

10-Q 1 f10q0116_eternity.htm QUARTERLY REPORT

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

Form 10-Q

(Mark One)

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

For the quarterly period ended **January 31, 2016**

or

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

For the transition period from _____ to _____

Commission File Number **000-53376**

ETERNITY HEALTHCARE INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

75-3268426

(IRS Employer
Identification No.)

**8755 Ash Street, Suite 1, Vancouver, British Columbia,
Canada**

(Address of principal executive offices)

V6P 6T3

(Zip Code)

(855) 324-1110

(Registrant's telephone number, including area code)

N/A

(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

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

YES NO

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

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

YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

66,429,868 common shares issued and outstanding as of March 10, 2016.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
PART II – OTHER INFORMATION	21
Item 1. Legal Proceedings	21
Item 1A. Risk Factors	21
Item 2. Unregistered Sales of Equity Securities	21
Item 3. Defaults Upon Senior Securities	21
Item 4. Mining Safety Disclosures	21
Item 5. Other Information	21
Item 6. Exhibits	21
SIGNATURES	22

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The following unaudited interim consolidated financial statements of Eternity Healthcare Inc. for the nine month period ended January 31, 2016 are included with this Quarterly Report on Form 10-Q.

Eternity Healthcare Inc.
Consolidated Financial Statements
For the nine months ended January 31, 2016
(Expressed in U.S. Dollars)

Eternity Healthcare Inc.

Consolidated Balance Sheet

(Expressed in U.S. Dollars)

	January 31, 2016	April 30, 2015
	\$	\$
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	324,571	414,147
Short-term investments (Note 5)	427,422	501,838
Accounts receivable	-	1,166
Prepaid expenses	3,000	3,000
GST/HST receivable	1,271	1,191
Inventory (Note 6)	<u>8,697</u>	<u>33,710</u>
Total assets	<u><u>764,961</u></u>	<u><u>955,052</u></u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	130,771	150,989
Due to related parties (Note 7)	<u>964,374</u>	<u>921,227</u>
	<u><u>1,095,145</u></u>	<u><u>1,072,216</u></u>
Shareholders' equity (deficit)		
Capital stock (Note 8)		
Authorized		
300,000,000 common shares, par value \$ 0.001		
Issued and outstanding		
January 31, 2016 – 66,429,868 common shares		
April 30, 2015 – 66,429,868 common shares	66,430	66,430
Additional paid-in capital	1,539,591	1,539,591
Accumulated other comprehensive gain (loss)	56,770	(985)
Accumulated deficit	<u>(1,992,975)</u>	<u>(1,722,200)</u>
Total stockholders' (deficit)	<u><u>(330,184)</u></u>	<u><u>(117,164)</u></u>
Total liabilities and stockholders' equity (deficit)	<u><u>764,961</u></u>	<u><u>955,052</u></u>

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

Eternity Healthcare Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. Dollars)

(Unaudited)

	For the three months ended January 31, 2016 \$	For the three months ended January 13, 2015 \$	For the nine months ended January 31, 2016 \$	For the nine months ended January 31, 2015 \$
Sales				
Product sales	38,861	4,020	70,549	47,508
Cost of goods sold	18,610	1,042	31,495	16,324
Gross margin	<u>20,251</u>	<u>2,978</u>	<u>39,054</u>	<u>31,184</u>
Operating Expenses				
General and administrative	6,208	31,849	57,503	91,334
Professional fees	10,299	20,048	28,671	55,940
Research and development	38,682	87,606	71,732	95,006
Salaries	43,165	45,643	117,372	222,732
Total operating expenses	<u>98,354</u>	<u>185,146</u>	<u>275,278</u>	<u>465,012</u>
Net loss for the period	<u>(78,103)</u>	<u>(182,168)</u>	<u>(236,224)</u>	<u>(433,838)</u>
Other items				
Interest expense	(13,191)	-	(37,604)	-
Interest income	720	1,671	3,053	3,235
	<u>(12,471)</u>	<u>1,671</u>	<u>(34,551)</u>	<u>3,235</u>
Net loss for the period	<u>(90,574)</u>	<u>(180,497)</u>	<u>(270,775)</u>	<u>(430,593)</u>
Comprehensive loss				
Net loss for the period	(90,574)	(180,497)	(270,775)	(430,593)
Foreign currency translation adjustments	31,932	27,811	57,755	33,904
Comprehensive loss for the period	<u>(58,642)</u>	<u>(152,686)</u>	<u>(213,020)</u>	<u>(396,689)</u>
Comprehensive loss per share - basic and diluted	<u>(0.001)</u>	<u>(0.002)</u>	<u>(0.003)</u>	<u>(0.006)</u>
Net loss per share - basic and diluted	<u>(0.001)</u>	<u>(0.002)</u>	<u>(0.004)</u>	<u>(0.006)</u>
Weighted average number of common shares Outstanding - basic and diluted	<u>66,429,868</u>	<u>66,429,868</u>	<u>66,429,868</u>	<u>66,354,977</u>

