

OMNI USA INC
Form 8-K/A
January 23, 2006

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

FORM 8-K/A
(Amendment No. 1)

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): January 23, 2006 (December 29, 2005)

OMNI U.S.A., INC.

(Exact Name of Registrant as Specified in Charter)

Nevada

(State of Other Jurisdiction of Incorporation)

0-17493
(Commission File Number)

88-0237223
(I.R.S. Employer Identification Number)

2236 Rutherford Road, Suite 107 -
Carlsbad, California
(Address of Principal Executive Offices)

92008
(Zip Code)

(760) 929-7500

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

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SIGNATURE

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Press Release

Section 1 — Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On December 29, 2005, Omni U.S.A., Inc., a Nevada corporation (“we” or “Omni”), our wholly-owned subsidiary Omni Merger Sub, Inc., a Michigan corporation (“**Merger Sub**”), Jeffrey Daniel and Edward Daniel entered into an Agreement and Plan of Merger (the “**Merger Agreement**”) with Brendan Technologies, Inc., a Michigan corporation (“**Brendan**”), pursuant to which Merger Sub was merged with and into Brendan and Brendan became the surviving corporation in the merger and a wholly-owned subsidiary of Omni (the “**Merger**”). Brendan continued its corporate existence under the laws of the State of Michigan. The terms of the Merger were negotiated on an arm’s length basis between Omni and Brendan.

Concurrently with the merger, 4,754,709 shares of Brendan common stock outstanding immediately before the Merger were converted into 19,018,836 shares of Omni common stock, a four for one ratio. Also concurrently with the merger, (i) 4,679,053 shares of Omni common stock were issued to the holders of Brendan Senior and Bridge Notes totaling \$2,853,085 in aggregate principal and interest, a conversion rate of 1.64 shares per \$1.00 under such debt; (ii) 250,000 shares of Omni common stock were issued to another Brendan note holder in exchange for a note with a principal balance of \$125,000; and (iii) 900,000 shares of Omni common stock was issued to a consultant and as payment for outstanding indebtedness.

Common stock options and warrants exercisable into 973,500 shares of Brendan before the Merger are non exercisable for 3,894,000 common shares of Omni. The exercise price of the Omni stock options and warrants will be 25% of the exercise price of the Brendan stock options and warrants.

At the effective time of the merger, Omni appointed John Dunn II, Lowell Giffhorn, Theo Vermaelen and Steven Eisold to the Omni Board of Directors, and Jeffrey Daniel, Craig Daniel, Kevin Guan and Didi Duan resigned from the Omni Board of Directors. In addition, John Dunn II was appointed Chairman of the Board, President, Chief Executive Officer and Chief Technical Officer; Lowell Giffhorn was appointed Vice President and Chief Financial Officer; and George Dunn was appointed Vice President, Secretary and Chief Operating Officer of Omni. Jeffrey Daniel and Craig Daniel resigned from their positions as officers of Omni.

Concurrent with entering into the Merger Agreement, on December 29, 2005, we entered into a Stock Purchase Agreement (“**Stock Purchase Agreement**”) with Jeffrey K. Daniel, Craig L. Daniel and Edward Daniel (the “**Daniels**”) pursuant to which we sold to the Daniels all of the issued and outstanding shares of capital stock (the “**Subsidiary Shares**”) of Omni U.S.A., Inc., a Washington corporation (“**Omni-Washington**”) and Butler Products Corporation (“**Butler**”), each of which was previously a wholly-owned subsidiary, in exchange for a three-year promissory note due on December 29, 2008 in the amount of \$672,000 (the “**Promissory Note**”). The company has assigned the Promissory Note to third parties for an aggregate amount of \$400,000.

Prior to the transactions effected by the Stock Purchase Agreement and Merger Agreement, Omni-Washington and Butler constituted substantially all of our operations. Following the transactions effected by the Merger Agreement and the Stock Purchase Agreement, Brendan is now our sole wholly-owned subsidiary, and we conduct all our operations through Brendan.

The sale of the Subsidiary Shares occurred immediately after the Merger. The terms thereof were negotiated on an arm’s length basis between the Daniels and the Brendan representatives.

DESCRIPTION OF THE BUSINESS

Business Overview

Brendan was formed on November 1, 1997, under the laws of the State of Michigan as Brendan Technologies, Inc., and does business as Brendan Scientific Corporation. Through Brendan we design, develop and market computational analytical software products for the laboratory testing industry. Brendan's laboratory workflow and analysis software platform manages the raw, computed and analytical data in testing laboratories and in manufacturing.

Brendan evolved from the initial work of its founder John R. Dunn II, Ph.D., now our Chairman, President, Chief Executive Officer and Chief Technical Officer. Brendan's first commercialized product is StatLIA®, a software designed specifically for immunoassay testing. Since Dr. Dunn's early work on StatLIA® over nine years ago, StatLIA® has been developed with software engineers, mathematicians and laboratory professionals who specialize in laboratory testing. Over the past five years, StatLIA® has been used in laboratories, undergoing revisions and additions to further develop the product.

StatLIA®

Immunoassays, one of the world's largest and fastest growing testing technologies, is used to test for metabolites found in AIDS, hepatitis, cancer, environmental pollutants, side effects of new drugs and thousands of other biological and environmental substances. Immunoassays are a broadly applicable technology allowing low cost, rapid analysis through high throughput testing. Immunoassays are used extensively in pharmaceutical, hospital, clinical reference, academic and industrial research, environmental, agricultural, food processing and veterinarian laboratories throughout the world.

StatLIA® uses comprehensive statistics to directly or indirectly analyze the performance of each of the nine immunoassay components (label, tracer, antibody, buffer, incubation, separation, standards, controls and unknowns). StatLIA® stores a fixed set of stable reference assays which are statistically compared to a single assay or multiple assays to detect changes in reagents or incubation conditions. With a reference set of at least two assays, standard curve and control specimen parameters in today's assay are statistically compared to the same parameter in the reference assays to identify any statistically significant differences.

StatLIA® is intended to address the following:

- *Insufficient Quality* - Error rates in Immunoassay testing is estimated to be as high as 4%. Testing errors and the inability to directly locate error sources is costly and time consuming. We believe that StatLIA® will reduce the error rates and enhance the tester's ability to locate the error source.
- *Lack of Automation* - Immunoassay testing is very labor intensive due to many manual steps in the processing, tracking and analysis of the data produced. With high throughput testing becoming the industry norm, the data needs to be managed with even greater efficiency. We believe that StatLIA® will reduce such labor costs.
- *Regulatory Compliance* - Federal regulations are placing increasing demands for compliance with the Food and Drug Administration's ("FDA") quality assurance regulations. We believe that StatLIA® will meet the growing need for automated software that can assist laboratories in complying with the regulation.
- *Need for Better Data Management* - Improved technologies have allowed greater automation in Immunoassay testing, increasing throughput volumes but requiring better connectivity and standardization for the management of the data generated. We believe that StatLIA® will address the need for greater connectivity and standardization.

