


MEDICAL INTERNATIONAL TECHNOLOGY INC (Filer) CIK: 0001112372[Print Document](#) [View Excel Document](#)

Cover
Document and Entity Information
Financial Statements
Notes to Financial Statements
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Document and Entity Information	3 Months Ended	
	Dec. 31, 2011	Feb. 10, 2012
Document and Entity Information [Abstract]		
Amendment Flag	false	
Current Fiscal Year End Date	--12-31	
Document Period End Date	Sep. 30, 2012	
Entity Current Reporting Status	Yes	
Entity Filer Category	Smaller Reporting Company	
Entity Registrant Name	MEDICAL INTERNATIONAL TECHNOLOGY INC	
Entity Central Index Key	0001112372	
Entity Common Stock, Shares Outstanding		79,270,627
Document Fiscal Period Focus	Q1	
Document Type	10-Q	
Document Fiscal Year Focus	2012	

Consolidated Balance Sheet (USD \$)	Dec. 31, 2011	Sep. 30, 2011
Current assets		
Cash and cash equivalents	\$ 14,210	\$ 10,889
Accounts receivable	34,998	48,349
Inventories	303,137	322,906
Prepaid expenses	13,398	18,820
Total current assets	365,743	400,964
Long Term Investment		
Investment in MIT China Joint Venture	151,262	242,056
Property and Equipment		
Tooling and machinery	693,909	678,918
Furniture and office equipment	140,744	147,950
Leasehold improvements	28,956	30,438
Total property and equipment	863,609	857,306
Less accumulated depreciation	(495,782)	(502,782)
Total property and equipment, net	367,827	354,524
Other Assets		
Patents (net of accumulated amortization of \$9,412 and \$4,372)	33,874	23,781
Total assets	918,706	1,021,325
Current liabilities		
Bank line	0	31,167
Deferred income	1,148,554	1,083,317
Accounts payable and accrued expenses	249,628	209,310
Amounts due to related parties	148,831	152,723
Total current liabilities	1,547,013	1,476,517
Long-Term Debts	234,724	177,247
Total liabilities	1,781,737	1,653,764
Stockholders' Equity (Deficit)		
Common stock, \$.0001 par value; 100,000,000 shares authorized; 79,270,627 and 79,090,627 shares issued and Outstanding, respectively	7,929	7,909
Additional paid-in capital	12,822,186	12,804,206
Deficit	(13,297,324)	(13,062,171)
Other comprehensive income (loss)	(395,822)	(382,381)
Total Stockholders' Equity (Deficit)	(863,031)	(632,439)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 918,706	\$ 1,021,325

Consolidated Balance Sheet Parenthetical (USD \$)	Dec. 31, 2011	Sep. 30, 2011
Statement Of Financial Position [Abstract]		
Accumulated Amortization (Patents)	\$ 2,254	\$ 9,412
Preferred Stock, Par Value	\$ 0.0001	\$ 0.0001
Preferred Stock, Shares Authorized	3,000,000	3,000,000
Preferred Stock, Shares Issued	0	0
Preferred Stock, Shares Outstanding	0	0
Common Stock, Par Value	\$ 0.0001	\$ 0.0001
Common Stock, Shares Authorized	100,000,000	100,000,000
Common Stock, Shares Issued	79,270,627	79,090,627
Common Stock, Shares Outstanding	79,270,627	79,090,627

Consolidated Statements of Operations (USD \$)	3 Months Ended	
	Dec. 31, 2011	Dec. 31, 2010
Sales	\$ 74,836	\$ 65,185
Cost of sales	(40,434)	(26,442)
Gross profit (loss)	34,402	38,743
Research and development costs	0	0
Selling, general, and administrative expenses	(175,836)	(83,961)
Total operating expenses	(175,836)	(83,961)
Loss from operations	(141,434)	(45,218)
Other Income (Expense) Equity earnings (loss) on MIT China Joint Venture	(90,794)	(25,682)
Interest	178	0
Interest expense	(3,103)	(687)
Other income (expense), net	(93,719)	(26,369)
Net Loss	\$ (235,153)	\$ (71,587)
Basic and diluted (loss) per share	\$ 0.003	\$ (0.0015)
Basic and diluted weighted average shares outstanding	79,270,627	68,030,295

