11-01-10 to 01-31-11	$ 0.65	$ 0.50

Fiscal Quarter 2010	High Bid	Low Bid
Fourth Quarter 08-01-10 to 10-31-10	$ 1.00	$ 0.06
Third Quarter 05-01-10 to 07-31-10	$ 3.00	$ 3.00
Second Quarter 02-01-10 to 04-30-10	$ 3.00	$ 3.00
First Quarter 11-01-09 to 01-31-10	$ 3.10	$ 3.00

Shareholders

At October 31, 2011, we had 41 shareholders of record of our common stock, including shares held by brokerage clearing houses, depositories or otherwise in unregistered form. We have no outstanding options or warrants, or other securities convertible into, common equity.

Dividend Policy

We have not declared any cash dividends. We do not intend to pay dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Section 15(g) of the Securities Exchange Act of 1934

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one-page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the FINRA's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Securities authorized for issuance under equity compensation plans

We have no equity compensation plans and accordingly we have no shares authorized for issuance under an equity compensation plan.

Status of our public offering

On February 2, 2007, the Securities and Exchange Commission declared our Form SB-2 Registration Statement effective, file number 333-139986, permitting us to offer up to 2,000,000 shares of common stock at $0.10 per share. There was no underwriter involved in our public offering.

On April 30, 2007, we completed our public offering by raising $51,140. We sold 511,400 shares of our common stock at an offering price of $0.10 per share to 51 persons.

ITEM 6. SELECTED FINANCIAL DATA

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

ITEM 7. 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K, and elsewhere in our other public filings. Factors that may cause actual results, our performance or achievements, or industry results to differ materially from those contemplated by such forward-looking statements include without limitation:

1. The company's lack of funds in new R&D, especially in clinical testing;
2. The company's lack of funds in new equipment and the utilization of the production process after SFDA approval;
3. The company may need to seek funding through such vehicles as convertible notes and warrants, private placements, and/or convertible debentures;
4. The company needs funding for marketing and network build-up;
5. The company plans to seek approval for clinical testing and marketing on a worldwide basis, including US FDA approval for testing and marketing in the United States of America, and there is no guaranty that we will obtain any such approval;
6. While the company currently holds a patent originating in China, the patent does not protect our intellectual property in the United States, and the company is unsure of the validity of the patent in other countries. However, specific trade secrets are involved in the manufacturing of our product to help protect our technologies, and reverse engineering is unlikely for our types of products and technologies. Additionally, all machinery used to manufacture our products is protected by Chinese patents.

The Company is subject to a number of risks similar to other companies in the medical device industry. These risks include rapid technological change, uncertainty of market acceptance of our products, uncertainty of regulatory approval, competition from substitute products from larger companies, the need to obtain additional financing, compliance with government regulations, protection of proprietary technology, product liability, and the dependence on key individuals.

All written and oral forward-looking statements made in connection with this Form 10-K 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 are protected by Patent no. ZL97119073.9, PRC, issued by the Chinese Intellectual Property Rights Bureau, is 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, and reconstructive dental procedures. Our products are biodegradable internal fixation devices which are made of a very unique material called Polyamide ("PA"). Our PA products, such as screws, rods, and binding wires 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 form 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"). As of October 31, 2011, the Company completed 83 successful PA Screw trial cases, and 57 successful PA Binding Wire. Upon the completion of these trials the Company has already exceeded China SFDA's requirement on PA Screw trial. The Company is expecting the China's SFDA's approval for its PA Screw to be granted in 2012.

Completion of Clinical Trials for PA Screws

As of October 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. Under SFDA Regulations, a total number of 60 cases must be completed before approval is considered. The clinical trials for the company's PA Screws have been completed with 100 percent success rate.

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 October 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 in 2012.

Furthermore, we anticipate that following the SFDA final approval; the company should be earning revenues as early as the fourth quarter of 2012. The company is also looking forward to starting the application process for the PA Biding Wires with the SFDA by the end of 2012 provided sufficient funding is in place.

Clinical Trials on Other Products
Currently, we have been conducting clinical trials for PA Binding Wires at the 6 state level hospitals authorized by the SFDA in cities throughout China, including Nanchang, Changsha, Luoyang, Nanning and Tianjin.

