NEW YORK MORTGAGE TRUST INC
Form 424B5
January 09, 2019

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-226726

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Stock, par value $0.01 per share	$86,360,400	$10,466.88

(1) Calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended (the "Securities Act"). Payment of the registration fee at the time of filing of the registrant's registration statement on Form S-3, filed with the Securities and Exchange Commission on August 9, 2018 (File No. 333-226726) (the "Registration Statement"), was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act. This paragraph shall be deemed to update the "Calculation of Registration Fee" table in the Registration Statement.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-226726

PROSPECTUS SUPPLEMENT
(To Prospectus dated August 9, 2018)

12,600,000 Shares

Common Stock

This is a public offering of shares of common stock, par value $0.01 per share, of New York Mortgage Trust, Inc., a Maryland corporation. We are selling 12,600,000 shares of our common stock. Our common stock is listed on The Nasdaq Global Select Market, or Nasdaq, under the symbol "NYMT." On January 8, 2019, the last reported sale price of our common stock was $6.12 per share.

To preserve our status as a real estate investment trust, or REIT, for U.S. federal income tax purposes, among other purposes, we impose restrictions on the ownership and transfer of our common stock. See "Description of Common Stock Restrictions on Ownership and Transfer" in the accompanying prospectus.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-8 of this prospectus supplement, as well as those described in our Annual Report on Form 10-K for the year ended December 31, 2017 before making an investment decision.

	Price to Public	***Underwriting Discount and Commission***	***Proceeds to Us(1)***
Per Share	*$5.96*	*$0.16*	*$5.80*
Total	*$75,096,000*	*$2,016,000*	*$73,080,000*

(1) *Before deducting approximately $270,000 in expenses payable by us.*

We have granted the underwriters an option to purchase a maximum of 1,890,000 additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the shares will be made on or about January 11, 2019 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley *Credit Suisse*

Barclays

Deutsche Bank Securities

J.P. Morgan

Keefe, Bruyette & Woods

A Stifel Company

RBC Capital Markets

UBS Investment Bank

Raymond James

The date of this prospectus supplement is January 8, 2019

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any applicable free writing prospectus in making a decision about whether to invest in our common stock. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with different or additional information, you should not rely on it.

We are not, and the underwriters are not, making an offer of the common stock covered by this prospectus supplement and the accompanying prospectus in any jurisdiction where the offer is not permitted.

You should assume that the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any applicable free writing prospectus is accurate only as of their respective dates or on the date or dates that are specified in such documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and our common stock. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. Before you buy any shares of our common stock, it is important for you to read and consider the information contained in this prospectus supplement and the accompanying prospectus together with additional information described under the headings "Incorporation by Reference of Information Filed with the SEC" and "Where You Can Find More Information" in this prospectus supplement.

To the extent the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus or the documents incorporated by reference in this prospectus supplement or the accompanying prospectus from a filing we made with the Securities and Exchange Commission, or the SEC, under the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the date of this prospectus supplement, the information in this prospectus supplement will supersede such information. In addition, to the extent any information incorporated by reference in this prospectus supplement or the accompanying prospectus from a filing we make with the SEC after the date of this prospectus supplement adds to, updates or changes information contained in this prospectus supplement, the accompanying prospectus or an earlier filing we made with the SEC that is incorporated by reference in this prospectus supplement or the accompanying prospectus, the information in such later filing shall be deemed to modify, update and, where applicable, supersede such information in this prospectus supplement, the accompanying prospectus or the earlier filing with the SEC.

In this prospectus supplement, we refer to New York Mortgage Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, as "we," "us," "the Company" or "our," unless we specifically state otherwise or the context indicates otherwise, and refer to our wholly-owned taxable REIT subsidiaries as "TRSs." In addition, the following defines certain of the commonly used terms in this prospectus supplement:

- "Agency RMBS" refers to RMBS representing interests in or obligations backed by pools of residential mortgage loans issued or guaranteed by a federally chartered corporation, such as the Federal National Mortgage Association, or Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac and, together with Fannie Mae, the GSEs, or an agency of the U.S. government, such as the Government National Mortgage Association, or Ginnie Mae;

- "CMBS" refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities, as well as IO or PO securities that represent the right to a specific component of the cash flow from a pool of commercial mortgage loans;

- "Consolidated-K-Series" refers to Freddie Mac-sponsored multi-family loan K-Series securitizations, of which we, or one of our "special purpose entities," or "SPEs," own the first loss POs and certain IOs and mezzanine securities and that we consolidate in our financial statements in accordance with U.S. GAAP;

- "distressed residential loans" refers to pools of performing and re-performing fixed-rate and adjustable-rate, fully amortizing, interest-only and balloon, seasoned mortgage loans secured by first liens on one- to four-family properties;

- "IOs" refers collectively to interest only and inverse interest only mortgage-backed securities that represent the right to the interest component of the cash flow from a pool of mortgage loans;

- "multi-family CMBS" refers to CMBS backed by commercial mortgage loans on multi-family properties;

- "non-Agency RMBS" refers to RMBS backed by prime jumbo residential mortgage loans, including performing, re-performing and non-performing mortgage loans;

"non-QM loans" refers to residential mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the Consumer Financial Protection Bureau;

"POs" refers to mortgage-backed securities that represent the right to the principal component of the cash flow from a pool of mortgage loans;

"RMBS" refers to residential mortgage-backed securities that are adjustable-rate, hybrid adjustable-rate, fixed-rate, interest only and inverse interest only, or principal only securities; and

"second mortgages" refer to liens on residential properties that are subordinate to more senior mortgages or loans.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

When used in this prospectus supplement and in the accompanying prospectus and in the documents incorporated herein and therein by reference, in future filings with the SEC, or in press releases or other written or oral communications issued or made by us, statements which are not historical in nature, including those containing words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may" or similar expressions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act and, as such, may involve known and unknown risks, uncertainties and assumptions.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. The following factors are examples of those that could cause actual results to vary from our forward-looking statements: changes in interest rates and the market value of our securities; changes in credit spreads; the impact of a downgrade of the long-term credit ratings of the U.S., Fannie Mae, Freddie Mac, or Ginnie Mae; market volatility; changes in the prepayment rates on the mortgage loans underlying our investment securities; increased rates of default and/or decreased recovery rates on our assets; our ability to identify and acquire our targeted assets; our ability to borrow to finance our assets and the terms thereof; changes in governmental laws, regulations, or policies affecting our business; our ability to maintain our qualification as a REIT for U.S. federal tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including the risk factors described below and in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017, as updated by our subsequent filings with the SEC under the Exchange Act, could cause our actual results to differ materially from those projected in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is www.sec.gov. Our common stock is listed on NASDAQ and our corporate website is located at *www.nymtrust.com*. Our corporate website and the information contained therein or connected thereto do not constitute a part of this prospectus supplement, the accompanying prospectus or any amendment or supplement thereto.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered by this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus, which form a part of the registration statement, do not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC's rules and regulations. For further information about us and our common stock, we refer you to the registration statement and to such exhibits and schedules. Statements contained in this prospectus supplement and the accompanying prospectus concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the SEC are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

