

Medical Care Technologies Inc.  
Form 10-Q  
May 24, 2010

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

**FORM 10-Q**

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

FOR THE QUARTERLY PERIOD ENDED **MARCH 31, 2010**

OR

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

Commission file number **000-53665**

**MEDICAL CARE TECHNOLOGIES INC.**

*(Exact name of registrant as specified in its charter)*

**NEVADA**

*(State or other jurisdiction of incorporation or organization)*

**Room 815, No. 2 Building Beixiaojie, Dongzhimen Nei  
Beijing, People's Republic of China 10009**

*(Address of principal executive offices, including zip code.)*

**(8610) 6407 0580**

*(Registrant's telephone number, including area code)*

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 last 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files)

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

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or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

**Large accelerated Filer**

**Accelerated Filer**

**Non-accelerated Filer**

**Smaller Reporting Company**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**YES**  **NO**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 99,400,000 as of May 24, 2010.

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**ITEM 1. FINANCIAL STATEMENTS.**

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Medical Care Technologies Inc.  
(A Development Stage Company)  
March 31, 2010

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Medical Care Technologies Inc.  
(A Development Stage Company)  
Consolidated Balance Sheets  
(unaudited)

|  | March 31,<br>2010 | December 31,<br>2009 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| Current Assets   |                   |                      |
| Cash and cash equivalents  | \$ 1,185          | \$ 475               |
| Prepaid expenses   | 65,147            |                      |
| Total Current Assets   | 66,332            | 475                  |
| Property and equipment, net of accumulated depreciation of \$10,000  | 40,000            |                      |
| Intangible assets, net of accumulated amortization of \$105,282  | 315,846           |                      |
| Total Assets   | \$ 422,178        | \$ 475               |
| <b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>  |                   |                      |
| Current Liabilities  |                   |                      |
| Accounts payable   | \$ 42,614         | \$ 31,202            |
| Due to related parties   | 17,485            | 25,439               |
| Accrued liabilities  | 3,001             |                      |
| Loans payable  | 80,987            | 14,000               |
| Total Current Liabilities  | 144,087           | 70,641               |
| Loans payable  |                   | 56,740               |
| Total Liabilities  | 144,087           | 127,381              |
| Stockholders Deficit   |                   |                      |
| Preferred Stock, 100,000,000 shares authorized, \$0.00001 par value,<br>No shares issued and outstanding as of March 31, 2010 and December 31, 2009                                      |                   |                      |
| Common Stock, 150,000,000 shares authorized, \$0.00001 par value,<br>99,400,000 and 98,900,000 shares issued and outstanding as of<br>March 31, 2010 and December 31, 2009, respectively |                   |                      |
|  | 994               | 989                  |
| Additional Paid-in Capital   | 621,634           | 50,511               |
| Deficit Accumulated During the Development Stage   | (344,537)         | (178,406)            |
| Total Stockholders Deficit   | (278,091)         | (126,906)            |

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|  |    |         |    |     |
|--|----|---------|----|-----|
| Total Liabilities and Stockholders Deficit | \$ | 422,178 | \$ | 475 |
|--|----|---------|----|-----|

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

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Edgar Filing: Medical Care Technologies Inc. - Form 10-Q

Medical Care Technologies Inc.  
(A Development Stage Company)  
Consolidated Statements of Expenses  
(unaudited)

|   | For the three months ended<br>March 31, |             | Period from<br>February 27, 2007<br>(Inception)<br>To March 31,<br>2010 |
|---|---|-------------|---|
|   | 2010                                    | 2009        |   |
| <b>Expenses</b>   |   |             |   |
| General and administrative  | \$ 35,612                               | \$ 14,815   | \$ 110,252  |
| Depreciation and amortization expense                               | 115,282                                 |             | 115,282   |
| Management fees   | 15,000                                  |             | 30,692  |
| Total Expenses  | (165,894)                               | (14,815)    | (256,226)   |
| Foreign currency exchange loss                                      | (237)                                   | 72          | (1,001)   |
| Loss Before Discontinued Operations                                 | (166,131)                               | (14,743)    | (257,227)   |
| Loss from Discontinued Operations:                                  |   |             |   |
| Discontinued operations   |   |             | (87,310)  |
| Net Loss  | \$ (166,131)                            | \$ (14,743) | \$ ( 344,537)   |
| <b>Net Loss Per Common Share Basic and Diluted:</b>                 |   |             |   |
| Discontinued Operations   |   | N/A         | N/A   |
| Continued Operations  | \$ (0.00)                               | \$ (0.00)   |   |
| Net Loss  | \$ (0.00)                               | \$ (0.00)   |   |
| <b>Weighted Average Common Shares Outstanding Basic and Diluted</b> |   |             |   |
|   | 99,222,000                              | 75,261,000  |   |