Additionally, the Company has signed a cooperative agreement with The First Affiliated Hospital of Guangdong Pharmaceutical University in Guangzhou, China. Under this cooperative agreement, both parties will join efforts in conducting research and animal tests on Cranio-Maxillofacial Fracture (CMF) Treatment utilizing the Company's bio-absorbable miniscrews 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 Masterise and Shenzhen Changhua for the period from September 25, 2002 (Shenzhen Changhua's date of inception) to October 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 capacities are capable of generating approximately $30,000,000 in annual revenue.

Estimate current production lines in full capacity

	Output Quantity (Max.)	Price at ex-factory (US$)	Total Turnover (US$)
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.

Funding Needs

The Company estimates that it will need to raise minimum $1,000,000 over the next 12 months to bring its current products to market, and begin earning revenues. While the Company has no outside sources of funding, the Company’s shareholders have committed to advance the Company funds as needed. There is a Letter of Continuing Financial Support signed between the Company and one of its major shareholders, Titan Technology Development Ltd.

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 for Greater China, 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 others 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 2011 Statistic and Census report by the Ministry of Health of the People's Republic of China.

Statistic and Census report by the Ministry of Health of the People's Republic of China
(July 2011)

	July 2011	July 2010	Increase / (Decrease)
Total No. of Hospitals	21,266	20,432	834
Public Hospital	13,670	13,974	(304)
Private Hospital	7,596	6,458	1,138
Hospital Rating			
AAA	1,344	1,273	71
AA	6,494	6,460	34
A	5,321	5,147	174

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

Research and development costs related to both present and future products are expensed as incurred. Total expenditure on research and development charged to general and administrative expenses for the year ended October 31, 2011, October 31, 2009 and for the period from September 25, 2002 (inception) through October 31, 2011 was $19,734, $11,686 and $138,767 respectively.

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 for 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.

U.S. Government Grant

In April 2011, the Company received approval of one grant totalling $244,479.25 awarded to the Company under the U.S. Government’s Qualifying Therapeutic Discovery Project, a program created as part of the Patient Protection and Affordable Care Act of 2010. The grant is to support the ongoing development of bio-absorbable internal fixation devices, the Company’s novel treatment for orthopaedic trauma. The grant was received in May 2011 in full.

The Qualifying Therapeutic Discovery Project grants are provided under new section 48D of the Internal Revenue Code (IRC), enacted as part of the Patient Protection and Affordable Care Act of 2010 (P.L. 111-148). The IRS, in conjunction with the Department of Health and Human Services, approved applications for projects that showed significant potential to produce new and cost-saving therapies, support jobs and increase U.S. competitiveness under the Qualifying Therapeutic Discovery Project program. Only projects that show a reasonable potential to meet these goals were certified as eligible for the credit or grant.

Formation of Scientific Advisory Board (SAB)

Effective November 1, 2011, the Company formed a Scientific Advisory Board (SAB) to advise the Board of Directors in order to help the Company meet its goals. Neither the Company, nor its Directors or officers shall be bound by the SAB, but rather shall consider the scientific and strategic input and advice of the SAB Advisors in forming their respective decisions regarding the Company’s research and development projects. The management regard the creation of the SAB a new stage of development for the Company. The combination of in-house research efforts and strategic co-operations has already provided the Company with vital new programs. By leveraging the vast

expertise of the members of the SAB, the management will be in an even stronger position to evaluate current and future opportunities and to deliver on their potential.

The Scientific Board consists of the following individuals: Prof. LIU Shang Li (M.D., Ph.D.), Dr. Thomas DeBerardino (M.D.), and Prof. Hani Awad (Ph.D.).

Prof. Liu Shang-li, M.D., Ph.D., professor and surgeon, specializing in Pediatric Orthopedic, Spinal and Joint Surgery. Director and Chief Physician of Incumbent Orthopaedics Department, Director of Sun Yat-sen Spinal Center, Doctoral and Post-Doctoral Mentor at Sun Yat-sen Memorial Hospital, Sun Yat-sen University in China. Prof. Liu has published more than 50 papers and co-authored 4 textbooks. He has been awarded with more than 10 prizes in scientific research. Prof. Liu is our Chief Medical Advisor for Greater China.

Dr. Thomas DeBerardino, M.D., Associate Professor at University of Connecticut, has authored over 40 scientific articles on ligament, tendon and cartilage injuries of the knee and shoulder, and has won several prestigious awards, Dr. DeBerardino spent eight years at the United States Military Academy where he was the Head Team Physician for the collegiate athletic teams and Director of the Sports Medicine Fellowship program. Dr. DeBerardino is our Chief Medical Advisor for North America.