Brendan first targeted the immunoassay market with StatLIA® because it is a fragmented and large market that may allow Brendan to sell its software to testing equipment distributors and original equipment manufacturers (“OEMs”), and earn a share of business from large organizations.

Users of StatLIA® include device and reagent manufacturers, pharmaceutical companies, clinical diagnostic centers and government testing laboratories. Distributors of StatLIA® include device and reagent manufacturers and their distributors, as well as Brendan’s direct sales force.

Customer Base

Brendan has used most of its capital to date in the development of StatLIA® and the expansion of the program to encompass all of the differing immunoassay technologies and workflow configurations found in research and clinical laboratories. Existing customers who have used StatLIA® in laboratories include several large pharmaceutical companies, clinical diagnostic organizations, reagent manufacturers and research entities. This client base also serves as a source of revenue for additional instruments and workstations, and support and maintenance renewal fees.

Many of our institutional clients operate under rigorous FDA regulations, or the European equivalent, and the FDA requires that new software products be validated.

Strategy

Industry Analysis

Using data obtained from Morgan Stanley Dean Witter, Global Industry Analysts, and other published industry and marketing reports, and instrument manufacturer sales figures, we estimate this market to represent over \$1 billion in revenue and does not include the food processing, agricultural, veterinarian, or the rapidly expanding environmental immunoassay markets. This also does not include software applications for other technologies. According to the Health Industry Manufacturer’s Association, more than \$50 billion in medical devices, diagnostic products and health information systems are currently purchased annually in the United States and more than \$120 billion worldwide. This represents only the clinical market segment and not pharmaceutical, research, environmental and other segments.

Conventional laboratory software falls into two primary areas: laboratory management or instrumentation. Laboratory management software handles billing, report generation, and other administrative tasks. The software is not designed for complex technical computation. Software for the testing instruments operate as dedicated systems and is basically designed only to generate results. It is not designed for the complete statistical analysis and data management and record keeping requirements for pharmaceutical, clinical or research labs, nor is it designed to exist in a cooperative environment with other immunoassay instruments.

StatLIA® was introduced to meet this need, which we believe no other commercial software available meets. By using StatLIA® for their assay validation and documentation as well as standardizing on it as one uniform system throughout their organization, pharmaceutical companies may save substantial time and resources supplying the necessary documentation to get new drugs to market and clinical laboratories may increase productivity and reliability while reducing costs.

Market

We believe that through Brendan we have the opportunity to introduce a product to serve an under-served niche market: the software used in biomedical and non-biomedical testing laboratories. The testing industry generates more than \$100 billion in revenues each year to run tests for drug development, medical diagnostics and treatments, water and soil samples, infectious disease research, food contaminants, and numerous other health and industry-critical applications.

Brendan has focused on the analytical segment of the market. This is the computation, storage and analysis of the raw signal data generated by a testing instrument. However, the majority of the software used to analyze these tests is a part of the instrument software that is provided by the instrument manufacturer. These routines do not provide all of the capabilities and are not as extensive as the data currently computed by StatLIA®.

StatLIA® allows laboratories to interface all of their immunoassay testing instruments into one uniform system. As one system, as compared to the more common system using several isolated testing instruments, the StatLIA® system can be easily interfaced to Brendan's main database for reporting patient results and recording clinical trial data, among other processes. The system also integrates into a laboratory's network, so that multiple computers can be used to prepare, compute, analyze and report all assay data, thereby increasing workflow. StatLIA®'s superior quality control process not only determines the accuracy of the test more reliably than the software currently available, but also pinpoints the specific cause of a problem in a bad test, dramatically reducing laboratory downtime and reagent costs.

Competition

Almost all immunoassay software is produced and sold by manufacturers bundled with their instruments. These programs are included to stimulate sales of their instruments and are not usually marketed as stand-alone products. Conventional laboratory software falls into two primary areas: laboratory management or instrumentation functionality. Laboratory management software handles billing, report generation and other administrative tasks. The software is not designed for complex technical computation. On the other hand, software for testing instruments operates as a dedicated system and is designed primarily to generate testing data. This software has limitations meeting the complete statistical analysis, data management, data utilization and record keeping demands of pharmaceutical, clinical or research labs, nor is it designed to exist in a cooperative environment with other testing instruments.

Prior to Brendan, we believe that no company has focused as extensively on the gap between instrument operational software and administrative LIM software. Brendan has worked with several industry-leading labs to develop StatLIA® and we believe that StatLIA® is a unique software product that surpasses any software currently available for this market.

To date, the majority of StatLIA® sales have been replacing existing OEM software on testing equipment. This software, bundled with the instruments, is Brendan's current main competition.

Existing equipment-specific software include Softmax, used for Molecular Device's microplate readers and KC4 used for BioTek Instrument's microplate readers. We believe instrument manufacturers are excellent prospects for distribution agreements to incorporate or bundle our software with their instruments.

Employees

Brendan currently has eight full time employees, one contract programmer, and three part time employees. Brendan has entered Employment Agreements with certain of its employees.

In November 2004, we entered into an employment agreement with our Chairman, President and Chief Executive Officer, John Dunn II, which expires on November 1, 2011. The employment agreement provides for an annual salary of \$108,000. The agreement also provides that we may terminate the agreement with 30 days written notice if termination is without cause. Our obligation would be to pay Dr. Dunn monthly payments equal to his base salary for 24 months. In addition, all of Dr. Dunn's options would immediately vest. The agreement also provides that Dr. Dunn can terminate employment if we merge with or consolidates with another entity, or we are subject in any way to a transfer of a substantial amount of our assets, resulting in the assets, business or operations of ours being controlled by an entity or individual other than Brendan.

In November 2004, we entered into an employment agreement with our Vice President of Marketing and Chief Operating Officer, George Dunn, which expires on November 1, 2011. The employment agreement provides for an annual salary of \$96,000. The agreement also provides that we may terminate the agreement with 30 days written notice if termination is without cause. Our obligation would be to pay Mr. Dunn monthly payments equal to his base salary for 24 months. In addition, all of Mr. Dunn's options would immediately vest. The agreement also provides that Mr. Dunn can terminate employment if we merge with or consolidates with another entity, or we are subject in any way to a transfer of a substantial amount of our assets, resulting in the assets, business or operations of ours being controlled by an entity or individual other than Brendan.