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

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Medical Care Technologies Inc.  
(A Development Stage Company)  
Consolidated Statements of Cash Flows  
(unaudited)

|  | Three months ended |             | Period from                                    |
|--|--------------------|-------------|--|
|  | March 31,          |             | February 27, 2007                              |
|  | 2010               | 2009        | (Date of<br>Inception)<br>To March 31,<br>2010 |
| <b>Operating Activities</b>  |                    |             |  |
| Net loss for the period  | \$ (166,131)       | \$ (14,743) | \$ (344,537)                                   |
| Adjustment to reconcile net loss to cash used in operating activities: |                    |             |  |
| Donated services and expenses  |                    |             | 10,500   |
| Depreciation and amortization  | 115,282            |             | 115,282  |
| Changes in operating assets and liabilities:                           |                    |             |  |
| Prepaid expenses   | (65,147)           |             | (65,147)                                       |
| Accounts payable   | (12,033)           | 243         | 19,804   |
| Accrued liabilities  | 3,001              | 2,703       | 3,001  |
| Net Cash Used in Operating Activities                                  | (125,028)          | (11,797)    | (261,097)                                      |
| <b>Financing Activities</b>  |                    |             |  |
| Bank overdraft   |                    | 2,006       |  |
| Issuance of common stock for cash                                      | 100,000            |             | 141,000  |
| Due to related party   | 15,491             |             | 40,295   |
| Loans Payable  | 10,247             |             | 80,987   |
| Net Cash Provided by Financing Activities                              | 125,738            | 2,006       | 262,282  |
| Increase (Decrease) in Cash and Cash Equivalent                        | 710                | (9,791)     | 1,185  |
| Cash Beginning of Period   | 475                | 9,791       |  |
| Cash End of Period   | \$ 1,185           | \$          | \$ 1,185                                       |
| <b>Supplemental Disclosures</b>  |                    |             |  |
| Interest paid  |                    |             |  |
| Income taxes paid  |                    |             |  |
| <b>Non-Cash Disclosures</b>  |                    |             |  |
| Reclass of related party debt to accounts payable                      | \$ 23,445          | \$          | \$ 46,255                                      |
| Repurchase of common stock   | \$                 | \$ 15,000   | \$   |
| Shares issued for acquisition of assets                                | \$ 471,128         | \$ -        | \$ 471,128                                     |



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

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Medical Care Technologies Inc.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(unaudited)

1. Basis of Presentation and Going Concern

Medical Care Technologies Inc. (the Company) was incorporated in the State of Nevada on February 27, 2007 under the name of Aventerra Explorations Inc and changed its name from Aventerra Exploration Inc to AM Oil Resources & Technology Inc. on December 3, 2008. On September 28, 2009, the Company incorporated Medical Care Technologies Inc. for the sole purpose of effecting a name change. On October 6, 2009, the Company effected a merger with the wholly owned subsidiary and assumed the subsidiary's name. In conjunction with the name change, the Company has also been granted a new trading symbol of MDCE. The Company is in the development stage as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 915, *Development Stage Entities*.

During the three months ended March 31, 2010, we issued 57.3 million shares of common stock in connection with the acquisition of certain software and computer equipment. The shares represented 57.6% of the total issued and outstanding shares of the Company, resulting in a change in control. This change of control will limit the utilization of our NOL carryforwards in future tax periods.

*Going Concern*

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. As at March 31, 2010, the Company has a working capital deficit of \$77,755 and has accumulated losses of \$344,537 since inception. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

*Consolidation*

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Aventerra Explorations Ltd, a company incorporated in England. All inter-company accounts and transactions have been eliminated.