INCORPORATION BY REFERENCE OF INFORMATION FILED WITH THE SEC

The SEC allows us to "incorporate by reference" into this prospectus supplement and the accompanying prospectus the information we file with the SEC, which means that we can disclose important business, financial and other information to you by referring you to other documents separately filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except to the extent superseded by information contained herein or by information contained in documents filed with the SEC after the date of this prospectus supplement.

We incorporate by reference the following documents or information filed with the SEC and any subsequent filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to completion of the offering of our common stock described in this prospectus supplement and the accompanying prospectus (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2017;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2018, June 30, 2018 and September 30, 2018;

- our Current Reports on Form 8-K and Form 8-K/A, as applicable, filed on February 2, 2018, March 12, 2018, March 15, 2018, March 19, 2018, April 20, 2018, June 6, 2018, June 6, 2018, June 7, 2018, June 18, 2018, August 2, 2018, August 14, 2018, September 10, 2018, September 17, 2018, September 24, 2018, November 13, 2018, December 4, 2018 and January 7, 2019;

- the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2017 from our definitive proxy statement on Schedule 14A filed on April 20, 2018; and

- the description of our common stock in our Registration Statement on Form 8-A filed on June 3, 2008.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus are delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus supplement and the accompanying prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request those documents from us by contacting: Corporate Secretary, New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016, telephone: (212) 792-0107.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto appearing elsewhere in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. Because this is a summary, it does not contain all of the information that is important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the section entitled "Risk Factors" and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.

Our Company

We are a REIT for U.S. federal income tax purposes, in the business of acquiring, investing in, financing and managing mortgage-related and residential-housing related assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest margin and net realized capital gains from a diversified investment portfolio. Our investment portfolio includes credit sensitive assets and investments sourced from distressed markets that create the potential for capital gains, as well as more traditional types of mortgage-related investments that generate interest income.

Our investment portfolio includes (i) structured multi-family property investments such as multi-family CMBS and preferred equity in, and mezzanine loans to, owners of multi-family properties, (ii) distressed residential assets such as residential mortgage loans sourced from distressed markets and non-Agency RMBS, (iii) new residential loan origination, including non-QM loans, second mortgages and other newly originated residential mortgage loans, (iv) Agency RMBS and (v) certain other mortgage-related and residential housing-related assets. Subject to maintaining our qualification as a REIT and the maintenance of our exclusion from registration as an investment company under the Investment Company Act, we also may opportunistically acquire and manage various other types of mortgage-related and residential housing-related assets that we believe will compensate us appropriately for the risks associated with them, including, without limitation, collateralized mortgage obligations and securities issued by newly originated residential securitizations, including credit sensitive securities from these securitizations.

We intend to maintain our focus on residential and multi-family credit assets, which we believe will benefit from improving credit metrics. Consistent with this approach to capital allocation, we acquired an additional approximately $944.4 million of residential and multi-family credit assets during the quarter ended December 31, 2018. In periods where we have working capital in excess of our short-term liquidity needs, we may invest the excess in more liquid assets, such as Agency RMBS, until such time as we are able to re-invest that capital in credit assets that meet our underwriting requirements. Our investment and capital allocation decisions depend on prevailing market conditions, among other factors, and may change over time in response to opportunities available in different economic and capital market environments.

We seek to achieve a balanced and diverse funding mix to finance our assets and operations. We currently rely primarily on a combination of short-term borrowings, such as repurchase agreements with terms typically of 30 days, longer term repurchase agreement borrowings with terms between one year and 18 months and longer term financings, such as securitizations and convertible notes, with terms longer than one year.

We internally manage the assets in our investment portfolio, with the exception of certain distressed residential loans that are managed by Headlands Asset Management, LLC, or Headlands, pursuant to a management agreement. As part of our investment strategy, we may, from time to time, utilize one or more external investment managers to manage specific asset types that we target or own.

We have elected to be taxed as a REIT for U.S. federal income tax purposes and have complied, and intend to continue to comply, with the provisions of the Internal Revenue Code of 1986, as amended, or the Code, with respect thereto. Accordingly, we do not expect to be subject to U.S. federal income tax on our REIT taxable income that we currently distribute to our stockholders if certain asset, income, distribution and ownership tests and record keeping requirements are fulfilled. Even if we maintain our qualification as a REIT, we expect to be subject to some U.S. federal, state and local taxes on our income generated in our TRSs.

Our principal executive offices are located at 275 Madison Avenue, New York, New York 10016, and our telephone number is (212) 792-0107. Our corporate website is www.nymtrust.com. Our corporate website and the information contained therein or connected thereto do not constitute a part of this prospectus supplement, the accompanying prospectus or any amendment or supplement thereto.

Recent Developments

Update Regarding Fourth Quarter Investment Activity

On January 7, 2019, we announced that we acquired approximately $944.4 million of credit investments during the quarter ended December 31, 2018, including approximately $570.3 million of residential mortgage loans, $119.5 million of non-agency RMBS and $254.6 million of structured multifamily property investments, including CMBS and preferred equity investments.

We also announced that we closed on a new master repurchase agreement during the fourth quarter of 2018 with Credit Suisse AG and certain of its affiliates with a maximum aggregate uncommitted principal amount of $750 million to fund purchases of residential mortgage loans, expiring on November 28, 2019.

Jason Serrano Appointed as our President

On January 7, 2019, our Board of Directors appointed Jason T. Serrano, 43, to serve as our President, effective January 7, 2019. Prior to joining our company, Mr. Serrano was a Partner at Oak Hill Advisors, L.P. ("OHA"), an alternative investment management firm, from January 2014 to December 2018 and a Managing Director at OHA from April 2008 to December 2013. While at OHA, Mr. Serrano ran the mortgage investment business. Prior to joining OHA, Mr. Serrano served as a Principal at The Blackstone Group, where he led the structured finance investment team. Before Blackstone, he spent five years at Fortress Investment Group as Vice President, assisting in the management of $2 billion of distressed structured products and whole-loan portfolios. He also spent five years at Moody's as a rating analyst for collateralized debt obligations and derivatives. He earned a bachelor of science degree from Oswego State University.

