

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2003

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

For the transition period from _____ to _____

000-31469

(Commission file number)

Medical International Technology, Inc.

(Exact name of small business issuer as specified in its charter)

Colorado

(State or other jurisdiction
of incorporation or organization)

84-1509950

(IRS Employer
Identification No.)

2281 Guenette

Ville Saint-Laurent

Montreal, Quebec, Canada HR4 2E9

(Address of principal executive offices)

(514) 339-9355

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

☒ Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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.

The number of shares outstanding of each of the issuer's classes of common equity as of March 31, 2003 - 18,484,300 shares of common stock

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

Medical International Technology, Inc.
Quarterly Financial Report

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Consolidated Balance Sheet
for the 3-month period ending
March 31, 2003
(Unaudited)

and

Consolidated Statements of Operation
for the 3-month period ending
March 31, 2003 and 2002
and
for the 6-month period ending
March 31, 2003 and 2002
(Unaudited)

and

Consolidated Statements of Cash Flows
for the 6-month period ending
March 31, 2003 and 2002
(Unaudited)

and

Notes to Unaudited Consolidated Financial Statements

Medical International Technology, Inc.

Consolidated Balance Sheet

	<u>March 31, 2003</u> (Unaudited)
Assets	
Current Assets	
Cash and cash equivalents	\$ 85,916
Inventories	137,114
Receivable from related parties	106,170
Receivable from taxing authorities	47,037
Other receivables	417
Prepaid expenses	<u>16,315</u>
Total Current Assets	<u>392,969</u>
Property and Equipment	
Tooling and machinery	187,686
Furniture and office equipment	54,190
Leasehold improvements	<u>20,386</u>
	262,262
Less accumulated depreciation	<u>(49,205)</u>
	<u>213,057</u>
Intangible Assets	
Patents (net accumulated amortization of \$406)	<u>2,013</u>
Total Assets	<u>\$ 608,039</u>
Liabilities and Stockholders' (Deficit)	
Current Liabilities	
Accounts payable	\$ 209,666
Unearned income	86,058
Taxes payable	19,499
Loans payable - related parties	159,551
Current portion of long-term debt	<u>72,421</u>
Total Current Liabilities	547,195
Long-term debt	<u>285,766</u>
Total Liabilities	<u>832,961</u>
Redeemable Class E Stock	-
Stockholders' (Deficit)	
Common Stock, \$.0001 par value; 33,000,000 shares authorized issued and outstanding 18,484,300 shares as of March 31, 2003	1,848
Additional paid-in capital	791,502
Retained deficit	(1,009,656)
Other comprehensive income (loss)	<u>(8,616)</u>
Total Stockholders' Equity	<u>(224,922)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 608,039</u>

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

Medical International Technology, Inc.

Consolidated Statements of Operations

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 59,218	\$ 11,309	\$ 185,682	\$ 19,204
Cost of sales	<u>(30,338)</u>	<u>(8,543)</u>	<u>(93,135)</u>	<u>(14,859)</u>
Gross profit	28,880	2,766	92,547	4,345
Research and development costs	-	(64,595)	-	(128,920)
Selling, general, and administrative expenses	<u>(260,013)</u>	<u>(10,994)</u>	<u>(403,941)</u>	<u>(132,390)</u>
Net (loss) from operations	(231,133)	(72,823)	(311,394)	(256,965)
Other income (expense)				
Interest income	-	1,659	517	2,461
Interest expense	<u>(9,522)</u>	<u>(16,616)</u>	<u>(18,518)</u>	<u>(19,721)</u>
Net loss	<u>\$ (240,655)</u>	<u>\$ (87,780)</u>	<u>\$ (329,395)</u>	<u>\$ (274,225)</u>
Basic (Loss) Per Share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Basic weighted average shares outstanding	<u>18,407,022</u>	<u>18,216,800</u>	<u>18,313,284</u>	<u>18,216,800</u>

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

Medical International Technology, Inc.