*Reclassifications*

Certain prior year amounts have been reclassified to conform with the current year presentation.

*Recently Adopted Accounting Pronouncements*

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

2. Asset Acquisition Agreement

On January 9, 2010, the Company entered into an Asset Acquisition Agreement to acquire various computers, software, and technologies (the assets) held by Great Union Corporation (Great Union), a Hong Kong corporation. In consideration, the Company agreed to issue 57,300,000 shares of its common stock, which represents a controlling interest in Medical Care Technologies, Inc. As a result of this transaction, there was a change of control.

Based on the change in ownership, the assets were recorded based on historical basis and totaled \$471,128. Pursuant to the agreement, on February 1, 2010, the Company cancelled 57,300,000 shares of common stock from the former President of the Company and issued these shares to Great Union.

The assets acquired are stated at cost and has the following remaining useful lives. Amortization is calculated using straight-line method over the remaining lives.

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Medical Care Technologies Inc.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(unaudited)

|                                |         |
|--------------------------------|---------|
| Computer hardware              | 1 year  |
| Computer equipment             | 2 years |
| Computer software and database | 1 year  |

Amortization and depreciation expense totaled \$115,282 and \$nil for the three months ended March 31, 2010 and 2009, respectively.

3. Related Party Transactions

- a) At March 31, 2010 and December 31, 2009, the Company is indebted to a director of the Company for \$1,994, representing expenditures paid on behalf of the Company.
- b) During the three months ended March 31, 2010, the Company recognized \$15,000 of management fees pursuant to the agreement described in Note 7. At March 31, 2010, the Company is indebted to the President of the Company for \$15,491, representing \$15,000 of management fees owed and \$491 of expenditures paid on behalf of the Company.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***Forward-Looking Statements*

This quarterly 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 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.

We are a start-up, development stage corporation and have not yet generated or realized any revenues from our business activities.

These financials have been prepared on a going concern basis. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we generate revenues. We currently do not have sufficient capital to maintain operations for the next twelve months.

**Liquidity and Capital Resources**

The accompanying financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. We have not generated any revenues and we do not anticipate to generate any revenues until i) we begin implementing our medical management software systems and devices in hospitals and clinics; ii) sourcing, marketing and selling pharmaceutical and nutraceutical products to healthcare providers and the general public and; iii) opening and serving patients in our pharmacies and medical clinics. Accordingly, we must raise cash from private investors, through equity financings or by developing strategic alliances with other leading, world class players in the health industry. Our only other source for cash at this time is monies raised in our recent private placement. The cash we raised will allow us to stay in business for at least one quarter. Our success or failure will be determined by creating alliances with healthcare providers who need our medical technology, selling a large volume of our products and opening a number of medical clinics and pharmacies throughout China.

On January 13, 2010, we completed a non-brokered private placement of 500,000 units at a price of US\$0.20 per unit for total proceeds of US\$100,000. Each unit purchased is comprised of one share of common stock and one Series A Warrant. Each Series A Warrant is non-transferable and is convertible into one share of common stock upon payment of \$0.15 per Series A Warrant, exercisable for a period of twenty four (24) months. The units were sold pursuant to the exemption from registration contained in Regulation S of the Securities Act of 1933 in that the transaction took place outside the United States of America and the purchaser was a non-US person as defined in Regulation S. The securities that comprise the units are restricted securities as that term is defined in Rule 144 of the Securities Act of 1933.

**Results of Operations**

As of March 31, 2010, our total assets were \$422,178 and our total liabilities were \$144,087. Total assets increased from December 31, 2009 by \$421,703 mainly due to an increase in prepaid expenses of \$65,147 an increase in property and equipment of \$40,000 (\$40,000 in 2010 and \$-0- in 2009) and, an increase in intangible assets of \$315,846 (\$315,846 in 2010 and \$-0- in 2009). Total liabilities increased by \$16,706. This is mainly due to an increase in accrued liabilities of \$3,001 (\$3,001 in 2010 and \$-0- in 2009) and an increase in loans payable of \$66,987 (\$80,987 in 2010 and \$14,000 in 2009).