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THE OFFERING

Common Stock Offered	12,600,000 shares
Shares Outstanding After the Offering[1]	168,351,340 shares
Use of Proceeds	We expect to use the net proceeds of this offering for general business purposes, which may include, among other things, acquiring our targeted assets, including both single-family residential and multi-family credit investments, and various other types of mortgage-related and residential housing-related assets that we may target from time to time and general working capital purposes. See "Use of Proceeds."
Listing	Our common stock is listed on Nasdaq under the symbol "NYMT."
Ownership Restrictions	Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. Our Board of Directors has discretion to grant exemptions from the 9.9% ownership limitations, subject to such terms and conditions as it deems appropriate. These restrictions on ownership of our common stock and capital stock are intended to, among other purposes, preserve our qualification as a REIT for U.S. federal income tax purposes. See "Description of Common Stock Restrictions on Ownership and Transfer" and "Material Federal Income Tax Considerations" in the accompanying prospectus.
Risk Factors	An investment in our common stock is subject to a high degree of risk. Please refer to "Risk Factors" and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.

(1) Assumes no exercise of the underwriters' option to purchase 1,890,000 additional shares of common stock. Based on 155,751,340 shares of common stock outstanding as of January 7, 2019.

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RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. Please see the risks described below in addition to the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2017. Such risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect us and the market value of our common stock. The risks described could affect our business, financial condition, liquidity, results of operations, prospects and the market value of our common stock. In such a case, you may lose all or part of your original investment. You should consider carefully the risks described below and in these reports, as well as other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the shares of our common stock.

Our management team has broad discretion in the use of proceeds of this offering and, despite our efforts, we may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a significant return.

Our management will have broad discretion over the use of proceeds from this offering. The net proceeds from this offering will be used for general business purposes, which may include, among other things, acquiring our targeted assets, including both single-family residential and multi-family credit investments, and various other types of mortgage-related and residential housing-related assets that we may target from time to time and general working capital purposes. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. As a result, the net proceeds from this offering may be used for general business purposes that do not increase our operating results or enhance the value of our common stock.

The market price of our common stock could be substantially affected by various factors.

The market price of our common stock depends on many factors, which may change from time to time, including:

- prevailing interest rates, changes in which may have an adverse effect on the market price of our common stock;
- trading prices of common and preferred equity securities issued by REITs and other similar companies;
- the yield from dividends on our common stock as compared to yields on other financial instruments;
- general economic and financial market conditions;
- government action or regulation;
- the financial condition, performance and prospects of us and our competitors;
- changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry;
- our issuance of additional equity or debt securities; and
- actual or anticipated variations in quarterly operating results of us and our competitors.

Many of the factors listed above are beyond our control. These factors may cause the market price of shares of our common stock to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to assure you that the market price of shares of our common stock will not fall in the future.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately $72.8 million (or approximately $83.8 million if the underwriters exercise their option to purchase additional shares in full), in each case, after deducting the underwriting discount and commission, as well as estimated offering expenses of approximately $270,000 payable by us.

We expect to use the net proceeds of this offering for general business purposes, which may include, among other things, acquiring our targeted assets, including both single-family residential and multi-family credit investments, and various other types of mortgage-related and residential housing-related assets that we may target from time to time and general working capital purposes.

Pending these uses, we intend to maintain the net proceeds from this offering in interest-bearing, short-term, marketable investment grade securities or money market accounts or (interest or non-interest bearing) checking (or escrow) accounts that are consistent with our intention to maintain our qualification as a REIT. These investments may include, for example, government securities other than agency securities, certificates of deposit and interest-bearing bank deposits. These investments are expected to provide a lower net return than we will seek to achieve from our targeted assets.

The underwriters and/or their affiliates currently provide, and in the future may continue to provide, to us master repurchase agreement financing. To the extent that we use the net proceeds from this offering to repay amounts we have borrowed or may borrow or re-borrow in the future under these financing agreements, the underwriters and/or their affiliates will receive their pro rata portion of any of the proceeds from this offering that we use to repay any such amounts. See "Underwriting."

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of September 30, 2018 (1) on an actual basis (2) as adjusted to give effect to the offering of our common stock that closed on November 13, 2018, or the "November 2018 Common Stock Offering" and (3) as further adjusted to give effect to both the November 2018 Common Stock Offering and the consummation of this offering. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	As of September 30, 2018 (unaudited)		
	Actual	As Adjusted for the November 2018 Common Stock Offering[1]	As Further Adjusted for the November 2018 Common Stock Offering and this Offering[2]
	(Dollars in thousands)		
Cash and cash equivalents	$ 57,471	$ 142,732	$ 215,542
Debt:			
Financing arrangements, portfolio investments	$ 1,130,659	$ 1,130,659	$ 1,130,659
Financing arrangements, residential mortgage loans	177,226	177,226	177,226
Securitized debt	53,597	53,597	53,597
Subordinated debentures	45,000	45,000	45,000
Convertible notes	130,251	130,251	130,251
Total debt[3]	$ 1,536,733	$ 1,536,733	$ 1,536,733
Non-controlling interest in consolidated variable interest entities	996	996	996
Stockholders' equity			
Preferred stock, $0.01 par value,	$ 72,397	$ 72,397	$ 72,397

7.75% Series B cumulative redeemable, $25 liquidation preference per share, 6,000,000 shares authorized, 3,000,000 shares issued and outstanding actual and as adjusted							
Preferred stock, $0.01 par value, 7.875% Series C cumulative redeemable, $25 liquidation preference per share, 4,140,000 shares authorized, 3,600,000 shares issued and outstanding actual and as adjusted	86,862	86,862	86,862				
Preferred stock, $0.01 par value, 8.00% Series D Fixed-to-Floating Rate cumulative redeemable, $25 liquidation preference per share, 5,750,000 shares authorized and 5,400,000 shares issued and outstanding actual and as adjusted	130,496	130,496	130,496				
Common stock, $0.01 par value, 400,000,000 shares authorized, 141,214,528 shares issued and outstanding actual, 155,589,528 shares issued and outstanding as adjusted and 168,189,528 shares issued and outstanding as further adjusted	1,412	1,556	1,682				
Additional paid-in capital	927,585	1,012,702	1,085,386				
Accumulated other comprehensive loss	-	-		-	(217,120)	(217,120)	
Balance at April 30, 2018	69,374,850	$ 694	$2,681,261	$(8,110,660)	$(207,163)		$(5,635,868)