Prof. Hani Awad, Ph.D., is an Associate Professor of Biomedical Engineering and Orthopaedics and a Principal Investigator in the Center for Musculoskeletal Research at the University of Rochester. Prof. Awad is a NIH funded scientist who has received multiple honors including the Wallace H. Coulter Foundation Early Career Translational Research Award in Biomedical Engineering, the Airlift Foundation Grant Award, and the Orthopaedic Research and Education Foundation's (OREF) Early Career Grant Award, among other awards. Prof. Awad is our Chief Science Advisor.

Formation of Advisory Board

Effective May 25, 2011, the Company formed an Advisory Board to advise the Board of Directors regarding its business direction and investor relations. The Advisory Board is comprised of John R. Harrington Jr., Lamont Woody, Donald Varshine and Frank Pelaia.

John R. Harrington Jr., chairman of the advisory board, has 45 years experience in the banking industry. His experience has included being Chief Investment Officer, Vice President, Senior Trust Officer and Department Manager. Mr Harrington was also the Chairman of the Board of a publicly traded manufacturing company with operations in the United Kingdom, France, China and the United States. He was the founder of Harrington Capital Management, a private investment company responsible for analyzing investment portfolios. Mr Harrington is currently serving as Senior Management Director of Arista Capital Management, LLC, with responsibilities for operations. He also acts as Board Member on various not-for-profit organizations and currently a member of the Finance Committee of the Irish American Heritage Centre in Chicago.

Lamont Woody is a Principal at The Laconia Group, a team of national security experts with experience spanning the breadth of the defence, intelligence, homeland security, and law enforcement communities, including the defence contracting industry. Mr Woody has served in leadership positions in the USAF and US Army, culminating as an Army Colonel, serving as the Deputy Director in the Counter IED Operations Integration Center, Joint IED Defeat Organization. He understands operational information and logistics integration ranging from military Special Operations rapid insertion to conventional peacekeeping and national recapitalization. He has trained, equipped, and led military support missions to Iraq, Afghanistan, Bosnia, Cuba, Cambodia, Panama, and Somalia. He knows how to successfully build enduring, adaptable, and innovative organizations from the bottom up. Mr Woody holds masters degrees in National Security Strategy, Education, and Military Arts and Sciences.

Donald Varshine is the former president of a top 100 logistics company in the U.S. Mr Varshine was appointed chairperson of American Lighting Logistics Group, a national association within the lighting industry. He represented ALA as their national spokesperson at the National Motor Freight Traffic Group Hearings in Washington D.C. In addition, he has spoken at National Industry Trade Conference on the "Competitive Position of Logistics". He has high visibility in the logistics industry setting up distribution networks for companies like Genlyte Thomas, Thomas & Betts, and H. J. Heinz. His background in this area is a major asset to the Company. Mr Varshine has also sat on numerous boards and is the former executive board member of the National Association of Small Shippers Traffic Conference.

Frank Pelaia is a former President of Francor Enterprises LLC. His positions included regional sales manager for Fel Pro Inc, national presenter in automotive aftermarket industry and held sales management positions with Lockwook-Abriola Inc, and manager for J.C. Penny Co and Pittsburgh National Bank. Mr. Pelaia has set on numerous advisory boards throughout his 33 year military career serving as a US Army Officer. Mr. Pelaia is also a former executive board member of Integrated Logistics.

Finance Costs

As of October 31, 2011 and 2010, the Company owed $147,137 and $217,951 respectively to a stockholder - Titan Technology Development Ltd., which is unsecured and repayable on demand. Interest is charged at 7% per annum on the amount owed.

As of October 31, 2011 and 2010, the Company owed $520,361 and $421,338 to Chi Fung Yu, $505,781 and $367,062 to Tie Jun Chen (related parties), which are unsecured and repayable on demand. Interest is charged at 7% per annum on the amount owed.

Total interest expenses on advances from following stockholder and the related parties accrued for the year ended October 31, 2011 and October 31, 2010 and for the period from September 25, 2002 (inception) through October 31, 2011 are $8,422, $18,074and $45,854 for Titan Technology Development Ltd.; $22,918, $25,192 and $69,875 for Chi Fung Yu; $29,713, $16,006 and $45,719 for Tie Jun Chen.