Consolidated Statements of Cash Flows

For the Six Months Ended
March 31, 2003 **March 31, 2002**
(Unaudited) **(Unaudited)**

Cash Flows from Operating Activities

Net Loss	\$ (329,395)	\$ (274,225)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	19,532	12,110
Common stock issued for legal services	99,175	-
Accrued interest expense on indebtedness	10,078	-
(Increase) Decrease in Assets		
(Increase) decrease in receivables	834	(2,190)
Decrease in receivable from taxing authorities	131,834	1,348
(Increase) in inventories	(115,995)	-
(Increase) in prepaid expenses	(3,552)	(15,978)
Increase (Decrease) in Liabilities		
Increase in unearned income	42,099	-
Increase in accounts payable and accrued expenses	<u>110,161</u>	<u>44,324</u>
Net cash used in operating activities	<u>(35,229)</u>	<u>(234,611)</u>

Cash Flows from Investing Activities

Equipment acquisition	<u>(1,852)</u>	<u>(10,606)</u>
Net cash provided (used) in investing activities	<u>(1,852)</u>	<u>(10,606)</u>

Cash Flows from Financing Activities

Gross proceeds from private offerings	-	112,500
Advances from related parties	301,979	44,927
Advances and repayments to related parties	(217,939)	(83,998)
Principal reduction on small business loan	<u>(6,811)</u>	<u>(6,584)</u>
Net cash provided by financing activities	<u>77,229</u>	<u>66,845</u>

Effect of exchange rates on cash	<u>4,664</u>	<u>(1,469)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	44,812	(179,841)
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Beginning Balance - Cash and Cash Equivalents	<u>41,104</u>	<u>377,102</u>
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Ending Balance - Cash and Cash Equivalents	<u><u>\$ 85,916</u></u>	<u><u>\$ 197,261</u></u>
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Supplemental Information:

Cash Paid For:		
Interest Expenses	<u>\$ 8,440</u>	<u>\$ 19,721</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash investing and financing activity:

During 2002, a related party transferred equipment and property valued at approximate \$145,058 to the Company in exchange for a promissory note. The principal amount of promissory note included an additional \$81,990, which was advanced to the Company in the prior year.

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

Medical International Technology, Inc.

Notes to Unaudited Consolidated Financial Statements

Note 1 – Basis of Presentation

Interim Financial Statements

The accompanying unaudited consolidated financial statements are presented in accordance with the requirements for Form 10-QSB and Article 10 of Regulation S-X and Regulation S-B. Accordingly, they do not include all the disclosures normally required by generally accepted accounting principles. Reference should be made to the Medical International Technology, Inc. (the "Company") Form 10-KSB for the year ended September 30, 2002, for additional disclosures including a summary of the Company's accounting policies, which have not significantly changed.

Principles of consolidation

The accompanying financial statements include the accounts and transactions of Medical International Technology, Inc. and its wholly owned subsidiary, 4063732 Canada, Inc. Intercompany transactions and balances have been eliminated in consolidation.

Foreign Currency Translations

The Company operates out of its offices in Montreal, Canada and maintains its books and records in Canadian Dollars. The financial statements herein have been converted into U.S. Dollars. Balance sheet accounts are translated at exchange rates in effect at the end of the year and income statement accounts have been translated at average exchange rates for the year. Translation gains and losses are included as a separate component of stockholders' equity.

Inventories

Inventories are stated at the lower of cost determined by the FIFO method or market.

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 six-months ended March 31, 2003 and 2002 were \$19,314, and \$12,018, respectively.

Intangible assets

Patents received in the merger of 4063732 Canada, Inc are being amortized over their respective remaining lives ranging from 9.5 years through 17 years. Amortization expense for the six months ended March 31, 2003 and 2002 were \$218, and \$92, respectively.

Medical International Technology, Inc.