Section 2 — Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets

On December 29, 2005, Omni completed the acquisition of all of the capital stock of Brendan pursuant to the Merger Agreement and completed the disposition of all the shares of capital stock of Omni-Washington and Butler pursuant to the Stock Purchase Agreement. Please see the disclosures regarding the Merger Agreement and the Stock Purchase Agreement and the transactions contemplated thereby in Item 1.01 above, which is hereby incorporated into this Item 2.01 by reference.

Section 3 — Securities and Trading Markets

Item 3.02 Unregistered Sales of Equity Securities

On December 29, 2005, Omni issued 24,847,889 shares of common stock to the previous shareholders, noteholders and certain other persons. In addition, Omni issued stock options and warrants exercisable for up to 3,894,000 shares of common stock to employees, directors and consultants of Brendan. The issuance of the stock, stock options, and warrants was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereunder.

The following table indicates the individuals, number of common shares issued, and the percentage of total common shares outstanding that were issued as a result of the Merger Agreement on December 29, 2005:

Shareholder	Number of Common Shares Issued	% of total outstanding shares
John R. Dunn II	4,880,000	18.7%
Robert L. Tabor	4,730,589	18.1%
Robert Kirk	2,049,658	7.9%
Massoud Kharrazian	1,487,136	5.7%
George P. Dunn	1,416,000	5.4%
Danny Wu	1,066,664	4.1%
Theo Vermaelen	654,359	2.5%
Stephen Eisold	599,494	2.3%
David Dean Wade	400,000	1.5%
Gretchen A. Decker	400,000	1.5%
Kenneth H. Swartz	400,000	1.5%
Michael J. Fitzpatrick	400,000	1.5%
Robert H. Lane	400,000	1.5%
Bjorn J. Steinholt	320,000	1.2%
Robert E. Dettle	293,449	1.1%
Liberta Ltd.	266,664	1.0%
As a group less than 1%	5,083,876	19.5%

Section 4 — Matters Related to Accountants and Financial Statements

Item 4.01. Changes in Registrant's Certifying Accountant

On December 29, 2005, Omni completed the acquisition of substantially all the assets of Brendan pursuant to the Merger Agreement and completed the disposition of substantially all the assets of Omni-Washington and Butler pursuant to the Stock Purchase Agreement. On December 29, 2005, Omni provided notice to Harper & Pearson Company (“**Harper & Pearson**”) that they were being dismissed effective December 29, 2005, as Omni’s independent registered accounting firm. Harper & Pearson’s reports on the consolidated financial statements of Omni and its subsidiaries for the two most recent fiscal years ended June 30, 2005, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

On December 29, 2005, the Board of Directors of Omni, upon recommendation of its Audit Committee, elected to engage Farber & Hass LLP (“**Farber & Hass**”) to serve as Omni’s independent registered accounting firm. On December 29, 2005, Omni was informed that it had been accepted as a client of Farber & Hass.

During the Company's two most recent fiscal years ended June 30, 2005 and the subsequent interim period through December 29, 2005, there were no disagreements between Omni and Harper & Pearson on any matter of accounting

principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Harper & Pearson's satisfaction, would have caused them to make reference to the subject matter of the disagreement in their reports on the financial statements for such years.

Omni has authorized Harper & Pearson to respond fully to the inquiries of Farber & Hass concerning the subject matter of the reportable event and has provided Harper & Pearson with a copy of the foregoing disclosures. Attached to the Company's report of Form 8K filed on January 5, 2005 as Exhibit 16.1 was a copy of Harper & Pearson's letter, dated January 4, 2006, stating its agreement with the statements related to it.

During Omni's two most recent fiscal years ended June 30, 2005, and the subsequent interim period through December 29, 2005, Omni did not consult Farber & Hass with respect to the application of accounting principles to a specific transaction, either completed or contemplated, or the type of audit opinion that might be rendered on Omni's consolidated financial statements, or any other matters of reportable events as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-B.

In addition, on December 29, 2005, Brendan provided notice to Singer Lewak Greenbaum & Goldstein LLP (“SLGG”) that they were being dismissed effective December 29, 2005, as Brendan’s independent registered accounting firm. SLGG’s reports on the consolidated financial statements of Brendan and its subsidiaries for the two most recent fiscal years ended December 31, 2004, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except only that their reports for the two years ended December 31, 2003 and 2004 were modified as to an uncertainty regarding Brendan’s ability to continue as a going concern.

On December 29, 2005, the Board of Directors of Brendan, upon recommendation of its Audit Committee, elected to engage Farber & Hass to serve as Brendan’s independent registered accounting firm. On December 29, 2005, Brendan was informed that it had been accepted as a client of Farber & Hass.

During Brendan’s two most recent years ended December 31, 2004, and the subsequent interim period through December 29, 2005, there were no disagreements between Brendan and SLGG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to SLGG’s satisfaction, would have caused them to make reference to the subject matter of the disagreement in their reports on the financial statements for such years.

Brendan has authorized SLGG to respond fully to the inquiries of Farber & Hass concerning the subject matter of the reportable event and has provided SLGG with a copy of the foregoing disclosures. Attached as Exhibit 16.2 is a copy of SLGG’s letter, dated January 19, 2006, stating its agreement with the statements related to it.

During Brendan’s two most recent fiscal years ended December 31, 2004, and the subsequent interim period through December 29, 2005, Brendan did not consult Farber & Hass with respect to the application of accounting principles to a specific transaction, either completed or contemplated, or the type of audit opinion that might be rendered on Brendan’s consolidated financial statements, or any other matters of reportable events as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-B.

Section 5 — Corporate Governance and Management

Item 5.01. Changes in Control of Registrant

On December 29, 2005, Omni completed the acquisition of all of the capital stock of Brendan pursuant to the Merger Agreement and completed the disposition of all of the capital stock of Omni-Washington and Butler pursuant to the Stock Purchase Agreement. As a result of these transactions and the issuance of common stock to the shareholders, noteholders and certain other persons, there was a change in control of Omni. Please see the disclosures regarding the Merger Agreement and the Stock Purchase Agreement and the transactions contemplated thereby in Item 1.01 above, which is hereby incorporated into this Item 5.01 by reference.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On December 29, 2005, Omni completed the acquisition of all of the capital stock of Brendan pursuant to the Merger Agreement and completed the disposition of all of the capital stock of Omni-Washington and Butler pursuant to the Stock Purchase Agreement. As a result of these transactions, new directors and officers were appointed to fulfill vacancies provided by the resignation of the officers and directors of Omni. Please see the disclosures regarding the Merger Agreement and the Stock Purchase Agreement and the transactions contemplated thereby in Item 1.01 above, which is hereby incorporated into this Item 5.02 by reference.

