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

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2010

or

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

For the transition period from ____________________________ to ________________________________

Commission File Number: 000-21071

GOLDEN ELEPHANT GLASS TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Nevada	**88-0309578**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

123 Chuangye Road, Haizhou District, Fuxin City, Liaoning
People's Republic of China, 123000
(Address of principal executive offices, Zip Code)

(86) 418-399-5066
(Registrant s telephone number, including area code)

Not Applicable
(Former name, former address and former 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 [X]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [_] No [_]

Indicate by check mark whether the registrant is a larger accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [_]	Accelerated filer [_]
Non-accelerated filer [_] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [_] No [X]

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: As of July 15, 2011, there were 28,623,996 shares of common stock, par value $0.01 per share issued and outstanding.

GOLDEN ELEPHANT GLASS TECHNOLOGY, INC.

QUARTERLY REPORT ON FORM 10-Q

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as anticipate, believe, estimate, intend, could, should, would, ma might, will, expect, anticipate, predict, project, forecast, potential, continue negatives thereof or si Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Quarterly Report on Form 10-Q and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements concerning other matters addressed in this Quarterly Report on Form 10-Q and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Quarterly Report on Form 10-Q.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

CERTAIN TERMS USED IN THIS QUARTERLY REPORT ON FORM 10-Q

When this report uses the words we, us, our, and the Company, they refer to Golden Elephant Glass Technology, and its consolidated subsidiaries.

Except as otherwise indicated by the context, all references in this report to

Dollar Come are to Dollar Come Investments Limited, a British Virgin Island company
Fuxin Hengrui are to Fuxin Hengrui Technology Co. Ltd., a PRC company;
Fuxin Xianheng are to Fuxin Xianheng Float Glass Co. Ltd., a PRC company;
Securities Act are to the Securities Act of 1933, as amended;
Exchange Act are to the Securities Exchange Act of 1934, as amended;
RMB are to Renminbi, the legal currency of China;
U.S. dollar, $ and US$ are to the legal currency of the United States; and

China, Chinese and PRC are to the People s Republic of China.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Golden Elephant Glass Technology, Inc.
Condensed Consolidated Balance Sheets
As of September 30, 2010 and December 31, 2009
(Stated in US Dollars)

		September 30, 2010 (Unaudited)		***December 31, 2009 (Audited)***
ASSETS				
Current assets				
Cash and cash equivalents	$	6,681	$	7,358
Restricted cash		-		-
Trade receivables, net		3,392,138		3,883,810
Other receivables, net		1,791,408		1,886,300
Prepayments		2,147,629		2,795,202
Inventories		1,604,285		1,572,028
Amount due from a related party		-		-
Deferred taxes		-		-
Total current assets		**8,942,142**		**10,144,698**
Non-current assets				
Property, plant and equipment, net		23,279,019		23,046,810
Land use right		3,223,489		2,855,361
Deferred taxes		-		-
TOTAL ASSETS	**$**	**35,444,649**	**$**	**36,046,869**

See the accompanying notes to condensed consolidated financial statement

Golden Elephant Glass Technology, Inc.
Condensed Consolidated Balance Sheets (Cont d)
As of September 30, 2010 and December 31, 2009
(Stated in US Dollars)

		September 30, 2010 (Unaudited)		December 31, 2009 (Audited)
LIABILITIES AND STOCKHOLDERS EQUITY				
LIABILITIES				
Current liabilities				
Trade payables	$	10,514,224	$	10,307,198
Bills payable		733,987		719,228
Other payables and accrued expenses		2,865,090		3,136,502
Sales receipt in advance		578,880		314,423
Interest payable		3,508,534		2,032,329
Tax payable		2,547,464		2,496,391
Amount due to a director		106,500		104,358
Secured bank loans		13,027,249		12,765,307
Loan from related party - Lin Tan		485,157		631,657
TOTAL LIABILITIES	**$**	**34,367,085**	**$**	**32,507,393**
STOCKHOLDERS EQUITY				
Preferred stock: par value $0.01 per share Authorized 10,000,000 shares, none issued and outstanding				
Common stock: par value $0.01 per share, Authorized 150,000,000 shares; issued and outstanding 28,623,996 shares in 2009 and 2008		286,240		286,240
Additional paid-in capital		12,001,927		12,001,927
Statutory reserves		714,013		714,013
Accumulated other comprehensive income		2,149,760		2,099,065
Accumulated deficit		(14,074,376)		(11,561,769)
TOTAL STOCKHOLDERS EQUITY		1,077,564		3,539,476
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$**	**35,444,649**	**$**	**36,046,869**