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We have no revenues in the periods ended March 31, 2010 and 2009. In the three month periods ended March 31, 2010 and 2009, we incurred operating expenses of \$165,894 and \$14,815, respectively. The losses are mainly due to an increase in general and administrative of \$20,797 (\$35,612 in 2010 and \$14,815 in 2009), an increase in depreciation of \$115,282 (\$115,282 in 2010 and \$-0- in 2009) and, an increase in management fees of \$15,000 (\$15,000 in 2010 and \$-0- in 2009). From February 27, 2007 (inception date) to March 31, 2010 we

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incurred a net loss of \$344,537. Overall, operating expenses increased due to an increase in professional fees related to legal and accounting, filing fees and management fees as a result of the change in business and the implementation of the Company's new business initiatives in China.

### **Limited Capital**

We intend to use our limited cash to pay for our operations and legal, accounting and professional services required to prepare and file our reports with the SEC. Our remaining cash, however, will only be sufficient to sustain us for the short-term. If we are unable to locate additional financing within the short-term, we will be forced to suspend all public reporting with the SEC and possibly liquidate.

### **General Overview**

We are a Chinese medical technology company engaged principally in the business of i) providing healthcare services to children in China and ii) developing and maintaining secure medical information systems used by healthcare institutions, life science researchers, clinical laboratories, the pharmaceutical industry and the general public.

Our current operations consist of three business segments: Children's Medical Clinics, Medical Management Software Systems, and Pharmaceutical and Nutraceutical Products.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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 4. CONTROLS AND PROCEDURES.**

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that these disclosure controls and procedures are not effective. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on our assessment, we believe that, as of March 31, 2010, our internal control over financial reporting was not effective based on those criteria due to a lack of segregation of duties, a lack of qualified accounting staff and an overreliance on consultants in our accounting and financial reporting process. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Notwithstanding, at this time management has decided that considering the abilities of the persons involved and the control procedures now in place, the risks associated with such lack of segregation are low and the potential benefits of adding employees to further segregate duties do not justify the substantial expenses associated with such increases. Management will periodically reevaluate this situation.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

### ITEM 1A. RISK FACTORS.

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

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

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. [REMOVED AND RESERVED].

### ITEM 5. OTHER EVENTS.

On January 9, 2010, the Company entered into an Asset Acquisition Agreement to acquire various technologies associated with the development and maintenance of secure information systems (the assets) held by Great Union Corporation (Great Union), a Hong Kong corporation. In consideration, the Company agreed to issue 57,300,000 shares of its common stock. The common stock issued pursuant to the terms and conditions set forth in this Agreement will have such hold periods as are required under applicable securities laws and as a result may not be sold, transferred or otherwise disposed, except pursuant to an effective registration statement under the Securities Act. The Company determined that the fair value of the assets was \$471,128.

On February 1, 2010, the Company cancelled 57,300,000 shares of common stock from the former President of the Company and issued these shares to Great Union with a deemed fair value of \$471,128.

On January 12, 2010, Ning Wu was appointed to our board of directors and was appointed our president, principal executive officer, principal financial officer and principal accounting officer. Further, on the same date, Patricia Traczykowski resigned from these positions.

On January 12, 2010, Huong Nguyen was appointed to our board of directors and was appointed as our chief operating officer. Further, on the same date Michael Freeberg was appointed as our treasurer.

On January 15, 2010, the Company accepted subscriptions for 500,000 units at \$0.20 per unit for cash proceeds of \$100,000. Each unit consisted of one share of common stock of the Company and one common share purchase warrant exercisable at \$0.15 per share for a period of 36 months. The Company issued the shares on February 1, 2010.

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**ITEM 6. EXHIBITS.**

The following documents are included herein:

**Exhibit**

**No. Document Description**

31.1 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

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**SIGNATURES**

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

**MEDICAL CARE TECHNOLOGIES INC.**

Dated: May 24, 2010

BY: /s/ Ning C. Wu  
Ning C. Wu,  
President, Principal Executive Officer,  
Principal Financial Officer, Principal  
Accounting Officer and a member of the  
Board of Directors.

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**EXHIBIT INDEX**

**Exhibit**

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