Consolidated Statements of Cash Flows (USD \$)	3 Months Ended	
	Dec. 31, 2011	Dec. 31, 2010
Cash flows from operating activities:		
Net loss for the period ended December 31, 2011	\$ (235,153)	\$ (71,587)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Equity loss from MIT China Joint Venture	90,794	25,682
Depreciation and amortization expense	19,742	6,048
Common stock issued for services	0	1,000
Related party payables settle by common stock	0	0
Capitalization of related party debts	0	0
Changes in:		
Accounts receivable	13,352	(760)
Inventories	19,770	(2,616)
Prepaid expenses	5,422	419
Accounts payable and accrued liabilities	40,319	(133,087)
Deferred income	65,237	27,952
Net cash used by operating activities	19,483	(146,949)
Cash flows from investing activities:		
Acquisition of patents	(13,505)	(2,134)
Investment in MIT China joint venture	0	0
Tooling and machinery	(48,058)	(2,580)
Net cash used by investing activities	(61,563)	(4,714)
Cash flows from financing activities:		
Bank line	(31,167)	0
Bank loans	57,477	0
Proceeds from issuance of stock, net	18,000	158,017
Increase in amounts due to related parties	(3,892)	3,495
Issuance of notes payable	0	0
Repayment on notes payable	0	0
Net cash provided from financing activities	40,418	161,512
Effect of exchange rates	4,983	(21,809)
Increase (decrease) in cash	3,321	(11,960)
Cash, beginning of period	10,889	26,716
Cash, end of period	14,210	14,756
Supplemental disclosure of cash flow information:		
Cash paid for interest	3,103	687
Cash paid for federal income taxes	0	0
Supplemental disclosure of non-cash transactions		
Common stock issued for debt reductions	\$ 0	\$ 0

Consolidated Statements of Comprehensive Loss (USD \$)	3 Months Ended	
	Dec. 31, 2011	Dec. 31, 2010
Net Loss	\$ (235,153)	\$ (71,587)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(13,441)	(15,877)
Net comprehensive income (loss)	<u>\$ (248,594)</u>	<u>\$ (87,464)</u>

Consolidated Statement of Stockholders' (Deficit) (USD \$)	Total	Common Stock	Additional Paid- In Capital	Additional Paid In Deficit
Beginning Balance at Sep. 30, 2011	\$ (632,439)	\$ 7,909	\$ 12,804,206	\$ (13,062,171)
Beginning Balance (Shares) at Sep. 30, 2011	0	79,090,627	0	0
Shares issued for debts	0	0	0	0
Shares issued for debts (Shares)	0	0	0	0
Shares issued for services	0	0	0	0
Shares issued for services (Shares)	0	0	0	0
Shares issued for additional capital	18,000	20	17,980	0
Shares issued for additional capital (Shares)	0	180,000	0	0
Net loss for the period ended December 31, 2011	(235,153)	0	0	(235,153)
Balance at Dec. 31, 2011	\$ (863,031)	\$ 7,929	\$ 12,822,186	\$ (13,297,324)
Balance (Shares) at Dec. 31, 2011	0	79,270,627	0	0

Basis of Presentation	3 Months Ended Dec. 31, 2011
Organization, Consolidation and Presentation Of Financial Statements [Abstract] Business Description and Basis of Presentation [Text Block]	Note 1 – Basis of Presentation Interim Financial Statements The accompanying unaudited condensed consolidated financial statements of Medical International Technology, Inc. (the “MIT”) and its subsidiary (collectively referred to as the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission. All significant intercompany balances and transactions have been eliminated. These financial statements do not include all information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. It is recommended that these interim unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months period ended December 31, 2011 are not necessarily indicative of the results which may be expected for any other interim periods or for the year ending September 30, 2012. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Inventories	3 Months Ended Dec. 31, 2011	
Inventory Disclosure [Abstract]	Note 2 – Inventories	
Inventory Disclosure [Text Block]	Inventories at December 31, 2011 and September 30, 2011 consist of the following:	
	December 31, 2011	September 30, 2011
Raw materials	\$ 201,586	\$ 208,892
Work in process	88,796	102,259
Finished goods	12,755	11,755
Total	<u>\$ 303,137</u>	<u>\$ 322,906</u>