See the accompanying notes to condensed consolidated financial statements

Golden Elephant Glass Technology, Inc.
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
For the three and nine months ended September 30, 2010 and 2009
(Unaudited)
(Stated in US Dollars)

	Three months ended September 30, (Unaudited)		Nine months ended September 30, (Unaudited)	
	2010	*2009*	*2010*	*2009*
Sales revenues	$ -	$ -	$ -	$ 2,268,197
Cost of sales	-	-	-	(3,306,125)
Gross loss	-	-	-	(1,037,928)
Other operating income				
Bad debts recovered	3,126,877	-	3,126,877	-
Decrease in provision for bad debts	-	-	-	-
Total other operating income	3,126,877	-	3,126,877	-
Operating expenses				
Administrative expenses	594,819	935,467	2,224,317	4,053,275
Selling expenses	-	-	-	-
Total operating expenses	594,819	935,467	2,224,317	4,053,275
Loss from operations	2,532,058	(935,467)	902,560	(5,091,203)
Interest income	-	-	-	11,752
Other income	-	1,095	-	1,444
Other expense	(1,994,489)		(1,994,489)	
Government grants	-	118	-	73,959
Finance costs	(500,073)	(586,625)	(1,420,678)	(1,473,310)
Loss before income taxes	37,496	(1,520,879)	(2,512,607)	(6,477,358)
Income taxes	-	(378,058)	-	(314,498)
Net income	37,496	(1,898,937)	(2,512,607)	(6,791,856)
Other comprehensive income				
Foreign currency translation adjustments	29,842	105	50,695	(16,911)
Comprehensive loss	$ 67,338	$ (1,898,832)	$ (2,461,912)	$ (6,808,767)
Loss per share:				
basic and diluted	$ (0.00)	$ (0.07)	$ (0.09)	$ (0.24)
Weighted average number of shares outstanding				
:				
basic and diluted	28,623,996	28,623,996	28,623,996	28,623,996

See the accompanying notes to condensed consolidated financial statements

Golden Elephant Glass Technology, Inc.
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2010 and 2009
(Unaudited)
(Stated in US Dollars)

	Nine months ended September 30, (Unaudited)	
	2010	***2009***
Cash flows from operating activities		
Net (loss) income	$ (2,512,607)	$ (6,791,856)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation	2,172,290	2,293,245
Amortization of land use right	63,195	124,757
Deferred taxes	-	314,948
Provision (recovery) for doubtful accounts	(3,126,878)	1,892,401
Provision for obsolete inventories	-	35,689
Loss from disposal of fixed assets	1,760,287	
Changes in operating assets and liabilities :		
Trade receivables	3,692,500	(9,498)
Other receivables	(75,676)	280,692
Prepayments and other current assets	643,861	268,412
Inventories		2,564,576
Trade payables	207,026	(1,348,676)
Bills payable		(746,295)
Other payables and accrued expenses	366,557	1,731,239
Sales receipt in advance	264,457	(132,965)
Income tax payable	-	(341)
Amount due to a director	-	65,630
Net cash flows provided by (used in) operating activities	3,455,013	541,958
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(443,100)	(1,612)
Proceeds for disposal of property, plant and equipment	2,658,600	-
Payments to construction in progress	(5,908,000)	(1,362,146)
Decrease in restricted cash	-	733,500
Net cash flows (used in) provided by investing activities	(3,692,500)	(630,258)

See the accompanying notes to condensed consolidated financial statements

Golden Elephant Glass Technology, Inc.
Condensed Consolidated Statements of Cash Flows (Cont d)
For the nine months ended September 30, 2010 and 2009
(Unaudited)
(Stated in US Dollars)