MANAGEMENT

Directors and Executive Officers

Our directors and executive officers are as follows:

Name	Age	Position
John R. Dunn II	55	Chairman, Chief Executive Officer, President, and Director
George Dunn	48	Secretary, Chief Operating Officer
Lowell W. Giffhorn	58	Treasurer, Chief Financial Officer and Director
Theo Vermaelen	52	Director
Stephen Eisold	59	Director

The business experience of each of our executive officers and directors is set forth below.

John R. Dunn II is the founder of Brendan and has served as the Chairman, Chief Executive Officer, President and Director of Brendan since 1997. Dr. Dunn has had extensive experience in hospital and clinical laboratories, including bio-science laboratories. He has set up and run a reference laboratory specializing in immunoassays and been a consultant in immunoassay development and statistics for several clinical and hospital laboratories. Dr. Dunn obtained a Ph.D. in Biology from Wayne State University, Detroit, MI, in 1987 and he obtained a B.S. in Biology from Wayne State University in 1974.

George Dunn has served as the Vice President of Marketing for Brendan since 1997 and as Chief Operating Officer of Brendan since 2002. Mr. Dunn has extensive experience in marketing and sales and the implementation of strategic plans, market segment analysis, promotions, sales and sales support and customer support. Mr. Dunn has been in the laboratory testing market for 15 years. Mr. Dunn received his B.A. in Journalism from Michigan State University in 1982.

Lowell W. Giffhorn has served as our Chief Financial Officer since October 2005. Since July 2005, Mr. Giffhorn also serves as the Chief Financial Officer of Imagenetix, Inc., a publicly held nutritional supplement company. Mr. Giffhorn was the Chief Financial Officer of Patriot Scientific Corp., a publicly held semiconductor and intellectual property company, from May 1997 to June 2005 and has been a member of its Board of Directors since August 1999. From June 1992 to August 1996 and from September 1987 to June 1990 he was the CFO of Sym-Tek Systems, Inc. and Vice President of Finance for its successor, Sym-Tek Inc., a supplier of capital equipment to the semiconductor industry. Mr. Giffhorn obtained a M.B.A. degree from National University in 1975 and he obtained a B.S. in Accountancy from the University of Illinois in 1969. Mr. Giffhorn is also a director and chairman of the audit committee of DND Technologies, Inc., a publicly held company.

Theo Vermaelen has served as a Director since December 2005. Since 2001, Dr. Vermaelen has been the Schrodgers Chaired Professor of International Finance and Asset Management at INSEAD, a business school with campuses in Fontainebleau, France and Singapore. From 1998 to 2003, Dr. Vermaelen was portfolio manager of the KBC equity buyback fund. Dr. Vermaelen has taught at the University of British Columbia, the Catholic University of Leuven, London Business School, UCLA, the University of Chicago, and Maastricht University. He is the co-author of the Journal of Empirical Finance. He is also a consultant to various corporations and government agencies and Program Director of the Amsterdam Institute of Finance, a training institute for investment bankers and other financial professionals. Dr. Vermaelen obtained his M.B.A. in 1976 and Ph.D. in Finance in 1980 from the Graduate School of Business, University of Chicago.

Stephen C. Eisold has served as a Director since December 2005. From February 2001 to November 2005, Mr. Eisold was the Chief Executive Officer of Brendan. From 1998 to 2001, Mr. Eisold was the Chief Executive Officer at Axiom Biotechnologies, Inc. From 1996 to 1998, Mr. Eisold was the Executive

	\$5,418,076	\$1,979,330
Comprehensive income		

Net Income

\$5,418,076 \$1,979,330

Other Comprehensive Income

Foreign currency translation adjustment

22,220 (15,629)

Total comprehensive income

\$5,440,296 \$1,963,701

EPS

Basic and diluted net income (loss) per share:
0.27

Weighted average number of basic and diluted shares outstanding	0.10
	20,000,000
	20,000,000

The accompanying notes are an integrated part of these consolidated financial statements

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AIVtech International Group Co.
 CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
 FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009

	2010 (Unaudited)	2009 (Unaudited)
Sales, net	\$ 9,536,238	\$ 7,916,721
Cost of sales	(7,142,115)	(5,777,459)
Gross profit	2,394,123	2,139,262
Operating income/(expenses)		
Selling, general and administrative expenses	(477,982)	(552,352)
Income from Operations	1,916,142	1,586,910
Other income/(expenses)		
Interest expense	(6,327)	422
Profit before income tax	1,917,024	1,587,332
Income taxes		
Net income before Minority interest	(240,538)	(158,734)
	1,676,486	1,428,599
Minority interest	(56,951)	-
Net income	\$ 1,619,535	\$ 1,428,599
Comprehensive income		
Net Income	\$ 1,619,535	\$ 1,428,599
Other Comprehensive Income		
Foreign currency translation adjustment	25,566	(32,759)
Total comprehensive income	\$ 1,645,101	\$ 1,395,840
EPS		
Basic and diluted net income (loss) per share:	0.08	0.07
Weighted average number of basic and diluted shares outstanding	\$ 20,000,000	\$ 20,000,000

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 FOR THE SIX MONTHS ENDED JUNE 30, 2010

	Common Stock	Accumulated Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Loss)	Statutory Reserve	Additional Paid-in Capital	Total Equity
Balance, January 1, 2010	\$20,000	\$ (132,007)	\$ 386,710	\$346,990	\$621,916	\$1,243,609
Net income		5,418,076				5,418,076
Foreign currency translation adjustments			22,220			22,220
Balance, June 30, 2010	\$20,000	\$ 5,286,068	\$ 408,930	\$346,990	\$621,917	\$6,683,905
Balance, January 1, 2009	\$20,000	\$ 5,569,893	\$ 399,049	\$346,990	\$621,916	\$6,957,848
Dividends declared		(13,177,831)				(13,177,831)
Net income		7,475,931				7,475,931
Foreign currency translation adjustments			(12,339)			(12,339)
Balance, December 31, 2009	\$20,000	\$ (132,007)	\$ 386,710	\$346,990	\$621,916	\$1,243,609