Property and Equipment	3 Months Ended Dec. 31, 2011
Property, Plant and Equipment [Abstract] Property, Plant and Equipment Disclosure [Text Block]	Note 3 – Property and Equipment The cost of property and equipment is depreciated over the estimated useful lives of the related assets, which range from 5 to 7 years. Depreciation is computed on the straight-line method for financial reporting purposes and on the declining balance method for income tax reporting purposes. Depreciation expense for the three months ended December 31, 2011 and 2010 was \$19,742 and \$4,810, respectively

Intangible Assets	3 Months Ended Dec. 31, 2011										
Finite-Lived Intangible Assets [Abstract]											
Intangible Assets Disclosure [Text Block]											
	Note 4 – Intangible Assets										
	As of December 31, 2011 the Company has n patents on certain technologies aggregating \$33,87. Amortization expense for the years ended Decembe 31, 2011 and 2010 were \$2,254 and \$1,23, respectively. During the three months ende December 31, 2011, the Company capitalized paten costs on its needle-free injector (\$13,505. Following is a detail of patents at Decembe 31, 2011.										
	<table> <thead> <tr> <th></th> <th style="text-align: center;">Gross Intangible Assets</th> <th style="text-align: center;">Accumulated Amortization</th> <th style="text-align: center;">Net Intangible Assets</th> <th style="text-align: center;">Weighte Averag Life (Years)</th> </tr> </thead> <tbody> <tr> <td>Patents \$</td> <td style="text-align: right;">45,082</td> <td style="text-align: right;">\$ 11,208</td> <td style="text-align: right;">\$ 33,874</td> <td style="text-align: center;">7.5 through 15</td> </tr> </tbody> </table>		Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighte Averag Life (Years)	Patents \$	45,082	\$ 11,208	\$ 33,874	7.5 through 15
	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighte Averag Life (Years)							
Patents \$	45,082	\$ 11,208	\$ 33,874	7.5 through 15							

Joint venture agreement	3 Months Ended Dec. 31, 2011
Investments In and Advance To Affiliates, Subsidiaries, Associates, and Joint Ventures [Abstract] Investment In Mit China Joint Venture [Text Block]	Note 5 – Joint venture agreement
	<p>On May 6, 2009, the Company entered into a certain joint venture agreement (the “Joint Venture Agreement”) with Jiangsu Hualan Biotechnology Ltd. (China) (“Jiangsu Hualan”). Pursuant to the Joint Venture Agreement, the parties established a joint venture company, Jiangsu Hualan MIT Medical Technology (MIT China) Ltd. (“MIT China” or the “Joint Venture”), focusing on research, production and sales of medical equipments, import and export of medical equipments and components products, especially Needle-Free Jet Injector products. The total investment by the Joint Venture shall amount to \$2,000,000, and the registered capital shall amount to \$1,400,000. The Company invested cash of \$426,678 and transferred the license rights to produce and sell the Company’s needle-free injectors products into the Joint Venture. The license rights were valued at \$280,000 under the agreement. The contributions by the Company resulted in the Company owning 49% of the registered capital of the Joint Venture. Jiangsu Hualan contributed cash of \$714,000, and owns 51% of the registered capital.</p>
	<p>Under the agreement, the Company appointed 1 member to the Board of Directors of the Joint Venture and Jiangsu Hualan appointed 2 members to the Board of Directors. Profits of the Joint Venture will be paid based each parties investment in the registered capital.</p>
	<p>During the period from May 6, 2009 to September 30, 2009, the Joint Venture had not commenced operations. The Joint Venture commenced operations during the</p>

Company's 1st quarter of fiscal 2010.