	Nine months ended September 30, (Unaudited)	
	2010	***2009***
Cash flows from financing activities		
Loan from a related party	-	1,066,534
Amount due to Tianyuan	-	(1,073,543)
Proceeds from unsecured loan	-	-
Repayment of bank loans	-	(17,463)
Repayment of unsecured short-term loan	-	-
Net cash flows provided by financing activities	-	(24,472)
Effect of foreign currency translation on cash and cash equivalents	236,810	(17,179)
Net decrease in cash and cash equivalents	(677)	(129,951)
Cash and cash equivalents - beginning of period	7,358	141,419
Cash and cash equivalents - end of period	6,681	11,468
Supplemental disclosures for cash flow information:		
Cash paid for :		
Interest	-	-
Income taxes	-	-
Non-cash investing and financing activities		
Consideration of disposal of a subsidiary offset by other payable		
Partial of unsecured loan offset by advances to related parties		
Amount due from a related party settled by offsetting the loan from related party	146,500	1,108,343

See the accompanying notes to consolidated financial statements

1. Organization and Nature of Business

Golden Elephant Glass Technology, Inc. (the Company) (formerly Nevstar Corporation), was incorporated in the State of Nevada on December 2, 1993.

The Company is engaged in the manufacture and distribution of float glasses in the People s Republic of China (the PRC). The Company's product offerings include float glass, ultra-clear glass, colored float glass and high grade glass processed products, and are marketed primarily under the "Golden Elephant" brand name.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the SEC) including the instructions to Form 10-Q and Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted from these statements pursuant to such rules and regulation and, accordingly, they do not include all the information and notes necessary for comprehensive consolidated financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2009, included in our Annual Report on Form 10-K for the year ended December 31, 2009.

In the opinion of the management of the Company, all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the three-month periods have been made. Results for the interim period presented are not necessarily indicative of the results that might be expected for the entire fiscal year.

3. Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business.

The Company has a history of operating losses, and had accumulated deficits of $ 14,074,376 through September 30, 2010. This raises substantial doubt about the Company s ability to continue as a going concern.

Management plans to address these matters through implementing new business plans. The Company is also seeking additional private sources of equity or debt financing. However, there is no assurance these activities will be successful. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

4. Summary of significant accounting policies

<u>Principles of consolidation</u>

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation. The results of subsidiary acquired or disposed of during the years are included in the consolidated statements of operations and comprehensive (loss) income from the effective date of acquisition or up to the date of disposal.

4. Summary of significant accounting policies (Cont d)

Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These accounts and estimates include, but are not limited to, the valuation of accounts receivable, inventories, deferred income taxes, provision for warranty and the estimation on useful lives of property, plant and equipment. Actual results could differ from those estimates. Critical accounting estimates used in preparation of the financial statements include management s judgments about its valuation of the allowance for bad debt.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, trade receivables and other receivables. As of September 30, 2010 and December 31, 2009, substantially all of the Company s cash and cash equivalents and restricted cash were held by major financial institutions located in the PRC, which management believes are of high credit quality. With respect to other receivables and trade receivables, the Company extends credit based on an evaluation of the customer s financial condition. The Company generally does not require collateral for trade receivables and other receivables and maintains an allowance for doubtful accounts of trade receivables and other receivables. The Company conducts periodic reviews of its customers' financial condition and customer payment practices to minimize collection risk on accounts receivable.

Cash and cash equivalents

Cash and cash equivalents include all cash, deposits in banks and other highly liquid investments with initial maturities of three months or less to be cash equivalents. As of September 30, 2010 and December 31, 2009, almost all the cash and cash equivalents were denominated in Renminbi (RMB) and were placed with banks in the PRC. They are not freely convertible into foreign currencies and the remittance of these funds out of the PRC is subject to exchange control restrictions imposed by the PRC government. The remaining insignificant balance of cash and cash equivalents were denominated in US dollars.

Allowance for doubtful accounts

The Company establishes an allowance for doubtful accounts based on management s assessment of the collectability of trade receivables and other receivables. A considerable amount of judgment is required in assessing the amount of the allowance; the Company considers the historical level of credit losses and applies percentages to aged receivable categories. The Company makes judgment about the creditworthiness of each customer based on ongoing credit evaluations, and monitors current economic trends that might impact the level of credit losses in the future. If the financial condition of the customers were to deteriorate, resulting in their inability to make payments, a larger allowance may be required.