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

CASH FLOWS FROM OPERATING ACTIVITIES	2010 (Unaudited)	2009 (Unaudited)
Net income	\$5,418,076	\$1,979,330
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation	82,441	69,198
Net income attributed to minority interest	134,431	-
Changes in assets and liabilities provided/(used) cash :		
Accounts receivable	(1,827,851)	(2,347,253)
Other receivable	(149,869)	(69)
Due from related party	-	1,523
Due to related party	(18,516)	(732)
Inventories	3,337,340	(5,611,234)
Accounts payable and accrued expenses	(2,928,884)	1,475,782
Other payables	48,006	2,179,599
Income tax payable	6,868	158,544
Net cash provided by operating activities	4,102,041	(2,095,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(138,619)	(72,160)
Net cash used in investing activities	(138,619)	(72,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition in short-term loan	737,307	-
Dividends paid	(4,400,634)	-
Net cash used in financing activities	(3,663,327)	-
Effect of exchange rate changes on cash and cash equivalents	22,220	(15,628)
Net change in cash and cash equivalents	322,314	(2,183,099)
Cash and cash equivalents, beginning of period	3,605,741	2,443,464
Cash and cash equivalents, end of period	\$3,928,055	\$260,365
SUPPLEMENTAL DISCLOSURES:		
Income taxes paid	\$744,108	\$61,381
Interest paid	\$6,327	\$-

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - ORGANIZATION

The Company is engaged in manufacturing casual furniture audio series, multimedia speakers, and LED.

AIVtech International Group Co., formerly known as Ecochild, Inc. (the “Company”) was incorporated under the laws of the State of Nevada on December 18, 2007. On May 12, 2010, the Company completed a share exchange transaction with AIVtech Holding (Hong Kong) Limited (“AIVtech”) and its shareholders that resulted in AIVtech becoming a wholly-owned subsidiary. The share exchange transaction was accounted for as a reverse acquisition and recapitalization and, as a result, the consolidated financial statements of the Company (the legal acquirer) will, in substance, be those of AIVtech (the accounting acquirer), with the assets and liabilities, and revenues and expenses, of the Company being included effective from the date of the share exchange transaction.

AIVtech owns 100% of ShenZhen AIV Electronics Company Limited (“Shenzhen AIVtech”), and ShenZhen AIVtech owns 70% of DongGuan AIV Electronics Company Limited (“Dongguan AIVtech”). Pursuant to the Exchange Agreement, AIVtech became a wholly-owned subsidiary of the Company, and the Company own 100% of ShenZhen AIVtech through AIVtech, and 70% of DongGuan AIVtech through ShenZhen AIVtech.

AIVTech (H.K.) Co., Ltd was incorporated on November 4, 2005 under the laws of Hong Kong, is a holding company with subsidiaries engaged in manufacturing casual furniture audio series, multimedia speakers, and LED Shenzhen AIV Electronics Co., Ltd was incorporated on April 9, 2009 under the laws of the People’s Republic of China. Dongguan AIV Electronics Co., Ltd was organized in December of 2009 under the laws of the Peoples Republic of China (PRC). Collectively these corporations are referred to herein as the Company.

As of June 30, 2010, the Subsidiaries of the Company are as follows:

AIVTech
International
Group Co.

100%

AIVTech Holding
(H.K.) Co., Ltd

100%

Shenzhen AIV
Electronics Co., Ltd

70%

Dongguan AIV
Electronics Co., Ltd

30%

Guo Jinlin

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These consolidated financial statements have been prepared on a historical pro-forma basis.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and represent the pro forma historical results of the consolidated group. The Company's functional currency is the Chinese Renminbi, however the accompanying unaudited condensed consolidated financial statements have been translated and presented in United States Dollars.

Translation Adjustment

As of June 30, 2010 and December 31, 2009, the accounts of AIVTech International Group Co., AIVTech Holding (H.K.) Limited, Shenzhen AIV Electronics Co., Ltd, and Dongguan AIV Electronics Co., Ltd were maintained, and its financial statements were expressed, in Chinese Yuan Renminbi (CNY). Such financial statements were translated into U.S. Dollars (USD) in accordance with the Foreign Currency Matters Topic of the FASB Accounting Standards Codification ("ASC 830") with the CNY as the functional currency. According to the Statement, all assets and liabilities were translated at the current exchange rate, stockholders equity was translated at the historical rates and income statement items are translated at the average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with the Comprehensive Income Topic of the FASB Accounting Standard Codification ("ASC 220"). Transaction gains and losses are reflected in the income statement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of AIVTech International Group Co. and its subsidiaries, AIVTech Holding (H.K.) Limited, Shenzhen AIV Electronics Co., Ltd., and Dongguan AIV Electronics Co., Ltd, collectively referred to herein as the Company. All intercompany transactions and accounts have been eliminated in consolidation.

Risks and Uncertainties

The Company is subject to substantial risks from, among other things, intense competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, limited operating history, foreign currency exchange rates and the volatility of public markets.

Contingencies

Certain conditions may exist as of the date the financial statements are issued. These conditions may result in a future loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed. There was no contingent liability requiring a provision for losses at June 30, 2010.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable on a consolidated basis consist principally of amounts due from trade customers. Credit is extended based on an evaluation of the customer's financial condition and collateral is not generally required. Certain credit sales are made to industries that are subject to cyclical economic changes.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its clients to make required payments are to cover potential credit losses. Estimates are based on historical collection experience, current trends, credit policy and relationship between accounts receivable and revenues. In determining these estimates, the Company examines historical write-offs of its receivables and reviews each client's account to identify any specific customer collection issues. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances might be required. The Company's failure to accurately estimate the losses for doubtful accounts and ensure that payments are received on a timely basis could have a material adverse effect on its business, financial condition, and results of operations.

Allowance for doubtful accounts amounted to \$-0- and \$-0- as of June 30, 2010 and December 31, 2009, respectively.

Property, Plant & Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and include expenditures for additions and major improvements. Maintenance and repairs are charged to operations as incurred while additions, renewals and betterments are capitalized. When property, plant and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets.

1 0

Machinery years
 O f f i c e 5 years
 Furniture &
 Equipments
 M o t o r 5 years
 vehicles

As of June 30, 2010 and December 31, 2009, Property, Plant & Equipment of consist of the following:

	June 30, 2010	December 31, 2009
Machinery	\$ 1,217,299	\$ 1,080,370
Office Furniture & Equipments	116,838	115,148
Motor vehicles	172,835	172,835
	1,506,972	1,368,353
Accumulated depreciation	(435,224)	(352,783)
Property and equipment, net	\$ 1,071,748	\$ 1,015,570

Depreciation expense for the years ended June 30, 2010 and 2009 was \$82,441 and \$69,198, respectively.