The Company accounts for its investment in MIT China in accordance with Financial Accounting Standards Board Accounting Standards Codification 323, "Investment — Equity Method and Joint Venture" (ASC 323), previously referred to as Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." Accordingly, the Company adjusts the carrying amount of its investment in MIT China to recognize its share of earnings or losses. As of September 30, 2011, the Company's recorded investment in the MIT China was \$242,056. During the three months ended

Bank Line	3 Months Ended Dec. 31, 2011
Bank Line [Abstract] Bank Line [Text Block]	Note 6 – Bank Line
	<p>The Company, through a hypothec agreement, has an equipment line of credit up to a maximum of \$350,000. The line is secured by account receivables, inventories, equipment and all other assets of the Company. At December 31, 2011, the Company had no amounts outstanding under the agreement.</p>

Related Party Transactions	3 Months Ended Dec. 31, 2011	
Related Party Transactions [Abstract]		
Related Party Transactions Disclosure [Text Block]		
	Note 7 – Related Party Transactions	
	Related party balances consist of the following at December 31, 2011 and September 30, 2011:	
	December 31, 2011	September 30, 2011
Payable to 2849		
-674		
Canada Inc	\$ 63,831	\$ 72,723
Payable to 9211		
-0766		
Quebec Inc	<u>80,000</u>	<u>80,000</u>
	<u>\$ 152,576</u>	<u>\$ 178,767</u>
	The Company has borrowed from shareholders and corporations owned by shareholders. These loans are bearing interest at 8%, and are due during fiscal 2012.	

Stockholders' Equity (Deficit)	3 Months Ended Dec. 31, 2011
Equity [Abstract] Stockholders' Equity Note Disclosure [Text Block]	<p data-bbox="919 331 1282 388">Note 8 – Stockholders' Equity (Deficit)</p> <p data-bbox="919 422 1227 447"><u>Issuance of Common Stock</u></p> <p data-bbox="919 480 1282 621">From time to time, the Company will issue common stock for services rendered, debt reductions or as part of private placement offerings.</p> <p data-bbox="919 646 1282 814">For the quarter ended December 31, 2011, the Company issued an aggregate of 180,000 shares of its common stock for cash under private placement transactions for total proceeds of \$17,980.</p> <p data-bbox="919 840 1097 865"><u>Preferred Stock</u></p> <p data-bbox="919 898 1282 1098">As of December 31, 2011, there was no preferred stock outstanding. Dividend features and voting rights are at the discretion of the Board of Directors without the requirement of shareholder approval.</p> <p data-bbox="919 1131 1157 1157"><u>Outstanding Options</u></p> <p data-bbox="919 1190 1282 1304">As of December 31, 2011 and 2010, there are no options outstanding to purchase shares of the Company's common stock.</p> <p data-bbox="919 1337 1179 1362"><u>Outstanding Warrants</u></p> <p data-bbox="919 1388 1282 1936">During the period ended June 30, 2011, the Company issued warrants to purchase an aggregate of 2,815,000 common shares at an exercise price of \$0.15 per share and 333,332 common shares at an exercise price of \$0.20 per share. The warrants were issued in connection with private placements completed during 2011. The warrants vested immediately and have terms of one to two years that expire between March 28, 2012 and February 4 2013. The Company estimated the fair value of the warrants using the Black-Scholes method with assumptions including: (1) term of 1 year to</p>

two years; (2) a computed volatility rate of 205%; (3) a discount rate of 5.45%; and (4) zero dividends. The fair value of the warrants was estimated to be \$218,991.

Operating Leases	3 Months Ended Dec. 31, 2011										
Leases [Abstract]											
Leases of Lessee Disclosure [Text Block]	<p>Note 9 –Operating Leases</p> <p>The Company leases its office and warehouse space under an operating lease that expires on December 31, 2014 that calls for a monthly rent of \$4,414. Rent expense for the three months ended December 31, 2011 was approximately \$12,200.</p> <p>Future minimum lease commitments pertaining to the lease expire as follow:</p> <table> <thead> <tr> <th style="text-align: left;"><u>Year ended</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>September 30, 2012</td> <td style="text-align: right;">52,549</td> </tr> <tr> <td>September 30, 2013</td> <td style="text-align: right;">52,964</td> </tr> <tr> <td>September 30, 2014</td> <td style="text-align: right;">52,964</td> </tr> <tr> <td>Thereafter</td> <td style="text-align: right;"><u>13,241</u></td> </tr> </tbody> </table>	<u>Year ended</u>		September 30, 2012	52,549	September 30, 2013	52,964	September 30, 2014	52,964	Thereafter	<u>13,241</u>
<u>Year ended</u>											
September 30, 2012	52,549										
September 30, 2013	52,964										
September 30, 2014	52,964										
Thereafter	<u>13,241</u>										