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

ADVANCED BIOMEDICAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended Apr 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss attributable to ABMT common stockholders	$(431,362)	$(337,448)
Adjustments to reconcile net loss to cash used in		
Depreciation	4,517	8,285
Amortisation of long-term prepaid expenses	1,825	-
Stock issued for services	-	37,500
Imputed interest	7,641	8,020
Changes in operating assets and liabilities		
Decrease (increase) in:		
Other receivables and prepaid expenses	(2,219)	(1,352)
(Decrease) increase in:		
Other payables and accrued expenses	13,114	94,322
Net cash used in operating activities	(406,484)	(190,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,256)	-
Renovation of factory premises	(32,854)	-
Decrease in deposit for purchase of property and equipment	-	1,198
Net cash used in investing activities	(38,110)	1,198
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to a stockholder	87,308	58,495
Due to directors	(12,925)	(26,437)
Due to related parties	376,056	186,810
Net cash provided by financing activities	450,439	218,868
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	177	(80)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,022	29,313
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,463	6,559
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$13,485	$35,872

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

ADVANCED BIOMEDICAL TECHNOLOGIES, INC.

AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements contain adjustments considered necessary to present fairly the Company’s financial position as of April 30, 2018, the consolidated results of operations for the three and six months ended April 30, 2018 and 2017 and consolidated statements of cash flows for the six months ended April 30, 2018 and 2017 on an accrual basis and in accordance with accounting principles generally accepted in the United States of America for interim financial information and rules and regulations of the SEC. The consolidated results for the three and six months ended April 30, 2018 are not necessarily indicative of the results to be expected for the entire fiscal year ending October 31, 2018. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended October 31, 2017 appearing in the Company’s annual report on Form 10-K as filed with the Securities and Exchange Commission on February 13, 2018.

The reporting currency of the Company is US dollar.

NOTE 2 ORGANIZATION

Advanced BioMedical Technologies, Inc. (fka “Geostar Mineral Corporation” or “Geostar”) (“ABMT”) was incorporated in Nevada on September 12, 2006.

Shenzhen Changhua Biomedical Engineering Company Limited ("Shenzhen Changhua") was incorporated in the People's Republic of China ("PRC") on September 25, 2002 as a limited liability company with a registered capital of $724,017. Shenzhen Changhua is owned by two stockholders in the proportion of 70% and 30% respectively. Shenzhen Changhua is a developer and manufacturer of polymer orthopaedic internal fixation devices. The Company is currently conducting clinical trials on its products and intends to raise additional capital to produce and market its products commercially. The Company's Polymer Internal Fixation Screws has been approved by the China Food and Drug Administration ("CFDA", fka "SFDA") of the PRC in April 2018. The Company has no revenue since its inception and, in accordance with Accounting Standards Codification ("ASC") Topic 915, "Development Stage Entities" (formerly Statement of Financial Accounting Standard ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprise"), is considered a Development Stage Company.

Masterise Holdings Limited ("Masterise") was incorporated in the British Virgin Islands on May 31, 2007 as an investment holding company and was then owned as to 63% by the spouse of Shenzhen Changhua's 70% majority stockholder at the time and 37% by a third party corporation.

On January 29, 2008, Masterise entered into a Share Purchase Agreement ("the Agreement") with a stockholder of Shenzhen Changhua whereupon Masterise acquired 70% of Shenzhen Changhua for US$64,100 in cash. The acquisition was completed on February 25, 2008. As both Masterise and Shenzhen Changhua were under common control and management, the acquisition was accounted for as a reorganization of entities under common control. Accordingly, the operations of Shenzhen Changhua were included in the consolidated financial statements as if the transactions had occurred retroactively.

On December 31, 2008, ABMT consummated a Share Exchange Agreement ("the Exchange Agreement") with the stockholders of Masterise pursuant to which ABMT issued 50,000 shares of Common Stock to the stockholders of Masterise for 100% equity interest in Masterise.

Concurrently, on December 31, 2008, a major stockholder of ABMT also consummated an Affiliate Stock Purchase Agreement (the "Affiliate Agreement") with thirteen individuals including all the stockholders of Masterise, pursuant to which the major stockholder sold a total of 5,001,000 shares of ABMT's common stock for a total aggregate consideration of $5,000, including 4,438,250 shares to the stockholders of Masterise.

On consummation of the Exchange Agreement and the Affiliate Agreement, the 70% majority stockholder of Masterise became an 80.7% stockholder of ABMT.

On March 13, 2009, the name of the Company was changed from Geostar Mineral Corporation to Advanced Biomedical Technologies, Inc.

The merger of ABMT and Masterise was treated for accounting purposes as a capital transaction and recapitalization by Masterise ("the accounting acquirer") and a re-organization by ABMT ("the accounting acquiree"). The financial statements have been prepared as if the re-organization had occurred retroactively.

Accordingly, these financial statements include the following:

(1) The balance sheet consisting of the net assets of the acquirer at historical cost and the net assets of the acquiree at historical cost.

(2) The statement of operations including the operations of the acquirer for the periods presented and the operations of the acquiree from the date of the transaction.

ABMT, Masterise and Shenzhen Changhua are hereinafter referred to as ("the Company").

NOTE 3 PRINCIPLES OF CONSOLIDATION

The accompanying condensed consolidated financial statements include the financial statements of ABMT and its wholly owned subsidiaries, Masterise and its 70% owned subsidiary, Shenzhen Changhua. The non-controlling interests in periods prior to 2012 represent the non-controlling stockholders' 30% proportionate share of the results of Shenzhen Changhua.

All significant inter-company balances and transactions have been eliminated in consolidation.

NOTE 4 USE OF ESTIMATES

The preparation of the 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 amount 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.

NOTE 5 RELATED PARTY TRANSACTIONS

As of April 30, 2018 and October 31, 2017, the Company owed a stockholder $669,571 and $582,795 respectively which are unsecured and repayable on demand. Interests are charged at 7% per annum on the amount owed.

As of April 30, 2018 and October 31, 2017, the Company owed three related parties a total of $4,333,783 and $3,767,180 respectively which are unsecured and repayable on demand. Interests are charged at 7% per annum on the amounts owed.