Long-Lived Assets

Effective January 1, 2002, the Company adopted the Property, Plant, and Equipment Topic of the FASB Accounting Standards Codification (“ASC 360”), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, “Reporting the Results of Operations for a Disposal of a Segment of a Business.” The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with ASC 360, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of June 30, 2010, there were no significant impairments of its long-lived assets.

Fair Value of Financial Instruments

FASB Accounting Standards Codification Topic on Fair Value Measurements and Disclosures (“ASC 820”) requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

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Stock-Based Compensation

The company accounted for stock-based compensation in accordance with SFAS No. 123(R), Share-Based Payment. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating expected dividends. In addition, judgment is also required in estimating the amount of stock-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be impacted. SFAS No. 123(R) was superseded by the Compensation – Stock Compensation Topic of the FASB Accounting Standards Codification (“ASC 718”).

Revenue Recognition

The Company’s revenue recognition policies are in compliance with FASB Accounting Standards Codification Topic on Revenue Recognition (“ASC 605”). Revenue is recognized at the date the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising

Advertising expenses consist primarily of costs of promotion for corporate image and product marketing and costs of direct advertising. The Company expenses all advertising costs as incurred. Advertising costs were \$92,605 and \$155,049 for the six months ended June 30, 2010 and 2009, respectively.

Segment Reporting

ASC 280-10 (formerly, SFAS No. 131, “Disclosure About Segments of and Enterprise and Related Information”), requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues, and its major customers. The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

Income Taxes

The Company utilizes FASB Accounting Standards Codification Topic on Income Taxes (“ASC 740”), which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. As of June 30, 2010 and December 31, 2009, there were no deferred taxes.

Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the Earnings Per Share Topic of the FASB Accounting Standards Codification (“ASC 260”). Net income per share for all periods presented has been restated to reflect the adoption of ASC 260. Basic net income per share is based upon the weighted average number of common shares outstanding. Diluted net income per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Statement of Cash Flows

In accordance with FASB Accounting Standards Codification Topic on Statement of Cash flows (“ASC 230”), cash flows from the Company’s operations are based upon the local currencies. As a result, amounts related to assets and

liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

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Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit-worthy financial institutions.

The Company has a diversified customer base, mostly located in China. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Recent Accounting Pronouncements

In February, 2007, FASB issued SFAS 159 ‘The Fair Value Option for Financial Assets and Financial Liabilities’ – Including an Amendment of FASB Statement No. 115. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is expected to expand the use of fair value measurement, which is consistent with the Board’s long-term measurement objectives for accounting for financial instruments. This statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, SFAS No 159 was superseded by the Financial Instruments Topic of FASB Accounting Standards Codification (“ASC 825”).

In December 2007, the FASB issued SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements” (“SFAS 160”). This Statement amends ARB 51 to establish accounting and reporting standards for the non-controlling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). SFAS No 160 was superseded by the Consolidation Topic of FASB Accounting Standards Codification (“ASC 810”) The Company adopted SFAS 160 on January 1, 2009. The adoption of this statement had no effect on the Company’s consolidated financial statements.

On May 8, 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 162, The Hierarchy of Generally Accepted Accounting Principles, which will provide framework for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. With the issuance of SFAS No. 162, the GAAP hierarchy for nongovernmental entities will move from auditing literature to accounting literature. SFAS No 162 was superseded by the General Accounting Principle Topic of FASB Accounting Standards Codification (“ASC 105”).

In June 2009, the FASB issued amended standards for determining whether to consolidate a variable interest entity. These amended standards eliminate a mandatory quantitative approach to determine whether a variable interest gives the entity a controlling financial interest in a variable interest entity in favor of a qualitatively focused analysis, and require an ongoing reassessment of whether an entity is the primary beneficiary. These amended standards are effective for us beginning in the first quarter of fiscal year 2010 and we are currently evaluating the impact that adoption will have on our consolidated financial statements.

In June 2009, the FASB issued ASC 855 (previously SFAS No. 165, Subsequent Events), which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. It is effective for interim and annual periods ending after June 15, 2009. There was no material impact upon the adoption of this standard on the Company's consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update ("ASU") 2009-05, which amends ASC Topic 820, Measuring Liabilities at Fair Value, which provides additional guidance on the measurement of liabilities at fair value. These amended standards clarify that in circumstances in which a quoted price in an active market for the identical liability is not available, we are required to use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, or quoted prices for similar liabilities when traded as assets. If these quoted prices are not available, we are required to use another valuation technique, such as an income approach or a market approach. These amended standards are effective for us beginning in the fourth quarter of fiscal year 2009. There was no material impact upon the adoption of this standard on the Company's consolidated financial statements.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 (ASU 2010-06), Fair Value Measurements and Disclosures which amends ASC Topic 820, adding new requirements for disclosures for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010 (the Company's fiscal year 2012); early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2009-14 on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company's present or future consolidated financial statements.

Note 3 - INVENTORIES

Inventories are stated at the lower of cost or market value. Management compares the cost of inventories with the market value and allowances are made for writing down their inventories to market value, if lower. The inventories are valued using weighted average method.

	June 30, 2010	December 31, 2009
Raw materials and supplies	\$ 186,230	\$ 2,830,746
Work in progress	1,447,675	2,141,035
Finished goods	102,191	101,655
Totals	\$ 1,736,096	\$ 5,073,436

Note 4 – DUE TO RELATED PARTY

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At June 30, 2010 and December 31, 2009 due to related party was \$10,736 and \$29,252, respectively, which were due to a shareholder.

Notes 5 – SHORT TERM LOANS

	6/30/2010	12/31/2009
Dongguan Shilong Industry Co., Ltd	\$737,307	\$-
	\$737,307	\$-

As of June 30, 2010, outstanding bank loan was comprised of:

Bank loans of \$737,307 with an annual interest rate of 5.4% was guaranteed by the former shareholders of Shenzhen AIV Electronics Co., Ltd.

Notes 6 – INCOME TAXES

The Company is subject to the Income Tax Laws of PRC. All of the provisions for the three and six month periods ended June 30, 2010 and 2009 pertain to PRC taxes. Pursuant to the PRC Income Tax Laws, the Enterprise Income Tax (“EIT”) is now at a statutory rate of 25% from January 1, 2008. On May 18, 2006 Shenzhen AIV Electronics Co., Ltd. received a special economic zone tax remission for two years and a subsequent half reduction for the three subsequent years, while DongGuan AIV Electronics Co., Ltd. was subject to statutory rate of 25%.

ASC 740, Accounting for Income Taxes (“ASC 740”), requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion more likely than will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent cumulative earnings experience and expectations of future taxable income by taxing jurisdiction, the carry-forward periods available to us for tax reporting purposes, and other relevant factors.