Deferred Income	3 Months Ended Dec. 31, 2011	
Deferred Income [Abstract]		
Deferred Income [Text Block]		
	Note 10– Deferred Income	
	Deferred income consists of the following at December 31, 2011 and September 30, 2011:	
	December 31, 2011	September 30, 2011
Deposits from customers and distributors	\$ 76,054	\$ 10,817
Non-refundable Distribution Rights Deposit	<u>1,072,500</u>	<u>1,072,500</u>
Total	<u>\$1,148,554</u>	<u>\$1,078,009</u>
	<p>On November 1, 2007, the Company received a deposit of \$1,300,000 for the worldwide rights to market and sell while maintaining MIT CANADA right to sell all Medical International Technology Inc.'s Needle-Free Jet-Injectors for the human and animal markets. This deposit was part of an agreement under negotiation, which was finalized in January 2009. Upon finalization, the Company began recognizing the deposit into income over the contractual life of the agreement. During the year ended September 30, 2010, the Company recognized \$130,000 into income under this agreement. During 2011, the Company was notified of potential litigation related to this contract. Accordingly, due to the uncertainty in a final resolution, the Company ceased recognizing income related to this contract during 2011. Upon</p>	

Notes Payable	3 Months Ended Dec. 31, 2011	
Notes Payable [Abstract] Debt Disclosure [Text Block]	Note 11 –Notes Payable	
	Long-term debt consists of the following at September 30, 2011 and September 30, 2010:	
	December 31, 2011	September 30, 2011
Note payable to a bank, bearing interest at prime plus 3%, repayment of the loan in sixteen (60) equal and consecutive installement of 2,413.12 starting January 20,2012,secured by equipment, due January 20, 2016.	\$ 144,788	\$ 82,227
Loan Canada Economic Development, no interest, repayment of the contribution in sixteen (16) equal and consecutive quarterly installment starting twelve (12) month after the project completion date.	<u>89,936</u>	<u>95,020</u>
Long-term debt	<u>\$ 234,724</u>	<u>\$ 177,247</u>
Future scheduled principal payments under note agreements are as follows:		
Décembre 31, 2012		\$ 28,956
December 31, 2013		51,442
December 31, 2014		51,442
December 31, 2015		51,442
December 31, 2016		51,442
		<u>\$234,724</u>

Contingencies	3 Months Ended Dec. 31, 2011
Commitments and Contingencies Disclosure [Abstract] Contingencies Disclosure [Text Block]	<p data-bbox="919 348 1192 380">Note 12 – Contingencies</p> <p data-bbox="919 411 1127 443">Legal Proceedings</p> <p data-bbox="919 468 1294 701">From time to time, the Company is named in legal actions in the normal course of business. In the opinion of management, the outcome of these matters, if any, will not have a material impact on the financial condition or results of operations of the Company.</p> <p data-bbox="919 720 1294 774">Investment in MIT China Joint Venture</p> <p data-bbox="919 798 1294 1528">The Company accounts for its investment in MIT China in accordance with Financial Accounting Standards Board Accounting Standards Codification 323, “Investment — Equity Method and Joint Venture” (ASC 323), previously referred to as Accounting Principles Board Opinion No. 18, “The Equity Method of Accounting for Investments in Common Stock.” Accordingly, the Company adjusts the carrying amount of its investment in MIT China to recognize its share of earnings or losses. As of December 31, 2011, the Company’s recorded investment in the MIT China was \$151,262. During the three months ended December 31, 2011, the Company recorded an equity loss from its investment in MIT China of \$90,794.</p>

MEDICAL INTERNATIONAL TECHNOLOGY INC
(Filer) CIK: 0001112372 (see all company filings)

IRS No.: **841509950** | State of Incorpor.: **CO** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **000-31469** | Film No.: **12611425**
SIC: **3841** Surgical & Medical Instruments & Apparatus
Assistant Director 10

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