Total interest expenses on advances from a stockholder and the related parties accrued for the three and six months ended April 30, 2018 and 2017 were $72,293, $56,317, $139,839 and $111,873 respectively.

As of April 30, 2018 and October 31, 2017, the Company owed $322,514 and $321,420 respectively, to two directors for advances made on an unsecured basis, repayable on demand and interest free.

Imputed interest charged at 5% per annum on the amounts owed to two directors is $3,797, $3,927, $7,641 and $8,020 for the three and six months ended April 30, 2018 and 2017 respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company's existing rental leases do not contain significant restrictive provisions. The schedule of future minimum lease obligations falling due under non-cancelable rental operating leases is as follows:

Fiscal year ending October 31, 2018	7,580
Fiscal year ending October 31, 2019	7,580
Total	$15,160

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board (FASB) Codification Topic 825 (ASC Topic 825), "Disclosure About Fair Value of Financial Instruments," requires certain disclosures regarding the fair value of financial instruments. The carrying amounts of other receivables and prepaid expenses, other payables and accrued liabilities and due to a stockholder, directors and related parties approximate their fair values because of the short-term nature of the instruments. The management of the Company is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial statements.

NOTE 8 RECENT ACCOUNTING PRONOUNCEMENTS

Business Combination: Clarifying the Definition of a Business

In January 2017, the FASB issued ASU No. 2017-1 "Topic 805, Business Combinations: Clarifying the Definition of a Business". The amendments in this update provide a screen to determine when a set is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. The amendments in this update affect all reporting entities that must determine whether they have acquired or sold a business. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017, including interim periods within those periods. All other entities should apply the amendments to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect the adoption of ASU 2017-1 to have a material impact on its consolidated financial statements.

Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU No. 2017-4 "Topic 350: Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment." The amendments in this update eliminate step two of the goodwill impairment test and specifies that goodwill impairment should be measured by comparing the fair value of a reporting unit with its carrying amount. Additionally, the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets should be disclosed. The amendments in this update are effective for annual or interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019; early adoption is permitted. The Company does not expect the adoption of ASU 2017-4 to have a material impact on its consolidated financial statements.

Share-based Compensation

In May 2017, the FASB issued guidance on changes to terms and conditions of share-based payment awards. The amendment provides guidance about which changes to terms or conditions of a share-based payment award require an entity to apply modification accounting. The guidance is effective for the fiscal year beginning on January 1, 2018, including interim periods within that year. The Company does not anticipate that adoption of this guidance will have a material impact on its consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. Under the new standard, a good or service is transferred to the customer when (or as) the customer obtains control of the good or service, which differs from the risk and rewards approach under current guidance. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In March, April and May 2016, the FASB issued three additional updates regarding identifying performance obligations and licensing, certain principal versus agent considerations and various narrow scope improvements based on practical questions raised by users. In September 2017, the FASB issued additional amendments providing clarification and implementation guidance. The guidance may be adopted through either retrospective application to all periods presented in the financial statements (full retrospective approach) or through a cumulative effect adjustment to retained earnings at the effective date (modified retrospective approach). The guidance is effective for the fiscal periods beginning on January 1, 2018.

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The new standard is effective for interim and annual periods beginning after December 15, 2018 on a modified retrospective basis. The Company will adopt ASU 2016-02 in its first quarter of the year ending October 31 2020. The Company expects its leases designated as operating leases in Note 6, "Commitments and Contingencies," will be reported on the consolidated balance sheets upon adoption. However, the ultimate impact of adopting ASU 2016-02 will depend on the lease terms as of the adoption date.

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe the future adoptions of any such pronouncements may be expected to cause a material impact on the financial condition or the results of operations.

NOTE 9 GOING CONCERN

As reflected in the accompanying unaudited condensed consolidated financial statements, the Company has not commenced revenue producing operations and has an accumulated deficit of $8,110,660 as of April 30, 2018 and which includes a net loss of $431,362 for the six months ended April 30, 2018. As of April 30, 2018, the Company's total current liabilities exceeded its total current assets by $5,731,478 and the Company used cash in operations of $406,484 for the six months ended on that date. These factors raise substantial doubt about its ability to continue as a going concern. In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying condensed consolidated balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern. The Company is actively pursuing additional funding and strategic partners, which will enable the Company to implement its business plan. Management believes that these actions as successful will allow the Company to continue its operations through the next fiscal year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. Actual results could differ materially from those anticipated in these forward looking statements as a result of any number of factors, including those set forth in this Quarterly Report, and in the Company's most recent Annual Report on Form 10-K filed on February 13, 2018.

All written and oral forward-looking statements made in connection with this Quarterly Report on Form 10-Q that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements, which apply only as of the date of this quarterly report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

Overview

The following discussion is an overview of the important factors that management focuses on in evaluating our businesses, financial condition and operating performance and should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q.

The Company is subject to a number of risks similar to other companies in the medical device industry. These risks include but are not limited to rapid technological change, uncertainty of market acceptance of our products, uncertainty of regulatory approval, competition from substitute products and larger companies, the need to obtain additional financing, compliance with government regulation, protection of proprietary technology, product liability, and the dependence on key individuals.

Our Business

We are engaged in the business of designing, developing, manufacturing and the planned future marketing of biomaterial internal fixation devices. We hold one medical device permit from the China Food and Drug Administration (“CFDA”) for our product - polymer orthopaedic internal fixation screws and two patents issued by the State Intellectual Property Office of the P.R.C. (“SIPO”). Our polyamide materials, their uses and manufacturing processes are protected by Patent No. ZL971190739. A new patent, No. ZL201410647464.1 titled “Bone Fracture Plate Made of High Polymer Materials” was granted to us in January 2018. Our polyamide materials are used in producing screws, binding wires, rods and related products. These products are used in a variety of applications including orthopedic trauma, sports related medical treatment, or cartilage injuries, and reconstructive dental procedures. At this time, our company is the sole patent holder and market permit holder of PA technologies in China, as well as the only company currently engaged in clinical trials, manufacturing and marketing for PA orthopaedic internal fixation devices in the PRC. Our products are made of a very unique material called PA6-P(MMA-CO-NVP)-HA (“PA”). Our PA products, such as screws, binding wires, rods, suture anchors and rib-pins consist of enhanced fibers and high molecular polymers which are designed to facilitate quick healing of complex fractures in many areas of the human skeletal system.