Notes to Unaudited Consolidated Financial Statements

Intangible assets consist of the following:

March 31, 2003				
	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighted Average Life (Years)
Patents	\$ 2,419	\$ 406	\$ 2,013	11

March 31, 2002				
	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Weighted Average Life (Years)
Patents	\$ 2,246	\$ 111	\$ 2,135	11

Estimated amortization expense for each of the next five years ended March 31, is as follows:

2004	\$ 186
2005	186
2006	186
2007	186
2008	186
Total	<u>\$ 930</u>

Net Loss Per Share

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share" ("EPS") that established standards for the computation, presentation and disclosure of earnings per share, replacing the presentation of Primary EPS with a presentation of Basic EPS.

Issuances Involving Non-cash Consideration

All issuances of the Company's stock for non-cash consideration have been assigned a dollar amount equaling either the market value of the shares issued or the value of consideration received whichever is more readily determinable.

Cash and Cash Equivalents

For purpose of the statements of cash flows, the Company considers cash and cash equivalents to include all stable, highly liquid investments with maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Medical International Technology, Inc.

Notes to Unaudited Consolidated Financial Statements

Income Taxes

The Company accounts for its income taxes under the provisions of Statement of Financial Accounting Standards 109 ("SFAS 109"). The method of accounting for income taxes under SFAS 109 is an asset and liability method. The asset and liability method requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities.

Fair Value of Financial Instruments

Pursuant to SFAS No. 107, "Disclosures About Fair Value of Financial Instruments", the Company is required to estimate the fair value of all financial instruments included on its balance sheet as of September 30, 2002. The Company considers the carrying value of such amounts in the financial statements to approximate their face value.

Revenue Recognition

The Company recognizes revenue when the related product is shipped to the respective customer.

Note 2. Significant Customers

Significantly all sales made during the six-months ended March 31, 2003 were to one customer pursuant to various distribution agreements.

Note 3. Stock Activity

During the six-months ended March 31, 2003, the Company issued 267,500 shares of its common stock for legal and other services. The value assigned to these shares totaled \$99,175.

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement may include projections of future results and “forward looking statements” as that term is defined in Section 27A of the Securities Act of 1933 as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Results of Operations for the Six-Months ended March 31, 2003 and 2002

Sales for the six-month ended March 31, 2003 totaled \$185,682 as compared to sales made during the same period last year of \$19,204. The increase in sales in 2003 is due to the products sold under the various distribution agreements that the Company has with WLT Distributors Inc. (WLT).

As of March 31, 2003, the Company had a balance of approximately \$90,000 that was received from its distributors as deposits towards future sales.

Cost of sales for the six-months ended March 31, 2003 totaled \$93,135 as compared to cost of sales for the same period in 2002 of \$14,859. During the six-months ended March 31, 2002, the Company was still in the process of developing its products and incurred costs associated with this development of \$128,920.

General and administrative expenses for the six-months ended March 31, 2003 amounted to \$403,941 as compared to \$132,390, which was incurred during the same period last year. The major expenses incurred in 2003 consisted of salaries and related benefits of \$46,568, professional fees of \$104,367, consulting fees of \$130,801, advertising of \$50,753, rent of \$9,069 and travel expenses of \$18,809.

The major expenses incurred in 2002 consisted of advertising of \$28,353, professional fees of \$33,622, travel expenses of \$26,155, consulting of \$16,385 and rent of \$10,265.

Results of Operations for the Three-Months ended March 31, 2003 and 2002

Sales for the three-month ended March 31, 2003 totaled \$59,218 as compared to sales made during the same period last year of \$11,309.

Cost of sales for the three-months ended March 31, 2003 totaled \$30,338 as compared to cost of sales for the same period in 2002 of \$8,543. Research and development costs incurred during the three-months ended March 31, 2002 amounted to \$64,595.

General and administrative expenses for the three-months ended March 31, 2003 amounted to \$260,0113 as compared to \$10,994, which was incurred during the same period last year. The major expenses incurred in 2003 consisted of salaries and related benefits of \$24,511, professional fees of \$89,720, consulting fees of \$85,184, advertising of \$17,005, and travel expenses of \$8,292.

