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ARBOR ENTECH CORP
Form 10QSB
November 30, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act
Of 1934

For The Quarterly Period Ended October 31, 2006

Commission File Number: 000-30432

ARBOR ENTECH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 22-2335094
(State of jurisdiction of Incorporation) (I.R.S. Employer Identification No.)

PO Box 656
Tuxedo Park, NY 10987
(Address of principal executive offices)

(201) 782-9237
(Registrant's telephone number)

Not Applicable
(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Yes No

As of October 31, 2006, the registrant had a total of 7,050,540 shares of Common Stock outstanding.

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Form 10-QSB Quarterly Report
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PART I. FINANCIAL INFORMATION

ARBOR ENTECH CORPORATION CONDENSED BALANCE SHEET OCTOBER 31, 2006 (Unaudited)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 449,219
Prepaid Expenses	711

Total Current Assets	449,930
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Total Assets	\$ 449,930
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable and Accrued Liabilities	\$ 4,129
--	----------

Total Current Liabilities	4,129
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Commitments and Contingencies

Stockholders' Equity:

Common Stock, \$.001 Par Value; Authorized 10,000,000 Shares; Issued and Outstanding

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7,050,540 Shares	7,050
Additional Paid-In Capital	2,365,441
Retained Earnings (Deficit)	(1,926,690)

Total Stockholders' Equity	445,801

	\$ 449,930

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

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ARBOR ENTECH CORPORATION
CONDENSED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Net Sales	\$ --	\$ --	\$ --	\$ --
	-----	-----	-----	-----
Costs and Expenses:				
Selling, General and Administrative Expenses	4,460	10,719	7,594	
	-----	-----	-----	-----
	4,460	10,719	7,594	
	-----	-----	-----	-----
Loss from Operations	(4,460)	(10,719)	(7,794)	
	-----	-----	-----	-----
Other Income:				
Interest	456	491	922	
Other	--	--	--	
	-----	-----	-----	-----
	456	491	922	
	-----	-----	-----	-----
Net Loss	\$ (4,004)	\$ (10,228)	\$ (6,672)	\$ --
	=====	=====	=====	=====
Loss Per Common Share - Basic	\$ (.00)	\$ (.00)	\$ (.00)	\$ --
	=====	=====	=====	=====
Weighted Average Shares Outstanding	7,050,540	7,050,540	7,050,540	7,050,540
	=====	=====	=====	=====

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

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ARBOR ENTECH CORPORATION
 CONDENSED STATEMENT OF CASH FLOWS
 (Unaudited)

	Six Months Ended	
	October 31,	
	2006	2005
	-----	-----
Cash Flows from Operating Activities:		
Net Loss	\$ (6,672)	\$ (14,633)
	-----	-----
Adjustments to Reconcile Net Loss to Net Cash (Used) in Operating Activities:		
Depreciation	--	--
Decrease in Deferred Tax Assets	--	81,762
Decrease in Deferred Tax Liabilities	--	(81,762)
Changes in Operating Assets and Liabilities:		
Decrease in Miscellaneous Receivable	--	826
Decrease in Prepaid Expenses	--	1,531
(Decrease) in Accounts Payable and Accrued Liabilities	(6,956)	(1,887)
	-----	-----
Total Adjustments	(6,956)	470
	-----	-----
Net Cash (Used) in Operating Activities	(13,628)	(14,163)
	-----	-----
Cash Flows from Investing Activities:		
Proceeds from Receivable from Sale of Real Property	--	213,589
	-----	-----
Net Cash Provided by Investing Activities	--	213,589
	-----	-----
Cash Flows from Financing Activities:	--	--
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(13,628)	199,426
Cash and Cash Equivalents - Beginning of Period	462,847	285,071
	-----	-----
Cash and Cash Equivalents - End of Period	\$ 449,219	\$ 484,497
	=====	=====
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ --	\$ --
	=====	=====
Cash Paid for Income Taxes	\$ --	\$ --

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

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ARBOR ENTECH CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - Unaudited Interim Financial Statements

In the opinion of the Company's management, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These financial statements are condensed and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

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

Forward-Looking Statements

The information contained in this Form 10-QSB and documents incorporated herein by reference are intended to update the information contained in the Company's Form 10-KSB for its fiscal year ended April 30, 2006 which includes our audited financial statements for the year ended April 30, 2006 and such information presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operations, and other information contained in such Form 10-KSB and other Company filings with the Securities and Exchange Commission ("SEC").

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, and actual results could be significantly different than those discussed in this Form 10-QSB. Certain statements contained in Management's Discussion and Analysis, particularly in "Liquidity and Capital Resources," and elsewhere in this Form 10-QSB are forward-looking statements. These statements may discuss, among other things, expected growth, future revenues and future performance. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. The forward-looking statements are subject to risks and uncertainties including, without limitation, the following: (a) the lack of any current business operations, (b) the possible failure to obtain a suitable business acquisition candidate, and (c) the specific risks of any new business or acquisition. The foregoing should not be construed as an exhaustive list of

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all factors that could cause actual results to differ materially from those expressed in forward-looking statements made by us. All forward-looking statements included in this document are made as of the date hereof, based on information available to the Company on the date thereof, and the Company assumes no obligation to update any forward-looking statements.