Effective January 1, 2007, we adopted the provisions of FASB Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes. ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The standard prescribes a recognition and measurement method for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

Based on a review of our tax positions, the Company was not required to record a liability for unrecognized tax benefits as a result of adopting ASC 740 on January 1, 2007. Further, there has been no change during the years ended June 30, 2010 and 2009. Accordingly, we have not accrued any interest and penalties through June 30, 2010.

Note 7 – COMMITMENTS

The Company leases facilities with expirations dates between December 2009 and December 2015. Rental expense for the six months ended June 30, 2010 and year ended 2009 was \$117,086 and \$4,840, respectively. The Company has future minimum lease obligations as of June 30, 2010 as follows:

2010	\$295,408
2011	\$414,656
2012	442,360
2013	449,286
2014	459,675
2015	115,785
Thereafter	-
Total	\$2,177,170

Note 8 - CONCENTRATIONS

The Company had top five customers who together accounted for approximately 86% of the Company's revenues for the six months ended June 30, 2010. Five customers accounted for approximately 87% of the Company's accounts receivable at June 30, 2010.

The Company had top five vendors who together accounted for approximately 54% of the Company's purchases for six months ended June 30, 2010. Five vendors accounted for approximately 52% of the Company's accounts payable at June 30, 2010.

Top five customers accounted for more than 83% of the Company's sales for the six months ending June 30, 2009. For the six months ending June 30, 2009, top five vendors accounted for approximately 58% of purchases.

Note 9 - OTHER COMPREHENSIVE INCOME

Balances of related after-tax components comprising accumulated other comprehensive income, included in stockholders equity, as of June 30, 2010 and December 31, 2009 are as follows:

	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive Income
Balance December 31, 2008	\$ 399,049	\$ 399,049
Changes for year ended December 31, 2009	(12,339)	(12,339)
Balance at December 31, 2009	386,710	386,710
Changes for the six months ended June 30, 2010	22,220	22,220
Balance at June 30, 2010	\$ 408,930	\$ 408,930

Note 10 – SUBSEQUENT EVENTS

For the six months ended June 30, 2010, the Company evaluated subsequent events for potential recognitions and disclosure from January 1, 2010 through August 10, 2010, the date the financial statements were available to be issued, and has not identified any additional subsequent events that required adjustment or disclosure, in these financial statements.

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

This quarterly report on Form 10-Q and other reports filed by the Company from time to time with the United States Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements (collectively the "Filings") and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan", or the neg of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009 filed with the SEC, and the Company's current report on Form 8-K filed with the SEC on May 14, 2010, relating to the Company's industry, the Company's operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report. Unless the context otherwise requires, the terms "we," the "Company," "us," or "AIVtech" refer to AIVtech International Group Co.

Unless otherwise indicated, all amounts herein are expressed in US Dollars.

Company Overview

On May 12, 2010, AIVtech International Group Co., formerly known as Ecochild, Inc. (the "Company" or "ECO") entered into a Share Exchange Agreement ("Exchange Agreement") by and among ECOH, AIVtech Holdings (Hong Kong) Limited ("AIVtech-HK"), and the shareholders of AIVtech-HK. The closing of the transaction (the "Closing") took place on May 12, 2010 (the "Closing Date"). On the Closing Date, pursuant to the terms of the Exchange Agreement, the Company acquired all of the outstanding shares of AIVtech-HK from the AIVtech-HK shareholders; and AIVtech-HK shareholders transferred and contributed all of their Interests to the Company. In exchange, the company (1) issued to the AIVtech-HK shareholders, their designees or assigns, an aggregate of 10,375,000 shares (the "Shares Component") or 51.88% of the shares of common stock of the Company issued and outstanding after the Closing (the "Share Exchange"), at \$0.005 per share; and (2) pay cash (the "Cash Component") of \$3,948,125 to the AIVtech-HK

shareholders. The Cash Component is payable within 12 months after the Closing as evidenced by the promissory note that is attached as an exhibit to the Exchange Agreement. The parties understand and acknowledge that such exchange is based upon an acquisition value of AIVtech-HK at US \$4,000,000, which is agreed and acceptable by all parties. In addition, Jie Zhang, the major shareholder of the Company before the Closing, transferred 1,770,000 shares to Jinlin Guo and 1,239,000 shares to Lanbin Ding, through Guo Jin Tong Investment (Hong Kong) Limited on July 13. Jinlin Guo and Lanbin Ding are the shareholders of AIVtech-HK, as well as the directors and officers of AIVtech-HK.

AIVtech-HK owns 100% of ShenZhen AIV Electronics Company Limited (“Shenzhen AIVtech”), and ShenZhen AIVtech owns 70% of DongGuan AIV Electronics Company Limited (“Dongguan AIVtech”). Pursuant to the Exchange Agreement, AIVtech-HK became a wholly-owned subsidiary of the Company, and the Company own 100% of ShenZhen AIVtech through AIVtech-HK, and 70% of DongGuan AIVtech through ShenZhen AIVtech.

The Company reports its operations under single segment which focus on the business of designing, manufacturing and selling electronic furniture, digital/multimedia speakers, and LCD/LED television.

Results of Operations

The following tables present certain information from the consolidated statement of operations of AIVtech International Group Co. for the three and six months ended June 30, 2010 and June 30, 2009.

	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JUNE 30 2009	%Change	
Sales, net	\$9,536,238	\$7,916,721	20	%
Cost of sales	(7,142,115)	(5,777,459)	24	%
Gross profit	2,394,123	2,139,262	12	%
Operating income/(expenses)				
Selling, general and administrative expenses	(477,982)	(552,352)	-13	%
Income from Operations	1,916,142	1,586,910	21	%
Other income/(expenses)	7,209	422	1608	%
Interest expense	(6,327)	-	-	
Profit before income tax	1,917,024	1,587,332	21	%
Income taxes	(240,538)	(158,734)	52	%
Net income before Minority interest	1,676,486	1,428,599	17	%
Minority interest	(56,951)	-	-	
Net income	\$1,619,535	\$1,428,599	13	%

Sales

Presently, the Company’s products can be divided into three categories: casual furniture audio, multi-media speakers and LEDTV. And furniture audio is the leading selling product of the Company. Sales for the three months ended June 30, 2010 totaled \$9,536,238 compared to \$7,916,721 for the three months ended June 30, 2009, an increase of \$1,619,517, or approximately 20%. Sales for the six months ended June 30, 2010 totaled \$28,682,405 compared to \$11,801,267 for the six months ended June 30, 2009, an increase of \$16,881,138 or approximately 143%. These increases are attributable to contracts with new customers and great volume on sales. The details are as followings:

1) the leading product of furniture audio is irreplaceable in the existing market, and it's not easy for other companies to copy their products ; 2) the new product of LED TV was sold from June of 2010; 3) the multi-media industry has expanded very well since the year end of 2008. Pearl River Delta is the global production base for multi-media products. However, affected by the global economic crisis, about 60% of similar multi-media products manufactures went bankrupt, then, the chance was brought to the rest of surviving manufactures like AIVtech. When economic recovery, the order demands were sharply increased.