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

Eternity Healthcare Inc.

Consolidated Statements of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited)

	For the nine months ended January 31, 2016 \$	For the nine months ended January 31, 2015 \$
Operating activities		
Net loss for the period	(270,775)	(430,593)
Items not affecting cash		
Expenses paid on behalf of the Company by related parties	-	54
Stock options issued for services	-	29,942
Shares issued for services	-	9,100
Changes in operating assets and liabilities		
Inventory	20,651	(16,288)
Accounts payable and accrued liabilities	1,374	80,255
Accounts receivable	1,166	38
Accrued interest – related party	37,627	9,961
Interest receivable	2,378	(3,206)
GST/HST receivable	(269)	203
Net cash used in operating activities	<u>(207,488)</u>	<u>(320,534)</u>
Investing activities		
Short-term investments	-	(536,792)
Net cash used in investing activities	<u>-</u>	<u>(536,792)</u>
Financing activities		
Proceeds from related party payables	424,428	935,744
Repayments on related party payables	(274,316)	(5,889)
Net cash provided by financing activities	<u>150,112</u>	<u>929,855</u>
Effect of exchange rate changes on cash	<u>(32,200)</u>	<u>(37,057)</u>
Increase (decrease) in cash	(89,576)	35,472
Cash, beginning of period	<u>414,147</u>	<u>403,603</u>
Cash, end of period	<u><u>324,571</u></u>	<u><u>439,075</u></u>

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

Eternity Healthcare Inc.

Notes to the Consolidated Financial Statements

January 31, 2016

(Expressed in U.S. Dollars)
(Unaudited)

1. Nature and continuance of operations

Eternity Healthcare Inc. (the "Company") was incorporated under the laws of the State of Nevada on October 24, 2007 under the name Kid's Book Writer, Inc. On September 23, 2010, the Company changed its name to Eternity Healthcare Inc., and affected a reverse stock split of the issued and outstanding common stock at a factor of 10 old shares for 1 new share. The Company is focused on offering a range of medical devices and diagnostics.

On December 13, 2010, pursuant to the terms of a share exchange agreement, the Company acquired 100% of the issued and outstanding common stock of Eternity Healthcare Inc., a company incorporated under the laws of the Province of British Columbia on December 10, 2009 ("Eternity BC"), for 60,000,000 shares of its own common stock, which were distributed to the shareholders of Eternity BC (the "Share Exchange Agreement").

The Share Exchange Agreement, which represents a majority of the then issued and outstanding shares of the Company, constituted a change in control of the Company. The acquisition of Eternity BC was accounted for as a reverse acquisition in accordance with Accounting Standards Codification ("ASC") 805-40, "Business Combinations". The Company determined for accounting and reporting purposes that Eternity BC is the acquirer because of the significant holdings and influence of the control group of the Company before and after the acquisition. As a result of the transaction, Eternity BC shareholders own approximately 94.4% of issued and outstanding common stock of the Company on a diluted basis.

Accordingly, the assets and liabilities of Eternity BC are reported as historical costs and the historical results of operations of Eternity BC are reflected in this and future filings as a change in reporting entity. The assets and liabilities of the Company are reported at their carrying values, which approximate fair value, on the date of the acquisition and results of operations are reported from the date of acquisition of December 13, 2010. The transaction was accounted for as a recapitalization of Eternity BC and the issuance of stock by Eternity BC for the assets and liabilities of the Company.