Our products offer a number of significant advantages over existing metal implants and the first generation of degradable implants (i.e. PLLA) for patients, surgeons and other customers including:

1. A notably reduced need for a secondary surgery to remove implant due to post-operative complications, therefore avoiding unnecessary risk and expense on all patient care;
2. Enhancing the performance of the materials by manufacturing them to be easily fitted to each patient, forming an exact fit;
3. Improving the biological activity of materials. Clinical trial results have shown that PA implants promote a progressive shift of load to the new bone creating micro-motion and thereby avoiding bone atrophy due to ‘stress shielding’;
4. Reducing the chance of post-operative infection;
5. Stimulate bone tissues to facilitate effective biological integration, benefitting the regeneration of bone;
6. Ease of post-operative care i.e. no distortion during x-ray imaging;
7. Simple and cost-effective to manufacture.

Our products are designed to replace the traditional internal fixation device made of stainless steel and titanium and overcome the limitations of previous generations of products such as PLA and PLLA. Our laboratory statistics show that our PA products have a higher mechanical strength, last longer in degradation ratio and are more evenly absorbed form outer layer inwards as compared with similar materials such as PLA and PLLA. Thus PA allows increased restoration time for bone healing and re-growth. The Company’s polymer orthopaedic internal fixation screws received approval from the China Food and Drug Administration (“CFDA”) in April 2018.

CFDA Application Process and Approval for PA Screws

The Company first submitted its application for PA Screws to the CFDA in 2008. The application has been withheld by the CFDA pending additional clinical trial cases. This is due to the amended CFDA regulations, which unlike previous regulations require the applicant to specify the position on the body where the clinical trial is carried out. Our amended CFDA application has specified the ankle fracture as the body part of our clinical trial. This is because bones around this part carry most of the body weight.

Due to the uniqueness of our material, there were no established CFDA Product Standards that we could follow during our application process for our PA Screws. To establish our own Product Standards, the Company had been carrying out extra tests. The Company submitted its Product Standards and supplementary reports to the CFDA in 2014. In December 2016, the Company received a notice from the CFDA requesting supplementary report as part of the review process. The Company completed the supplementary report and submitted it to the CFDA in June 2017.

In April 2018, the Company's application for its PA Screws was approved by the CFDA in China (Medical Device Certification Number: 20183460133).

Process of Human Trials

As of April 30, 2018, for medical study and comparison purpose, the Company has completed a total of 83 successful clinical human trial cases, including 71 cases on ankle fractures and 57 successful PA Binding Wire trial cases. We have been conducting human trials at the 6 state level hospitals recognized by CFDA for clinical trials in different cities throughout China; including Nanchang, Changsha, Luoyang, Nanning and Tianjin. The cities and provinces where our clinical trial hospitals are based will be the initial target regions on our marketing plan. These regions are both densely populated and have experienced high or above medium economic growth. The clinical trials for the Company's PA Screws have been completed with 100 percent success rate. Having gained CFDA approval for PA Screws, the Company is planning to start clinical trials on series of orthopaedic products the Company has developed using the same unique biomaterial.

Government Regulation

Medical implant devices/products manufactured or marketed by the Company in China are subject to extensive regulations by the CFDA. Pursuant to the related laws and acts, as amended, and the regulations promulgated there under (the "CFDA Regulations"), the CFDA regulates the clinical testing, manufacture, labeling, distribution and promotion of medical devices. The CFDA also has the authority to request repair, replacement, or refund of the cost of any device manufactured or distributed by the Company.

Under the CFDA Regulations, medical devices are classified into three classes (class I, II or III), the basis of the controls deemed necessary by the CFDA to reasonably assure their safety and efficacy. Under the CFDA's regulations, class I devices are subject to general controls (for example, labeling and adherence to Good Manufacturing Practices ("GMP") requirements) and class II devices are subject to general and special controls. Generally, class III devices are those which must receive premarket approval by the CFDA to ensure their safety and efficacy (for example, life-sustaining, life-supporting and certain implantable devices, or new devices which have not been found substantially equivalent to legally marketed class I or class II devices). The Company is classified as a manufacturer of class III medical devices. Current CFDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses.

Before a new device can be introduced into the market in China, the manufacturer generally must obtain CFDA marketing clearance through clinical trials. Since the Company is classified as a manufacturer of Class III medical devices, the Company must carry out all clinical trials in pre-selected CFDA approved hospitals.

Manufacturers of medical devices for marketing in China are required to adhere to GMP requirements. Enforcement of GMP requirements has increased significantly in the last several years and the CFDA has publicly stated that compliance will be more strictly scrutinized. From time to time the CFDA has made changes to the GMP and other requirements that increase the cost of compliance. Changes in existing laws or requirements or adoption of new laws or requirements could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will not incur significant costs to comply with applicable laws and requirements in the future or that applicable laws and requirements will not have a material adverse effect upon the Company's business, financial condition and results of operations.

Regulations regarding the development, manufacturing and sale of the Company's products are subject to change. The Company cannot predict the impact, if any, that such changes might have on its business, financial condition and results of operations.

Results of Operations

The "Results of Operations" discussed in this section merely reflect the information and results of the Company for the period from September 25, 2002 (Shenzhen Changhua's date of inception) to April 30, 2018 and 2017.

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Revenues

The Company is in its development stage and does not have any revenue. The management team is continuously looking for fundraising possibilities for product improvement, machinery upgrades, facility expansions, continuous research and development, and sales and marketing preparation.

Our facility is located in Shenzhen China, which is built to meet the GMP standards. Our facility covers about 865 square meters, which includes the combined facilities of offices, laboratories, and workshops. There is one production line for the PA Screw and another production line for the PA Binding Wire. The annual production capabilities of each production line are 100,000 pieces for PA Screw, and 240,000 packs for the PA Binding Wires. Both production lines, at their maximum production capacity, are capable of generating approximately $32,000,000 in annual revenue.

Estimate current production lines in full capacity

	Output Quantity (Max.)		Price at ex-factory ($)	Total Turnover ($)
PA Screw	100,000	(piece)	200	20,000,000
PA Binding Wire	240,000	(pack)	50	12,000,000
			Total:	32,000,000

The Company will market its products through a hybrid sales force comprised of a managed network of independent regional distributors/sales agents (80%) and direct sales representatives (20%) in China.

There are two ways the Company will generate revenue, 1) through our nationwide and regional distributors and 2) through our direct sales channels.