These forward-looking statements often can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," or similar terms.

General

We were a wood products company that had been in business since 1980. Our business fluctuated over the years. We were almost wholly dependent on sales to The Home Depot, Inc. As discussed below in "Discontinued Operations," on September 2, 2003, we discontinued our wood products business.

At present, we are seeking other business opportunities, but there can be no assurance that such opportunities will be identified, engaged in, or result in any profits.

Results of Operations

Since we discontinued our wood products business, there were no sales from continuing operations during the years ended April 30, 2006 and 2005 and the quarter ended and six months ended October 31, 2006.

Selling, general and administrative expenses were \$4,460 for the quarter ended October 31, 2006, as compared to \$10,719 for the comparable period of the prior year. Selling, general and administration expenses were \$7,594 for the six months ended October 31, 2006, as compared to \$15,441 for the comparable period of the prior year.

For the quarter ended October 31, 2006, we had a net loss of \$4,004 as compared to a net loss of \$10,228 for the comparable period of the prior year. For the six months ended October 31, 2006, we had a net loss of \$6,672 as compared to \$14,633 for the comparable period of the prior year.

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Discontinued Operations

On September 2, 2003, we informed Home Depot that we would no longer do business with that company due to increased difficulties in transacting business with Home Depot on a profitable basis. We stated to Home Depot that these difficulties included Home Depot's prohibition against price increases despite increases in our costs of production, a diminution in the Home Depot territories we were allowed to sell product to, and Home Depot's demands regarding returns of ordered products that we were unwilling to accede to for economic reasons. As a result, on September 2, 2003, we discontinued our wood products business. The sale of our real estate resulted in a gain of approximately \$186,000 for the year ended April 30, 2005.

Liquidity and capital resources

In the prior periods discussed above, our working capital requirements were met primarily from sales generated by our discontinued wood products business. At October 31, 2006, we had working capital of \$445,801.

As at October 31, 2006, we had cash and cash equivalents of \$449,219,

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which represented substantially all of our total assets. We believe we have adequate working capital to search for business opportunities for at least the next 12 months.

On July 20, 2005, we closed on the sale of our real property located in Little Marsh, Pennsylvania and realized net proceeds of approximately \$214,000. This amount was reported as a receivable at April 30, 2005 because we entered into the contract of sale on April 15, 2005. The payment of this receivable in the first quarter of fiscal 2006 resulted in cash provided by investing activities of approximately \$214,000 for the six months ended October 31, 2005.

Net cash was used in operating activities for the six months ended October 31, 2006 and October 31, 2005 of 13,628 and \$14,163, respectively.

Since terminating our wood products business in September 2002, the Company has been unable to find a suitable business opportunity or merger candidate considering the limited cash resources available to the Company and that the Company's Common Stock has a limited and sporadic trading market. Nevertheless, Management is continuing to explore various business opportunities that may be available to it. As of the filing date of this Form 10-QSB, there are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. Further, at the present time, the Company has no commitments for capital expenditures and does not anticipate same until it establishes a business or acquires an operating business, of which there can be no assurances given.

Off-Balance Sheet Transactions

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

Application Of Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for use of estimates, accounting for stock-based compensation and environmental remediation costs.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

ITEM 3. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions

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regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

As of the filing date of this Form 10-QSB, we are not a party to any pending legal proceedings.

ITEM 2. CHANGES IN SECURITIES.

- (a) In the three months ended October 31, 2006, there were no sales of unregistered securities.
- (b) Rule 463 of the Securities Act is not applicable to the Company.
- (c) In the three months ended October 31, 2006 there were no repurchases by the Company of its Common Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS:

Not applicable.

ITEM 5. OTHER INFORMATION:

None.

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ITEM 6. EXHIBITS:

Except for the exhibits listed below as filed herewith or unless Otherwise noted, all other required exhibits have been previously filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, on Form 10-SB, as amended (file no. 000-51160).

- 3.a. Our Articles of Incorporation (1)

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3.b. Our By-Laws (2)

31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer (3)

31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer (3)

32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer (3)

32.2 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer (3)

(1) Previously filed as an exhibit to the Company's Registration Statement on Form 10-SB (SEC File No. 0-30432) filed on or about July 30, 1999, and incorporated herein by this reference.

(2) Previously filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form 10-SB (SEC File No. 01-15207) filed on or about August 2, 1999, and incorporated herein by this reference.

(3) Filed herewith.

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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.

ARBOR ENTECH CORPORATION

Date: November 30 2006

By: /s/ Harvey Houtkin

Harvey Houtkin,
Chairman of the Board,
Chief Executive Officer

Date: November 30, 2006

By: /s/ Mark Shefts

Mark Shefts,
Chief Financial Officer

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