Bad debts are written off when identified. The Company extends unsecured credit to customers ranging from three to six months in the normal course of business. The Company does not accrue interest on trade receivables.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined on a weighted average basis and includes all expenditures incurred in bringing the goods to the point of sale and putting them in a saleable condition. In assessing the ultimate realization of inventories,

4. Summary of significant accounting policies (Cont d)

Inventories (Cont d)

management makes judgment as to future demand requirements compared to current or committed inventory levels. The reserve requirements generally increase as the projected demand requirements, decrease due to market conditions, product life cycle changes. The Company estimates the demand requirements based on market conditions, forecasts prepared by its customers, sales contracts and orders in hand. In addition, the Company estimates net realizable value based on intended use, current market value and inventory aging analyses. The Company writes down the inventories for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventories and the estimated market value based upon assumptions about future demand and market conditions.

Historically, the actual net realizable value is close to the management estimation.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

Depreciation is provided on straight-line basis over their estimated useful lives. The principal depreciation rates are as follows: -

	Annual rate	Residual value
Buildings	3.8%	5%
Machinery and tools	9.5%	5%
Motor vehicles	11.875%	5%
Office equipment	19%	5%
Leasehold improvements	12.5%	Nil

Construction in progress mainly represents expenditures in respect of the Company s warehouses and factories under construction. All direct costs relating to the acquisition or construction of the Company s warehouses and factories are capitalized as construction in progress. No depreciation is provided in respect of construction in progress.

Maintenance or repairs are charged to expense as incurred. Significant improvements and renewals that extend the useful life of the asset are capitalized. Upon sale or disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to income.

Land use right

Land use right is stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the terms of the lease of 50 years obtained from the relevant PRC land authority.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed. Pursuant to the provisions of SFAS No. 142 Goodwill and Other Intangible Assets , goodwill is not amortized and is subjected to an annual impairment test which occurs in the fourth quarter of each fiscal year.

Goodwill will be written down only when and if impairment is identified and measured, based on future events and conditions.

4. Summary of significant accounting policies (Cont d)

Impairment of long-lived assets

Long-lived assets are tested for impairment in accordance with SFAS No. 144 and Accounting Principles Board (APB) Opinion 18, Equity Method of Accounting for Investments in Common Stock, respectively. The Company periodically evaluates potential impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company recognizes impairment of long-lives assets and investment in an affiliate in the event that the net book values of such assets exceed the future undiscounted cash flows attributable to such assets.

The Company s long-lived assets include property, plant and equipment, construction in progress, goodwill and land use right. These assets were reviewed for impairment whenever events or circumstances indicate that their carrying values may not be recoverable.

The following are examples of such events or changes in circumstances:

- An adverse change in the business climate or market price of a long-lived assets;
- An adverse change in the extent or manner in which a long-lived assets is used or in its physical condition; or
- Current operating losses for long-lived assets or projected or forecasted losses that demonstrate that the losses will be continuing.

Revenue recognition

Revenue from sales of the Company s products is recognized when the significant risks and rewards of ownership have been transferred to the buyer, the sales price is fixed or determinable and collection is reasonably assured.

Advertising and research and development expenses

Advertising, research and development expenses are charged to expense as incurred.

Research and development expenses consist primarily of remuneration for research and development staff and material costs for research and development.

Stock-based compensation

The Company adopted the provisions of SFAS No. 123R, which requires the use of the fair value method of accounting for share-based compensation. Under the fair value based method, compensation cost related to employee stock options or similar equity instruments which are equity-classified awards, is measured at the grant date based on the value of the award and is recognized over the requisite service period, which is usually the vesting period. SFAS 123R also requires measurement of cost of a liability-classified award based on its current fair value.

Government grant

Government grant income represents the cash receipt from the relevant government authorities for technical development. Such government grant is unconditional, non-refundable and without any restrictions on usage at the time of grant to and receipt by the Company. Government grant is recognized as income at the time when the approval documents are obtained from the relevant government authorities and when they are received.