China's Marketing Analysis and Sales Strategy:

We have established long term relationships with many hospitals and national distributors in China. Ms. Hui Wang, the Company's CEO, has over 25 years' sales experience in medical distribution. She will be in charge of our sales programs. Professor Shangli Liu, our chief medical advisor, is one of the highest ranked orthopedic doctors in China as well as being highly renowned in the rest of the world. He will assist the Company in nationwide product promotion and joint projects with associated academic institutions and medical schools.

During product development and clinical trial stages, we developed close relationships with many major national hospitals. We expect these relationships to boost our revenue generation following CFDA final approval. In order to better serve our customers, including hospitals, distributors, patients and the general public, the Company will set up Regional Service Offices to provide technical support, product information, and customer aid service.

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

- Patients
- Advanced technology level
- Performance and price of the materials

The demand for internal fixation medical devices has rapidly increased during the last decade. According to China Health Care Year Book 2013, the total revenue of Chinese orthopaedic hospitals in 2013 was US$1.28 billion with over 11.5 million patients. From 2009 to 2013, the market size of China's orthopaedic devices has grown from US$1.1 billion to US$1.92 billion, and it is estimated to reach US$4 billion in 2020. China has overtaken Japan as the second largest market in the world. The Chinese market size for trauma treatment implant devices such as our PA Screw and PA Wire was US$1.88 billion in 2013 and US$2.12 billion in 2014 with a growth rate of 12.7%, it is estimated to grow to US$3.02 billion in 2017 and reach US$3.17 billion in 2018 with a growth rate of 11.6%9. (Source: Shenwan Hongyuan Securities research report).

The Company has advantages and more opportunities over other competitors due to:

- We are the only company received approval for our unique PA biomaterial by CFDA in China.
- No other similar patent registrations in China.
- We are the only company qualified and permitted to perform PA clinical trials by CFDA to the best of our knowledge.
- We have a timing advantage over other companies in China which would have to go through the preclinical testing for the CFDA permit on clinical trials.
- Under existing regulations by CFDA, it will take at least 3-5 years for clinical trials of new materials.

Number of Hospitals at the end of March 2018 Statistic and Census report by the National Health and Family Planning Commission of the People's Republic of China.

Statistic and Census report by National Health and Family Planning Commission of the People's

Republic of China

(March 2018)

	March 2018	March 2017	Increase / (Decrease)
Total No. of Hospitals	30,294	28,751	1,543
Public Hospital	12,235	12,608	(373)
Private Hospital	19,139	16,807	2,332
Hospital Rating			
AAA	2,418	2,260	158
AA	8,504	8,059	445
A	10,133	9,416	717

In general, technological advancements and the marketing potential within Asia are the biggest factors in driving significant growth within the global orthopedic devices market. Another major factor that positively influences this market is the growing number of aging baby boomers with active lifestyles. This sector represents a large portion of the total population.

Research and Development

The Company has developed five proprietary polymer fixation implant product lines, including screws, pins, tacks, rods and binding wires, which provide an alternative to metal implants and overcome the limitations of first generation polymer fixation devices. The Company's product range will ultimately cover the full gamut of components featuring PA macromolecule polymer materials for implantation, including human orthopaedic and dental applications, as well as veterinary applications. We expect research and development expenses to grow as we continue to invest in basic and advanced research, clinical trials, product development and in our intellectual property.

Although there are substantial research and development (R&D) activities within the Company and, the Company regards R&D activity as the key to maintain its technological advantage and innovation, there can be no assurance that the Company will be able to obtain any further clearances or approvals, if required, to market its products for their intended uses on a timely basis, if at all. Moreover, regulatory approvals, if granted, may include significant limitations on the indicated uses for which a product may be marketed. Delays in the receipt of or the failure to obtain such clearances or approvals, the need for additional clearances or approvals, the loss of previously received clearances or approvals, unfavorable limitations or conditions of approval, or the failure to comply with existing or future regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

Pre-Market Research

The Company has been conducting Pre-Market Research before its PA Screws application was approved by the CFDA in April 2018. The research is intended to estimate the potential market success of the company's products that can be expected. The research also looks beyond the Company's initial market - China, and covers international markets. Based on the results of our Pre-Market Research and the positive feedbacks we have received from trade shows and industrial conferences, it is the Company's intention to apply for additional international regulatory approvals in due course.

Finance Costs

As of April 30, 2018 and October 31, 2017, a stockholder and four related parties had loaned a total of $5,003,354 and $4,349,975 respectively to the Company as unsecured loans repayable on demand and interest is charged at 7% per annum on the amount due. Total interest expenses on advances from a stockholder and the related parties accrued for the three and six months ended April 30, 2018 and 2017 were $72,293, $56,317, $139,839 and $111,873 respectively.

As of April 30, 2018 and October 31, 2017, the Company owed $322,514 and $321,420 respectively to the directors for advances made on an unsecured basis, repayable on demand. Total imputed interest expenses on advances from the directors, calculated at 5% per annum, recorded as additional paid-in capital amounted to $3,797, $3,927, $7,641 and $8,020 for the three and six months ended April 30, 2018 and 2017 respectively.

Net Loss

The net loss attributable to common stockholders for the three and six months ended April 30, 2018 and 2017 were $208,819, $183,335, $431,362 and $337,448 respectively. We do not have any revenue from inception to April 30, 2018 but have to incur operating expenses for the upkeep of the Company and the clinical trials.

Liquidity and Capital Resources

We had a working capital deficit of $5,731,478 and $5,055,542 as of April 30, 2018 and October 31, 2017 respectively. Our working capital deficit is due to the fact that we received the CFDA approval for one product in April 2018 and we are in the process to produce, market and sell our product in China. We had no revenues during the period and that our sole source of financing is loans from our related parties and stockholders. Meanwhile, we have been upgrading our facilities and continuing R&D works.

Cash Flows

Net Cash Used in Operating Activities

Net cash used in operating activities was $406,484 and $190,673 in the six months ended April 30, 2018 and 2017 respectively. This amount was attributable primarily to the net loss after adjustment for non-cash items, such as depreciation, stock issued for services, imputed interest on advances from directors, and others like charges in other receivables and prepaid expenses and other payables and accrued expenses.

Net Cash Used in Investing Activities

We recorded $38,110 net cash used and $1,198 net cash from in investing activities in the six months ended April 30, 2018 and 2017 respectively. This amount reflected purchases of property and equipment, primarily for research and development to our facilities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities in the six months ended April 30, 2018 and 2017 was $450,439 and $218,868 respectively, which represented advances from a stockholder, directors and related parties, loan repayment to directors and advances to a related company.