As of October 31, 2010 and October 31, 2009, the Company owed the following amount respectively to three directors for advances made - $533,981 and $156,302 to Wang Hui, $5,261 and $839 to Kai Gui, $19,225 and $1,800 to Chi Ming Yu. These advances were made on an unsecured basis, repayable on demand and interest free.

As of October 31, 2011 and October 31, 2010, the Company owed $0 and $400,192 respectively to a related company Yichen Medical Device Co. Ltd. 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 for the year ended October 31, 2011, the year ended October 31, 2010 and the period from September 25, 2002 (inception) through October 31, 2011 respectively is $8,267, $8,746 and $78,602 for Wang Hui; $0, $0 and $23 for Kai Gui; $0, $0 and $56 for Chi Ming Yu; $18,793, $19,610 and $125,463 for Yichen Medical Device Co. Ltd.

Income Tax

ABMT was incorporated in the United States and has incurred net operating loss for income tax purposes for 2011 and 2010. ABMT has net operating loss carry forwards for income taxes amounting to approximately $313,376 and $261,232 as of October 31, 2011 and 2010 respectively which may be available to reduce future years' taxable income. These carry forwards, will expire, if not utilized, commencing in 2029. Management believes that the realization of the benefits from these losses appears uncertain due to the Company's limited operating history and continuing losses. Accordingly, a full, deferred tax asset valuation allowance has been provided and no deferred tax asset valuation allowance has been provided and no deferred tax asset benefit has been recorded. The valuation allowance at October 31, 2011 and 2010 was $313,376 and $261,232 respectively. The net change in the valuation allowance for 2011 was an increase of $52,144.

Masterise was incorporated in the BVI and under current law of the BVI, is not subject to tax on income.

Shenzhen Changhua was incorporated in the PRC and is subject to PRC income tax which is computed according to the relevant laws and regulations in the PRC. The income tax rate has been 25%. No income tax expense has been provided by Shenzhen Changhua as it is waiting for SFDA approval and it has incurred losses.

Net Loss

As reflected in the accompanying audited consolidated financial statements, the Company has an accumulated deficit of $2,923,483 at October 31, 2011 that includes a net loss of $487,439 for the year ended October 31, 2011. We are in

Clinical Trial phase and do not have a SFDA permit to produce, market or sell in China.

We therefore do not have any revenue from inception to October 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 $1,675,568 at October 31, 2011 compared to a working capital deficit of $1,539,958 as of October 31, 2010. Our working capital deficit increased as a result of the fact that we are in clinical trial phase, the company has put all resources to complete the clinical trials. We do not have a SFDA permit to produce, market or sell in China. We had no revenues during the year and that our sole source of financing came in the form of a loan from our related parties and stockholders.

Cash Flows

Net Cash Used in Operating Activities
Net cash used in operating activities was $212,027 in the year ended October 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 a stockholder and a related party, and others like decrease in other receivables and prepaid expenses.

Net Cash Used in Investing Activities
We recorded $73,947 net cash used in investing activities in the year ended October 31, 2011. This amount reflected purchases of property and equipment, primarily for research and development to our facilities.

Net Cash Provided by Financing Activities
Net cash provided by financing activities in the year ended October 31, 2011 was $322,343, which represented advances from related parties.

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 October 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.

Going Concern

As reflected in the accompanying consolidated financial statements, the Company has an accumulated deficit of $2,923,483 as of October 31, 2011 that includes a net loss of $487,439 for the year ended October 31, 2011. The Company's total current liabilities exceed its total current assets by $1,675,568 and the Company used cash in operations of $212,027.

These factors raise substantial doubt about our 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 balance sheet is dependent upon continued operations of the Company, which in turn is dependent up 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 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 now pursuing additional funding and potential merger or acquisition candidates, which would enhance stockholders' investment. Management believes that the above actions will allow the Company to continue operations through the next fiscal year.

During the year ended October 31, 2011, loans from Company's Stockholders, three directors, a related company and two related parties totaling $1,731,746 were provided to us for use as working capital. Management believes that such financing will allow us to continue operations through the next fiscal year. The Company is also actively pursuing a number of private placements funding which would ensure continued operations.

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 grants are recognized when there is reasonable assurance that the Company complies with any conditions attached to them and the grants will be received.