On June 5, 2014 the Company registered to operate within the state of Arizona with the intention to take over operations within the United States from the Canadian subsidiary. Beginning January 1, 2016 the Company took over operations within the United States from Eternity Healthcare, Inc. (BC).

2. Condensed financial statements

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, result of operations, and cash flows at January 31, 2016, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 2015 audited financial statements. The results of operations for the period ended January 31, 2016 and 2015 are not necessarily indicative of the operating results for the full year.

Eternity Healthcare Inc.

Notes to the Consolidated Financial Statements

January 31, 2016

(Expressed in U.S. Dollars)

(Unaudited)

3. Going concern

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

The Company's consolidated financial statements as at January 31, 2016 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company has net loss of \$ 270,775 for the nine months ended January 31, 2016 (April 30, 2015 - \$ 507,492) and has a working capital deficit of \$ 330,184 as at January 31, 2016 (April 30, 2015 - \$ 117,164).

4. Significant accounting policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are expressed in U.S. dollars.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eternity Healthcare Inc. (BC). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventory

Inventory is stated at the lower of cost or market with cost determined under the weighted average cost method.

Revenue

Revenue is recorded at the point of sale and includes shipping revenue for the delivery to the purchaser. Total revenues do not include sales taxes as we serve as a pass-through conduit for collecting and remitting sales taxes. We recognize retail sales returns as they occur as historical returns have been negligible.

Eternity Healthcare Inc.

Notes to the Consolidated Financial Statements

January 31, 2016

(Expressed in U.S. Dollars)
(Unaudited)

4. Significant accounting policies - continued

Foreign currency translation

The Company's functional currency is the Canadian dollar and reporting currency is the U.S. dollar. All transactions initiated in other currencies are translated into the reporting currency in accordance with ASC 830, "Foreign Currency Matters" as follows:

- i) Assets and liabilities at the rate of exchange in effect at the balance sheet date; and
- ii) Revenue and expense items at rate of exchange at the dates on which those elements are recognized.

Gains and losses on translation are included in other comprehensive income (loss) in stockholders' deficiency for the period.

Financial instruments

Fair value

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and due to related parties approximate their fair values because of the short-term maturity of these financial instruments.

Interest rate risk

The company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounting receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and accounts receivable is remote.

Currency risk

The Company's operating expenses are primarily incurred in Canadian dollars, and fluctuation of the Canadian dollar in relation to the United States dollar will have an impact upon the profitability of the Company and may also have an effect of the value of the Company's. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk. At January 31, 2016 1 United States dollar was equal to 1.4080 Canadian dollars.

Basic and diluted net income (loss) per share

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As at January 31, 2016 there were outstanding stock options totaling 200,000 common shares (Note 9).

Eternity Healthcare Inc.

Notes to the Consolidated Financial Statements

January 31, 2016

(Expressed in U.S. Dollars)
(Unaudited)

4. Significant accounting policies - continued

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. 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. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Comprehensive loss

ASC 22, "Comprehensive Income", establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at January 31, 2016, the Company has items that represent a comprehensive income (loss) and, therefore, has included a schedule of comprehensive income (loss) in the financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Segments of an enterprise and related information

ASC 280, "Segment Reporting" establishes guidance for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. ASC 280 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has evaluated this Codification and does not believe it is applicable at this time.

Recently Enacted Accounting Standards

Our company does not expect the adoption of any other recent accounting pronouncements to have a material impact on its financial statements.

5. Short-term investment

On August 11, 2014 the Company invested \$600,000 CAD in a One Year Cashable Guaranteed Investment Certificate (GIC) term deposit. The investment had a one year term that matured on August 11, 2015 and bore interest at a rate of 1.26% per annum. Interest received in respect of this investment was \$7,560 CAD. On August 18, 2015 the Company reinvested the \$600,000 CAD principal in a One Year Cashable Guaranteed Investment Certificate (GIC) term deposit. The investment has a one year term that matures on August 18, 2016 and bears interest at a rate of 0.672%. The expected interest in respect of this investment is \$4,032. The Company has recognized \$3,053 USD in interest income from these investments for the nine month period ended January 31, 2016.

