


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

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Document and Entity Information	6 Months Ended	
	Mar. 31, 2012	May 14, 2012
Document and Entity Information [Abstract]		
Entity Registrant Name	MEDICAL INTERNATIONAL TECHNOLOGY INC	
Entity Central Index Key	0001112372	
Amendment Flag	false	
Current Fiscal Year End Date	--09-30	
Document Period End Date	Mar. 31, 2012	
Entity Filer Category	Smaller Reporting Company	
Document Fiscal Period Focus	Q2	
Document Type	10-Q	
Document Fiscal Year Focus	2012	
Entity Common Stock, Shares Outstanding		83,804,627

Consolidated Balance Sheet (USD \$)	Mar. 31, 2012	Sep. 30, 2011
Current Assets		
Cash and cash equivalents	\$ 0	\$ 10,889
Accounts receivable	21,034	48,349
Inventories	299,354	322,906
Prepaid expenses	12,308	18,820
Total Current Assets	332,696	400,964
Long Term Investment		
Investment in MIT China Joint Venture	137,450	242,056
Property and Equipment		
Tooling and machinery	702,755	678,918
Furniture and office equipment	142,539	147,950
Leasehold improvements	29,325	30,438
Total property and equipment	874,619	857,306
Less accumulated depreciation	(543,762)	(502,782)
Total property and equipment, net	330,857	354,524
Other Assets		
Patents (net of accumulated amortization of \$2,254 and \$9,412)	35,050	23,781
Total assets	836,053	1,021,325
Current Liabilities		
Bank overdraft	9,472	0
Bank line	45,040	31,167
Deferred income	1,222,181	1,083,317
Accounts payable and accrued expenses	172,838	209,310
Amounts due to related parties	0	152,723
Total current liabilities	1,449,531	1,476,517
Long-Term Debts	227,578	177,247
Total Liabilities	1,677,109	1,653,764
Stockholders' Equity (Deficit)		
Preferred stock, \$.0001 par value; 3,000,000 shares authorized; None issued and outstanding as of December 31, 2007	0	0
Common stock, \$.0001 par value; 100,000,000 shares authorized; 83,804,627 and 83,804,627 shares issued and Outstanding, respectively	7,979	7,909
Additional paid-in capital	12,867,476	12,804,206
Deficit	(13,322,091)	(13,062,171)
Other comprehensive income (loss)	(394,420)	(382,381)
Total Stockholders' Equity (Deficit)	(841,056)	(632,439)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 836,053	\$ 1,021,325

Consolidated Balance Sheet Parenthetical (USD \$)	Mar. 31, 2012	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	83,804,627	83,804,627
Common stock, shares outstanding	83,804,627	83,804,627

Consolidated Statements of Operations (USD \$)	3 Months Ended		6 Months Ended	
	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2012	Mar. 31, 2011
Income Statement [Abstract]				
Sales	\$ 352,649	\$ 136,070	\$ 427,489	\$ 201,255
Cost of sales	(59,063)	(39,564)	(99,497)	(66,006)
Gross profit (loss)	293,586	96,506	327,992	135,249
Selling, general, and administrative expenses	(273,026)	(113,685)	(448,862)	(197,646)
Total operating expenses	(273,026)	(113,685)	(448,862)	(197,646)
Loss from operations	20,560	(17,179)	(120,872)	(62,397)
Other Income (Expense) Equity earnings (loss) on MIT China Joint Venture	(13,813)	4,848	(104,607)	(20,834)
Interest income/loss	406	0	584	0
Interest expense	(31,920)	(6,533)	(35,023)	(7,220)
Other income (expense), net	(45,327)	(1,685)	(139,046)	(28,054)
Net Loss	\$ (24,767)	\$ (18,864)	\$ (259,920)	\$ (90,451)
Basic (loss) per share	\$ (0.0003)	\$ (0.0003)	\$ (0.003)	\$ (0.001)
Basic weighted average shares outstanding	83,804,627	68,030,295	83,804,627	68,030,295