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 $are translated into US $using the closing rate method. The balance sheet items are translated into US $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

On September 15, 2011 the FASB issued Accounting Standards Update ("ASU") 2011-08, Testing Goodwill for Impairment (the revised standard). The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing both public and nonpublic entities with the option of performing a "qualitative" assessment to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted for certain companies. The Company has assessed the potential impact the adoption of ASU 2011-08 on its consolidated results of operations and consolidated financial position and concluded that there is no impact.

In July 2011, the FASB issued ASU 2011-07, Health Care Entities (Topic 954), which requires healthcare organizations that perform services for patients for which the ultimate collection of all or a portion of the amounts billed or billable cannot be determined at the time services are rendered to present all bad debt expense associated with patient service revenue as an offset to the patient service revenue line item in the statement of operations. The ASU also requires qualitative disclosures about the Company's policy for recognizing revenue and bad debt expense for patient service transactions and quantitative information about the effects of changes in the assessment of collectability of patient service revenue. This ASU is effective for fiscal years beginning after December 15, 2011, and will be adopted by the Company in the first quarter of 2012. Since the Company is not a health care entity, the standard does not have any impact on the Company's consolidated financial position or results of operations.

In June 2011 the FASB issued ASU No. 2011-05, "Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income, which amends current comprehensive income guidance". This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. Instead, companies must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective during the interim and annual periods beginning after December 15, 2011 with early adoption permitted. The Company will adopt ASU 2011-05 in the first quarter of fiscal year 2012. The Company does not expect that the adoption of ASU 2011-05 will have a material impact on the Company's Consolidated Financial Statements.

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments in this ASU generally represent clarification of Topic 820, but also include instances where a particular principle or requirement for measuring

fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards (“IFRS”). The amendments are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. Early application is not permitted. The Company does not expect the adoption of ASU 2011-04 will have a material impact on the Company’s Consolidated Financial Statements.

ITEM 7A. 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 under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF OCTOBER 31, 2011

ADVANCED BIOMEDICAL TECHNOLOGIES, INC.

AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of:
Advanced Biomedical Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Biomedical Technologies, Inc. and subsidiaries (a development stage company), as of October 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive loss, stockholders' deficiency and cash flows for the years ended October 31, 2011 and 2010, and the period September 25, 2002 (Inception) through October 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits of the financial statements provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Biomedical Technologies, Inc. and subsidiaries (a development stage company), as of October 31, 2011 and 2010, the results of its operations and its cash flows for the years ended October 31, 2011 and 2010, and the period September 25, 2002 (Inception) through October 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company had a net loss of $487,439, an accumulated deficit of $2,923,483 and a working capital deficiency of $1,675,568 and used cash in operations of $212,027. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans concerning this matter are also described in Note 9. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Baker Tilly Hong Kong Limited

BAKER TILLY HONG KONG LIMITED
Certified Public Accountants

Hong Kong

February 14, 2012

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

ASSETS

	October 31, 2011	October 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 78,781	$ 38,614
Other receivables and prepaid expenses	21,933	12,623
Total Current Assets	100,714	51,237
PROPERTY AND EQUIPMENT, NET	103,170	49,461
DEPOSIT FOR PURCHASE OF PROPERTY AND EQUIPMENT	9,628	—
TOTAL ASSETS	$ 213,512	$ 100,698
LIABILITIES AND STOCKHOLDERS’ DEFICIT		
CURRENT LIABILITIES		
Other payables and accrued expenses	$ 44,536	$ 25,711
Due to a stockholder	147,137	217,951
Due to directors	558,467	158,941
Due to a related company	—	400,192
Due to related parties	1,026,142	788,400
Total Current Liabilities	1,776,282	1,591,195
COMMITMENTS AND CONTINGENCIES	—	—
DEFICIT		
ABMT Stockholders’ Deficit		
Common stock, $0.00001 par value, 100,000,000 shares authorized, 56,474,850 and 56,144,850 shares issued and outstanding as of October 31, 2011 and 2010	565	562
Common stock, 230,000 shares to be issued	—	2
Stock subscription receivable	—	(230,000)
Additional paid-in capital	1,626,610	1,494,551
Deferred stock compensation	(87,501)	(206,459)
Accumulated deficit during development stage	(2,923,483)	(2,436,044)
Accumulated other comprehensive loss	(178,961)	(113,109)
Total ABMT Stockholders’ Deficit	(1,562,770)	(1,490,497)
Noncontrolling interests	—	—
Total Deficit	(1,562,770)	(1,490,497)
TOTAL LIABILITIES AND STOCKHOLDERS’ DEFICIT	$ 213,512	$ 100,698