4. Summary of significant accounting policies (Cont d)

Income taxes

The Company uses the asset and liability method of accounting for income taxes pursuant to SFAS No. 109 Accounting for Income Taxes . Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carry forwards 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.

Value Added Tax

All China-based enterprises are subject to a value added tax (VAT) imposed by the PRC government on their domestic product sales. The output VAT is charged to customers who purchase goods from the Company and the input VAT is paid when the Company purchases goods from its vendors. The input VAT can be offset against the output VAT. The VAT payable represents the input VAT less than the output VAT. The debit balance represents a credit against future collection of output VAT.

Comprehensive income

The Company has adopted SFAS No. 130, Reporting Comprehensive Income , which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Components of comprehensive income include net income and less foreign currency translation adjustments.

Foreign currency translation

The functional currency of the Company is RMB and RMB is not freely convertible into foreign currencies. The Company maintains its financial statements in the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet date. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchanges rates prevailing at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income for the respective periods.

For financial reporting purposes, the financial statements of the Company which are prepared using the functional currency have been translated into United States dollars. Assets and liabilities are translated at the exchange rates at the balance sheet dates and revenue and expenses are translated at the average exchange rates and stockholders equity is translated at historical exchange rates. Any translation adjustments resulting are not included in determining net income but are included in foreign exchange adjustment to other comprehensive income, a component of stockholders equity. The exchange rates in effect at September 30, 2010 and December 31, 2009 were RMB1 for $0.1492 and $0.1462 respectively. There is no significant fluctuation in exchange rate for the conversion of RMB to US dollars after the balance sheet date.

Fair value of financial instruments

The accounting standards regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires fair value disclosures of those financial instruments. This accounting standard defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. Current assets and current liabilities qualified as financial instruments and management believes their carrying amounts are a reasonable estimate of fair value because of

4. Summary of significant accounting policies (Cont d)

Fair value of financial instruments (Cont d)

the short period of time between the origination of such instruments and their expected realization and if applicable, their current interest rate is equivalent to interest rates currently available.

As of September 30, 2010, the carrying amounts of the Company s financial instruments, including cash and cash equivalents, trade and other receivables, trade, bills and other payables, short-term bank loans and loan from Lin Tan approximate their fair values due to the short-term maturity.

Basic and diluted earnings (loss) per share

The Company reports basic earnings (loss) per share in accordance with SFAS No. 128, Earnings Per Share . Basic earnings (loss) per share is computed using the weighted average number of shares outstanding during the periods presented. The weighted average number of shares of the Company represents the common stock outstanding during the reporting periods.

Diluted earnings (loss) per share is computed using the weighted average number of common shares outstanding during the periods plus the effect of dilutive securities outstanding during the periods.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Recently issued accounting pronouncements

Adoption of FASB Accounting Standards Codification

In June 2009, the FASB issued SFAS No. 168, " The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 ". This standard is now included in ASC Topic 105 and established only two levels of GAAP, authoritative and non-authoritative. The FASB Accounting Standards Codification (the "Codification") became the source of authoritative, non-governmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became non-authoritative. This standard is effective for financial statements for interim or annual reporting periods ending after September 15, 2009. Effective August 1, 2009, we adopted the new guidelines and numbering system prescribed by the Codification when referring to GAAP. The adoption had no impact on our consolidated financial condition, results of operations or cash flows.

Adoption of FASB ASC 805

Effective January 1, 2009, the Company adopted FASB ASC 805, Business Combinations. FASB ASC 805 changed accounting for acquisitions that close beginning in 2009. FASB ASC 805 extends its applicability to all transactions and other events in which one entity obtains control over one or more other businesses. It broadens the fair value measurement and recognition of assets acquired, liabilities assumed, and interests transferred as a result of business combinations. FASB ASC 805 expands on required disclosures to improve the statement users abilities to evaluate the nature and financial effects of business combinations. The adoption of FASB ASC 805 did not have a material impact on the Company s financial statements.

4. Summary of significant accounting policies (Cont   d)

Recently issued accounting pronouncements (Cont   d)

Adoption of FASB ASC 805-20