Gross Profit

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The Company's gross profit for the three months ended June 30, 2010 was \$ 2,394,123 (or 25% of revenue) compared to \$ 2,139,262 (or 27% of revenue) for the three months ended June 30, 2009. The gross profit for the six months ended June 30, 2010 was \$ 7,455,436 (or 26% of revenue) compared to \$3,187,276 (or 27% of revenue) for the six months ended June 30, 2009. No great change on gross profit margin. That's because the management determine to maintain the stable gross profit rate with 27% approximately.

Selling, General and Administrative Expense

Selling, general and administrative expense for the three months ended June 30, 2010 reflected decreases of \$74,370, or approximately 13% from the comparable 2009 periods. These decreases are due to lower advertising and research and development expense. The Company didn't do more promotion, and researching including development and inspection of mold, for the products since the Company determine to maintain the existing types of products and sales grow steadily.

Selling, general and administrative expense for the six months ended June 30, 2010 increased \$162,772, or approximately 16%, from the comparable 2009 periods. The increases are due to payroll and consulting expense.

Other Income

Other income was \$7,209 for the three and six month periods ended June 30, 2010 compared to \$422 and \$2,044 for the three and six month periods ended June 30, 2009. The increase was due to additional interest income.

Interest Expense

Interest expense was \$6,327 for the three and six month periods ended June 30, 2010. These increases mainly result from the additional bank loan in 2010 incurred to support the increased working capital.

Provision for Income Taxes

The Company is subject to the income tax laws of the People's Republic of China ("PRC"). The PRC's Enterprise Income Tax is now at a statutory rate of 25% from January 1, 2008. But the subsidiary, on May 18, 2006 Shenzhen AIV Electronics Co., Ltd. received a special economic zone tax remission for two years and a subsequent half reduction for the three subsequent years and implement income tax rate of 11%. For the three and six month periods ending June 30, 2010, the Company accrued \$240,538 and \$750,976 in income taxes, representing 13% and 12% of its pre-tax income, respectively.

Net Income

Net income was \$1,619,535 for the three months ended June 30, 2010, compared to net income of \$1,428,599 for the three months ending June 30, 2009. Net income was \$5,418,076 for the six months ended June 30, 2010, compared to net income of \$1,979,330 for the comparable 2009 period. This improvement reflects the increased revenue discussed above.

Liquidity and Capital Resources

At June 30, 2010, cash and cash equivalents were \$3,928,055 as compared to \$3,605,741 at December 31, 2009. Current assets totaled \$9,724,080, and current liabilities were \$3,538,228. The components of the \$322,314 increase of cash and cash equivalents are reflected below.

Cash Flow

	Six months ended June 30,2010	Six months ended June 30, 2009
Net cash provided (used) by operating activities	\$ 4,102,041	\$ (2,095,311)
Net cash used by investing activities	(138,619)	(72,160)
Net cash (used)/provided by financing activities	(3,663,327)	(0)
Effects of exchange rates on cash	22,220	(15,628)
Net change in cash and cash equivalents	\$ 322,314	\$ (2,183,099)

Net Cash Provided by Operating Activities

For the six months ended June 30, 2010, we had positive cash flow from operating activities of \$4,102,041, primarily attributable to decrease in inventory of \$3,337,340, while offset the increase in accounts receivable with \$1,827,851, and a decrease in accounts payable with \$ 2,928, 884. For the six months ended June 30, 2009, we had negative cash flow from operating activities of \$2,095,311, primarily attributable to the increase in inventory of \$5,611,234 and accounts receivable of \$2,347,253, while offset the increase of accounts payable with \$1,475,782 and other payables with \$2,179,599.

Net Cash Used by Investing Activities

There were no significant needs for plant and facility expansion for the six months ended June 30, 2010 and thus only \$138,619 of cash was used in investing activities

Net Cash Provided by Financing Activities

The Company financed cash flow by obtaining \$737,307 funding from net bank loans. Dividend paid with \$ 4,400,634 for the six months ended June 30, 2010, which resulted in the negative cash flow from financing activities of \$3,663,327.

We anticipate that our available funds and cash flows generated from operations will be sufficient to meet our anticipated on-going operating needs for the next twelve months. However, we may need to raise additional capital in order to fund acquisitions and any substantive expansion of our business operations. We would expect to raise those funds through credit facilities obtained from lending institutions, the issuance of equity, or a combination of both. However, there can be no guarantee that we will be able to obtain such funding, whether through the issuance of debt or equity, on terms satisfactory to management and our Board of Directors.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board issued guidance which expands the required disclosures about fair value measurements. This guidance requires disclosures about transfers of investments between levels in the fair value hierarchy and disclosures relating to the reconciliation of fair value measurements using significant unobservable inputs (level 3 investments). This guidance is effective for the Company as of January 1, 2011. The adoption of this guidance will not have a material impact on its financial condition or results of operations.

Certain other accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and have not yet been adopted by the Company. The impact on the Company's consolidated financial position and results of operations from adoption of these standards is not expected to be material.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet financing arrangements and have never established any special purpose entities.

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

(a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to our company, particularly during the period when this report was being prepared.

(b) Changes in Internal Control over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors previously disclosed in the Company's Form 8-K filed with the SEC on May 14, 2010.

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

Except as previously disclosed in the Company's Form 8-K filed with the SEC on May 14, 2010, there were no unregistered sales of Equity Securities and Use of Proceeds.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. (REMOVED AND RESERVED).

ITEM 5. OTHER INFORMATION.

There is no other Information required to be disclosed under this Item which was not previously disclosed.

ITEM 6. EXHIBITS.

Exhibit No.	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Principal Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

* filed herein.

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.

AIVTECH INTERNATIONAL GROUP CO.

Date: August 12, 2010

By: /s/ JinLin Guo
JinLin Guo
President, CEO and Chairman of the Board of
Directors

AIVTECH INTERNATIONAL GROUP CO.

Date: August 12, 2010

By: /s/ YiLin Shi
YiLin Shi
Principal Financing Accounting and Chief
Financial Officer