Operating Capital and Capital Expenditure Requirements

Our ability to continue as a going concern and support the commercialization of current products is dependent upon our ability to obtain additional financing in the near term. We anticipate that such funding will be in the form of equity financing from sales of our common stock. However, there is no assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our business plan should we decide to proceed. We anticipate continuing to rely on advances from our related parties and stockholders in order to continue to fund our business operations.

We believe that our existing cash, cash equivalents at April 30, 2018, will be insufficient to meet our cash needs. Our minimum cash requirement for the next 12 months is projected to be $600,000. This amount may increase if we decide to start clinical trials on new products. Once we start production and marketing of our PA Screws, our revenue will cover our basic expenditures. Otherwise, we will continue to rely on external investments and shareholder’s loans to meet our cash needs. The management is actively pursuing additional funding and strategic partners, which will enable the Company to implement our business plan, business strategy, to continue research and development, clinical trials or further development that may arise.

We intend to spend more to support the commercialization of current products and on research and development activities, including new products development, regulatory and compliance, clinical studies, and the enhancement and protection of our intellectual property portfolio.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our investors.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including but not limited to those related to income taxes and impairment of long-lived assets. We base our estimates on historical experience and on various other assumptions and factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Based on our ongoing review, we plan to adjust to our judgments and estimates where facts and circumstances dictate. Actual results could differ from our estimates.

We believe the following critical accounting policies are important to the portrayal of our financial condition and results and require our management's most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain.

1. Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is provided on a straight-line basis, less estimated residual value over the assets estimated useful lives. The estimated useful lives of the assets are 5 years.

2. Long-lived assets

In accordance with FASB Codification Topic 360 (ASC Topic 360), "Accounting for the impairment or disposal of Long-Lived Assets", long-lived assets and certain identifiable intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. The Company reviews long-lived assets to determine that carrying values are not impaired.

3. Fair value of financial instruments

FASB Codification Topic 825 (ASC Topic 825), "Disclosure About Fair Value of Financial Instruments," requires certain disclosures regarding the fair value of financial instruments. The carrying amounts of other receivables and prepaid expenses, other payables and accrued liabilities and due to a stockholder, directors and related parties approximate their fair values because of the short-term nature of the instruments. The management of the Company is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial statements.

4. Income taxes

The Company accounts for income taxes under The Financial Accounting Standards Board (FASB) Codification Topic 740-10-25 ("ASC 740-10-25"). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period included the enactment date.

5. Research and Development

Research and development costs related to both present and future products are expensed as incurred.

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6. Foreign currency translation

The reporting currency of the company's financial statements is the US dollar. The financial statements of the Company's subsidiary denominated in currencies other than the US dollar are translated into US dollars using the closing rate method. The balance sheet items are translated into US dollars using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated at historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at the average exchange rate for the year. All exchange differences are recorded within equity.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Combination: Clarifying the Definition of a Business

In January 2017, the FASB issued ASU No. 2017-1 "Topic 805, Business Combinations: Clarifying the Definition of a Business". The amendments in this update provide a screen to determine when a set is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. The amendments in this update affect all reporting entities that must determine whether they have acquired or sold a business. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017, including interim periods within those periods. All other entities should apply the amendments to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company does not expect the adoption of ASU 2017-1 to have a material impact on its consolidated financial statements.

Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU No. 2017-4 "Topic 350: Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment." The amendments in this update eliminate step two of the goodwill impairment test and specifies that goodwill impairment should be measured by comparing the fair value of a reporting unit with its carrying amount. Additionally, the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets should be disclosed. The amendments in this update are effective for annual or interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019; early adoption is permitted. The Company does not expect the adoption of ASU 2017-4 to have a material impact on its consolidated financial statements.

Share-based Compensation

In May 2017, the FASB issued guidance on changes to terms and conditions of share-based payment awards. The amendment provides guidance about which changes to terms or conditions of a share-based payment award require an entity to apply modification accounting. The guidance is effective for the fiscal year beginning on January 1, 2018, including interim periods within that year. The Company does not anticipate that adoption of this guidance will have a material impact on its consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. Under the new standard, a good or service is transferred to the customer when (or as) the customer obtains control of the good or service, which differs from the risk and rewards approach under current guidance. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In March, April and May 2016, the FASB issued three additional updates regarding identifying performance obligations and licensing, certain principal versus agent considerations and various narrow scope improvements based on practical questions raised by users. In September 2017, the FASB issued additional amendments providing clarification and implementation guidance. The guidance may be adopted through either retrospective application to all periods presented in the financial statements (full retrospective approach) or through a cumulative effect adjustment to retained earnings at the effective date (modified retrospective approach). The guidance is effective for the fiscal periods beginning on January 1, 2018.

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The new standard is effective for interim and annual periods beginning after December 15, 2018 on a modified retrospective basis. The Company will adopt ASU 2016-02 in its first quarter of the year ending October 31 2020. The Company expects its leases designated as operating leases in Note 6, "Commitments and Contingencies," will be reported on the consolidated balance sheets upon adoption. However, the ultimate impact of adopting ASU 2016-02 will depend on the lease terms as of the adoption date.

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe the future adoptions of any such pronouncements may be expected to cause a material impact on the financial condition or the results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Our disclosure controls and procedures are designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of April 30, 2018 to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of April 30, 2018.

Changes in Internal Control

During the most recently completed fiscal quarter, there has been no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

Exhibit No.	Description
3.1	Articles of Incorporation (1)
3.2	Bylaws (1)
31.1	Section 302 Certification of Chief Executive Officer*
31.2	Section 302 Certification of Chief Financial Officer *
32.1	Section 906 Certification of Chief Executive Officer *
32.2	Section 906 Certification of Chief Financial Officer *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*filed herewith

(1) Incorporated by reference to the Form SB-2 registration statement filed on January 16, 2007.

SIGNATURES

Pursuant to the requirements 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.

Date: June 19, 2018 By:

ADVANCED BIOMEDICAL TECHNOLOGIES, INC.

By:*/s/Chi Ming Yu*
Chi Ming Yu, President and Director

(Principal Executive Officer)

By:*/s/ Hui Wang*
Hui Wang, Director and Chief Executive Officer

(Controller)

By:*/s/ Kai Gui*
Kai Gui, Director, Secretary and Chief Financial Officer

(Principal Financial Officer)