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

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

	Year ended October 31,		September 25, 2002 (Inception) through October 31, 2011
	2011	2010	
OPERATING EXPENSES			
General and administrative expenses	$ 608,806	$ 687,210	$ 2,591,175
Depreciation	5,940	22,096	267,310
Research and development (Net of government grant)	19,734	11,686	138,767
Total Operating Expenses	634,480	720,992	2,997,252
LOSS FROM OPERATIONS	(634,480)	(720,992)	(2,997,252)
OTHER INCOME (EXPENSES)			
Government grants	244,479	—	244,479
Interest income	94	103	1,695
Interest paid to a stockholder and related parties	(61,053)	(59,272)	(161,448)
Imputed interest	(27,060)	(28,356)	(204,144)
Other, net	(9,419)	(8,282)	(24,018)
Total Other Income (Expenses), net	147,041	(95,807)	(143,436)
LOSS FROM OPERATIONS BEFORE TAXES	(487,439)	(816,799)	(3,140,688)
Income tax expense	—	—	—
NET LOSS	(487,439)	(816,799)	(3,140,688)
Net loss attributable to noncontrolling interests	—	—	217,205
NET LOSS ATTRIBUTABLE TO ABMT COMMON STOCKHOLDERS	(487,439)	(816,799)	(2,923,483)
OTHER COMPREHENSIVE LOSS			
Total other comprehensive loss	(65,852)	(29,063)	(178,961)
Add: foreign currency translation loss attributable to noncontrolling interest	—	—	—
Foreign currency translation loss attributable to ABMT common stockholders	(65,852)	(29,063)	(178,961)
COMPREHENSIVE LOSS ATTRIBUTABLE TO ABMT COMMON STOCKHOLDERS	$ (553,291)	$ (845,862)	$ (3,102,444)
Net loss per share-basic and diluted	$ (0.01)	$ (0.02)	
Weighted average number of shares outstanding during the year - basic and diluted	56,417,042	55,864,524	

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

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

	Common Stock		Shares to be issued		Stock subscriptions receivable	Additional Paid-in capital	Deferred Stock Compensation	Accumulated deficit during development stage	Accumulated other comprehensive loss	Non-controlling interests	Total
	Number of Shares	Amount	Number of Shares	Amount							
Stock issued to founders for cash	50,510,000	$ 505	—	$ —	$ —	$ 275,002	$ —	$ —	$ —	$ 217,205	$ 492,712
Net loss for the period	—	—	—	—	—	—	—	(40,343)	—	(17,290)	(57,633)
Foreign currency translation loss	—	—	—	—	—	—	—	—	(225)	10	(215)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(57,848)
Balance at December 31, 2003	50,510,000	505	—	—	—	275,002	—	(40,343)	(225)	199,925	434,864
Net loss for the year	—	—	—	—	—	—	—	(65,960)	—	(28,269)	(94,229)
Foreign currency translation loss	—	—	—	—	—	—	—	—	(357)	2	(355)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(94,584)
Balance at December 31, 2004	50,510,000	505	—	—	—	275,002	—	(106,303)	(582)	171,658	340,280
Imputed interest on advances from a stockholder	—	—	—	—	—	23,103	—	—	—	—	23,103

and related company											
Net loss for the year	—	—	—	—	—	—	—	(357,863)	—	(153,370)	(511,233)
Foreign currency translation loss	—	—	—	—	—	—	—	—	(12,290)	2,064	(10,226)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(521,459)
Balance at December 31, 2005	50,510,000	505	—	—	—	298,105	—	(464,166)	(12,872)	20,352	(158,076)
Imputed interest on advances from a stockholder and related company	—	—	—	—	—	27,184	—	—	—	—	27,184
Net loss for the year	—	—	—	—	—	—	—	(172,738)	—	(18,276)	(191,014)
Foreign currency translation loss	—	—	—	—	—	—	—	—	(6,084)	(2,076)	(8,160)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(199,174)
Balance at December 31, 2006	50,510,000	505	—	—	—	325,289	—	(636,904)	(18,956)	—	(330,066)
Imputed interest on advances from a stockholder, related company and related party	—	—	—								