Consolidated Statements of Cash Flows (USD \$)	6 Months Ended	
	Mar. 31, 2012	Mar. 31, 2011
Cash flows from operating activities:		
Net loss	\$ (259,920)	\$ (90,451)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Equity loss from MIT China Joint Venture	104,607	20,834
Depreciation and amortization expense	64,272	13,814
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	27,314	(2,850)
Inventories	23,553	(38,830)
Prepaid expenses	6,512	(11,312)
Accounts payable and accrued liabilities	8,570	(201,868)
Deferred income	138,864	6,837
Net cash used by operating activities	113,772	(302,826)
Cash flows from investing activities:		
Acquisition of patents	(17,040)	(10,524)
Investment in MIT China joint venture	0	(10,659)
Tooling and machinery	(48,671)	0
Net cash used by investing activities	(65,711)	(21,183)
Cash flows from financing activities:		
Bank line	(31,167)	0
Bank overdraft	9,473	0
Bank loans	50,330	0
Proceeds from issuance of stock, net	63,340	158,017
Increase in amounts due to related parties	(152,723)	314,189
Issuance of notes payable	0	0
Repayment on notes payable	0	0
Net cash provided from financing activities	(60,747)	472,206
Effect of exchange rates	1,797	(21,868)
Increase (decrease) in cash	(12,686)	126,329
Cash, beginning of period	10,889	26,716
Cash, end of period	0	153,045
Supplemental disclosure of cash flow information:		
Cash paid for interest	35,024	7,220
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 \$)	6 Months Ended	
	Mar. 31, 2012	Mar. 31, 2011
Statement Of Income and Comprehensive Income		
[Abstract]		
Net loss	\$ (259,920)	\$ (90,451)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(12,039)	(14,377)
Net comprehensive income (loss)	<u>\$ (247,881)</u>	<u>\$ (104,828)</u>

Consolidated Statement of Stockholders' (Deficit) (USD \$)	Total	Common Stock	Additional Paid- In Capital	Additional Paid In Deficit
Beginning Balance at Sep. 30, 2011		\$ 7,909	\$ 12,804,206	\$ (13,062,171)
Beginning Balance (Shares) at Sep. 30, 2011		79,090,627	0	0
Shares issued for debts		0	0	0
Shares issued for services		0	0	0
Shares issued for additional capital		20	17,980	0
Shares issued for additional capital (Shares)		180,000	0	0
Net loss		0	0	(235,153)
Balance at Dec. 31, 2011		7,929	12,822,186	(13,297,324)
Balance (Shares) at Dec. 31, 2011		79,270,627	0	0
Shares issued for debts		0	0	0
Shares issued for services		50	45,290	0
Shares issued for services (Shares)		4,534,000	0	0
Shares issued for additional capital		0	0	0
Net loss	(24,767)	0	0	(24,767)
Balance at Mar. 31, 2012	\$ (841,056)	\$ 7,979	\$ 12,867,476	\$ (13,322,091)
Balance (Shares) at Mar. 31, 2012		83,804,627	0	0

Basis of Presentation	6 Months Ended Mar. 31, 2012
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. (“MIT” or the “Company”) 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 six months period ended March 31, 2012 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	6 Months Ended Mar. 31, 2012	
Inventory Disclosure [Abstract]		
Inventory Disclosure [Text Block]		
Note 2 – Inventories		
Inventories at March 31, 2012 and September 30, 2011 consist of the following:		
	March 31, 2012	September 30, 2011
Raw materials	\$209,384	\$ 208,892
Work in process	76,004	102,259
Finished goods	13,966	11,755
Total	<u>\$299,354</u>	<u>\$ 322,906</u>

Property and Equipment	6 Months Ended Mar. 31, 2012
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 March 31, 2012 and 2011 was \$59,370 and \$10,440, respectively

Intangible Assets	6 Months Ended Mar. 31, 2012								
Finite-Lived Intangible Assets [Abstract]									
Intangible Assets Disclosure [Text Block]									
	Note 4 – Intangible Assets								
	<p>As of March 31, 2012, the Company has net patent on certain technologies aggregating \$35,050. Amortization expense for the years ended March 31, 2012 and 2011 were \$4,902 and \$3,370, respectively. During the three months ended March 31, 2012, the Company capitalized patent costs on a needle-free injector of \$17,040. Following is a detail of patents at March 31, 2012.</p>								
	<table> <thead> <tr> <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;">Weighted Average Life (Years)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Patents \$ 49,062</td> <td style="text-align: right;">\$ 14,012</td> <td style="text-align: right;">\$ 35,050</td> <td style="text-align: center;">7.5 through 15</td> </tr> </tbody> </table>	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighted Average Life (Years)	Patents \$ 49,062	\$ 14,012	\$ 35,050	7.5 through 15
Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighted Average Life (Years)						
Patents \$ 49,062	\$ 14,012	\$ 35,050	7.5 through 15						

Joint venture agreement	6 Months Ended Mar. 31, 2012
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 thereto 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 Joint Venture Agreement, the Company appointed 1 member, and Jiangsu Hualan appointed 2 members, to the board of directors of the Joint Venture. Profits of the Joint Venture will be allocated based upon each party’s 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</p>

commenced operations during the 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 March 31, 2012, the Company recorded an equity loss from its investment in MIT China of \$104,607.