Eternity Healthcare Inc.

Notes to the Consolidated Financial Statements

January 31, 2016

(Expressed in U.S. Dollars)

(Unaudited)

6. Inventory

Inventory consists of needle free injection products that are held for resale. Inventory is stated at the lower of cost or market with cost determined under the weighted average cost method. As of January 31, 2016 and April 30, 2015 inventory consisted of the following:

	January 31, 2016	April 30, 2015
	\$	\$
Raw Material	-	-
Work in progress	-	-
Finished goods	8,697	33,710
Reserve for obsolescence	-	-
	<u>8,697</u>	<u>33,710</u>

7. Due to related parties and related party transactions

During the nine months ended January 31, 2016, the Company received an additional net amount of \$150,112 in cash loans from related parties of the Company. Total related party notes payable as of January 31, 2016 were \$ 964,374. This balance is interest bearing at 5% per year on the principle balance, unsecured and has no fixed terms of repayment. During the nine months ended January 31, 2016, the Company recorded interest expense of \$ 37,604 with regard to the outstanding related party loans.

8. Capital stock

Authorized

The total authorized capital is 300,000,000 common shares with a par value of \$ 0.001 per common share.

9. Stock options

During the fiscal year ended April 30, 2013, the Company granted 200,000 stock options for services. The fair value of the stock options granted were estimated on the date granted using the Black-Scholes pricing model, with the following assumptions used for the valuation: exercise price of \$0.55 per share, average risk-free interest rate of 0.79%, expected dividend yield of zero, expected lives of five years and an average expected volatility of 2.99%. During the nine months ended January 31, 2016 and 2015, the Company recognized expense of nil and \$ 8,669 related to options that vested, respectively.

During the nine-month period ended January 31, 2016, the Company issued no new stock options.

Eternity Healthcare Inc.
Notes to the Consolidated Financial Statements
January 31, 2016
(Expressed in U.S. Dollars)
(Unaudited)

9. **Stock options - continued**

A summary of the status of the Company's stock options and warrants as of January 31, 2016 is presented below:

	<u>Number of Shares</u>
Balance of stock options and warrants as at April 30, 2015	200,000
Warrants and options granted	-
Exercised, forfeited or expired	-
Outstanding at January 31, 2016	<u>200,000</u>
Exercisable at January 31, 2016	<u><u>200,000</u></u>

The following table summarizes information about the stock options and warrants as of January 31, 2016:

Exercise Prices	Options and Warrants Outstanding			Options and Warrants Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life(in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 0.80	200,000	1.96	\$ 0.80	200,000	\$ 0.80	

10. **Subsequent events**

In accordance with ASC 855, the Company's management has evaluated the subsequent events through the date the financial statements were issued and has found no subsequent events to report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report on Form 10-Q and other reports filed by our 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, our company's management as well as estimates and assumptions made our 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 negative of these terms and similar expressions as they relate to our company or our company's management identify forward-looking statements. Such statements reflect the current view of our 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 our company's Annual Report on Form 10-K for the fiscal year ended April 30, 2015, filed with the SEC, relating to our company's industry, our company's operations and plan of operations, and any businesses that our 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 we believe that the expectations reflected in the forward-looking statements are reasonable, our 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, our company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our interim consolidated 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 interim consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our interim consolidated 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 financial statements and notes thereto appearing elsewhere in this report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars unless otherwise state. All references to "common stock" refer to the common shares in our capital stock.

As used in this quarterly report, the terms, "we", "us", "our" and "our company" refer to Eternity Healthcare Inc. and our wholly owned subsidiary Eternity Health Care Inc., a Canadian Federal corporation, extra-provincially registered in British Columbia corporation, unless the context clearly requires or states otherwise.

General Overview

We were incorporated in the State of Nevada on October 24, 2007. On September 23, 2010, we changed our name to Eternity Healthcare Inc., and we effected a reverse split of our issued and outstanding common stock on a 10 old shares for 1 new share basis.