Liquidity and Capital Resources

Cash and cash equivalents as of March 31, 2003 and 2002 were \$85,916 and \$197,261, respectively.

During the six-months ended March 31, 2003, the Company received a total of \$301,979 from related parties, used a net of \$35,229 in funding its operations and paid \$1,852 in the purchase of computer equipment. During the same six-month period, it made payments to related parties totaling \$217,939 and made principal payments on its bank loan totaling \$6,811.

During the six-months ended March 31, 2002, the Company received a total of \$112,500 from the sale of 79,977 shares of its common stock and received \$44,927 from related parties. During the same six-month period, the Company used a net of \$234,611 in its operations, purchased equipment for \$10,606, made principal payments on its bank loan of \$6,584 and paid \$83,998 to related parties.

Management Plan of Operations

Medical International Technology, Inc. is receiving revenue from sales related to product distribution agreements entered into on September 24, 2002 with WLT Distributors Inc. Under the terms of these several agreements, which cover distribution for each of the Canadian provinces and the State of Montana in the USA, WLT Distributors Inc. makes an advance payment for products ordered and conducts sales and distribution in the defined territories based upon established minimum sales quotas. Medical International Technology expects revenues from sales will meet liquidity requirements for the next 12-month period at the current level of operations. Expanded operations may require additional capital from either a future equity offering or other methods of financing.

Management intends to continue its efforts to expand operations levels, review and evaluate sales achievements, and negotiate or adjust sales objectives for each territory to maintain or grow profitability. Revenues from sales are currently exceeding the minimum levels required by the distribution agreements. Management is currently negotiating agreements covering the United States and other distribution territories worldwide. MIT plans to promote its needle-free injectors at important exhibitions worldwide in 2003.

Distribution agreements as referenced herein are those as discussed in Medical International Technology's annual report on Form 10-KSB filed January 22, 2003 with the Securities and Exchange Commission, wherein such agreements were included as exhibits.

Part II. OTHER INFORMATION**Item 1. Legal Proceedings**

None

Item 2. Change in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-KReports on Form 8-K

Medical International Technology, Inc. includes herein, by reference, those portions of the Company's Annual Report on Form 10-KSB for the fiscal year ending September 30, 2002; filed with the Securities and Exchange Commission on January 22, 2003. Such Annual Report on Form 10-KSB includes disclosure of the following Reports on Form 8K:

On October 2, 2002, the company filed a report on Form 8K disclosing our Board of Directors, through our wholly owned subsidiary, 4063732 Canada and president, approved and executed an Asset Purchase and Sale Agreement (completed September 18, 2002) with Medical International Technology, Inc., a corporation incorporated under the laws of Canada, having its head office at 2281 Guenette Street, St. Laurent, Quebec, H4R 2E9, Canada.

On January 16, 2003, the company filed a report on form 8-K/a disclosing a Change in Registrant's Certifying Accountant; as occurring January 6, 2003.

Exhibits

Medical International Technology includes herewith the following exhibits.

- | | |
|------|---|
| 99.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.2 | Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

Item 7. Controls and Procedures

Medical International Technology, Inc. management, including the Principal Executive Officer and Principal Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) and 15d-14(c). This evaluation was conducted within 90 days prior to the filing of this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date the Principal Executive Officer and Principal Financial Officer completed their evaluation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has dully caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Medical International Technology, Inc.
Registrant

By: \s\ Karim Menassa, President
Karim Menassa, President

Date: May 21, 2003

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Medical International Technology, Inc.
Registrant

By: \s\ Michel Bayouk, Treasurer
Michel Bayouk, Treasurer and Principal Accounting Officer

Date: May 21, 2003

CERTIFICATION

I, Karim Menassa, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Medical International Technology, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 21, 2003

/s/ Karim Menassa

Karim Menassa

Principal Executive Officer

CERTIFICATION

I, Michel Bayouk, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Medical International Technology, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 21, 2003

/s/ Michel Bayouk

Michel Bayouk
Principal Accounting Officer