Bank Line	6 Months Ended Mar. 31, 2012
Bank Line [Abstract] Bank Line [Text Block]	Note 6 – Bank Line
	The Company 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 March 31, 2012, the Company had no amounts outstanding under the agreement.

Related Party Transactions	6 Months Ended Mar. 31, 2012	
Related Party Transactions [Abstract]		
Related Party Transactions Disclosure [Text Block]		
Note 7 – Related Party Transactions		
Related party balances consist of the following at March 31, 2012 and September 30, 2011:		
	March 31, 2012	September 30, 2011
Payable to 2849-674 Canada Inc	\$ -	\$ 72,723
Payable to 9211-0766 Quebec Inc	-	80,000
	<u>\$ -</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)	6 Months Ended Mar. 31, 2012
Equity [Abstract] Stockholders' Equity Note Disclosure [Text Block]	<p data-bbox="917 352 1289 415">Note 8 – Stockholders' Equity (Deficit)</p> <p data-bbox="917 436 1289 468"><u>Issuance of Common Stock</u></p> <p data-bbox="917 499 1289 646">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="917 667 1289 867">For the quarter ended March 31, 2012, the Company issued an aggregate of 4,534,000 shares of its common stock for services valued at \$45,340, which represents the fair value of the services provided.</p> <p data-bbox="917 888 1289 919"><u>Preferred Stock</u></p> <p data-bbox="917 951 1289 1150">As of March 31, 2012, 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="917 1171 1289 1203"><u>Outstanding Options</u></p> <p data-bbox="917 1234 1289 1350">As of March 31, 2012 and 2011, there are no options outstanding to purchase shares of the Company's common stock.</p> <p data-bbox="917 1381 1289 1413"><u>Outstanding Warrants</u></p> <p data-bbox="917 1434 1289 1923">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</p>

method with assumptions including: (1) term of 1 year to two years; (2) a computed volatility rate of 205%; (3) a discount rate of 0.45%; and (4) zero dividends. The fair value of the warrants was estimated to be \$218,991.

Operating Leases	6 Months Ended Mar. 31, 2012
Leases [Abstract]	
Leases of Lessee Disclosure [Text Block]	
Note 9 –Operating Leases	
<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 March 31, 2012 was approximately \$12,200.</p>	
<p>Future minimum lease commitments pertaining to the lease expire as follow:</p>	
<u>Year ended</u>	
September 30, 2012	52,549
September 30, 2013	52,964
September 30, 2014	52,964
Thereafter	13,241
	<u>\$171,718</u>

Deferred Income	6 Months Ended Mar. 31, 2012	
Deferred Income [Abstract]		
Deferred Income [Text Block]		
	Note 10– Deferred Income	
	Deferred income consists of the following at March 31, 2012 and September 30, 2011:	
	March 31, 2012	September 30, 2011
Deposits from customers and distributors	\$ 149,681	\$ 10,817
Non-refundable Distribution Rights Deposit	<u>1,072,500</u>	<u>1,072,500</u>
Total	<u>\$1,222,181</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 sells while maintaining our 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 a final resolution of the dispute, the Company will begin amortizing the deposit into income over the remaining contractual life of the agreement.</p>	

Notes Payable	6 Months Ended Mar. 31, 2012	
Notes Payable [Abstract] Debt Disclosure [Text Block]	Note 11 –Notes Payable	
	Long-term debt consists of the following at March 31, 2012 and September 30, 2011:	
	March 31, 2012	September 30, 2011
Note payable to a bank, bearing interest at prime plus 3%, repayment of the loan in sixty (60) equal and consecutive installment of 2,413.12 starting January 20,2012,secured by equipment, due January 20, 2016.	\$136,033	\$ 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>91,545</u>	<u>95,020</u>
Long-term debt	<u>\$227,578</u>	<u>\$ 177,247</u>
Future scheduled principal payments under note agreements are as follows:		
March 31, 2013		28,957
March 31, 2014		51,442
March 31, 2015		51,442
March 31, 2016		51,442
March 31, 2017		44,294
		<u>\$227,577</u>

Contingencies	6 Months Ended Mar. 31, 2012
Commitments and Contingencies Disclosure [Abstract] Contingencies Disclosure [Text Block]	<p data-bbox="919 380 1192 407">Note 12 – Contingencies</p> <p data-bbox="919 436 1127 464">Legal Proceedings</p> <p data-bbox="919 493 1292 730">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="919 747 1292 804">Investment in MIT China Joint Venture</p> <p data-bbox="919 825 1292 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 March 31, 2012, the Company’s recorded investment in the MIT China was \$137,450. During the three months ended March 31, 2012, the Company recorded an equity loss from its investment in MIT China of \$104,607.</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.: **12844978**
SIC: **3841** Surgical & Medical Instruments & Apparatus
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