On December 13, 2010 we entered into and completed a share exchange agreement with Eternity Healthcare Inc., a British Columbia corporation, wherein we acquired Eternity BC as our wholly owned subsidiary and abandoned our former business to focus on the operations of Eternity BC.

On June 5, 2014 the Company registered to operate within the state of Arizona with the intention to take over operations within the United States from the Canadian subsidiary. Beginning January 1, 2016 the Company took over operations within the United States from Eternity Healthcare, Inc. (BC).

Our Current Business

We are a medical device company that, subject to government approval, plans to manufacture and market medical devices. Our first product marketed throughout the world was a needle-free injection system. The products marketed at present and those that we hope to market in the future differ from other current offerings by allowing ordinary people to perform injection of medication without the need for professionals.

On June 25, 2012, we entered into a marketing agreement to sell a device from Mika Medical Company of South Korea that does not require a needle for injection of medicine to the body. They provided us with the exclusive rights for this device throughout North America, Germany, France and Spain and non-exclusive rights for the world market. In 2015, we decided to bring our own needle-free injection device with superior technology and decided to market both products. We are currently the non-exclusive marketer of the Korean product.

Results of Operations for the Three and Nine Months Ended January 31, 2016 and 2015

The following summary of our results of operations should be read in conjunction with our unaudited interim consolidated financial statements for the quarter ended January 31, 2016 which are included herein.

Our operating results for the three and nine month periods ended January 31, 2016 and 2015 and the changes between those periods for the respective items are summarized as follows:

	Three Month Period Ended January 31, 2016	Three Month Period Ended January 31, 2015	Change Between Three Month Periods Ended January 31, 2015 and January 31, 2016
Product Sales	\$ 38,861	\$ 4,020	\$ 34,841
Cost of goods sold	\$ 18,610	\$ 1,042	\$ 17,568
Operating expenses	\$ 98,354	\$ 185,146	\$ (86,792)
Total other (income) expenses	\$ 12,471	\$ (1,671)	\$ 14,142
Net loss	\$ (90,574)	\$ (180,497)	\$ 89,923

Our expenses decreased during the three month period ended January 31, 2016 compared to the same period in 2015 primarily as a result of a decrease in salaries which was offset by an increase in research and development.

Our sales increased during the three month period ended January 31, 2016 compared to the same period in 2015 due to an increase in wholesale purchase orders.

	Nine Month Period Ended January 31, 2016	Nine Month Period Ended January 31, 2015	Change Between Nine Month Periods Ended January 31, 2015 and January 31, 2016
Product Sales	\$ 70,549	\$ 47,508	\$ 23,041
Cost of goods sold	\$ 31,495	\$ 16,324	\$ 15,171
Operating expenses	\$ 275,278	\$ 465,012	\$ (189,734)
Total other (income) expenses	\$ 34,551	\$ (3,235)	\$ 37,786

Net loss

\$ (270,775) \$ (430,593) \$ 159,818

Our expenses decreased during the nine month period ended January 31, 2016 compared to the same period in 2015 primarily as a result of a decrease in general and administrative expenses, salaries and professional fees.

Our sales increased during the nine month period ended January 31, 2016 compared to the same period in 2015 due to an increase in wholesale purchase orders.

Revenues

We have earned net revenues of \$38,861 for the three month period ended January 31, 2016 compared with \$4,020 for the three month period ended January 31, 2015. We have incurred \$98,354 in operating expenses for the period three month period ended January 31, 2016 compared with \$185,146 for the three month period ended January 31, 2015.

We have earned net revenues of \$70,549 for the nine month period ended January 31, 2016 compared with \$47,508 for the nine month period ended January 31, 2015. We have incurred \$275,278 in operating expenses for the period nine month period ended January 31, 2016 compared with \$465,012 for the nine month period ended January 31, 2015.

Expenses

Our expenses for the three and nine months ended January 31, 2016 and 2015 are outlined in the table below:

	Three Month Period Ended January 31, 2016	Three Month Period Ended January 31, 2015	Nine Month Period Ended January 31, 2016	Nine Month Period Ended January 31, 2015
General and administrative	\$ 6,208	\$ 31,849	\$ 57,503	\$ 91,334
Professional fees	\$ 10,299	\$ 20,048	\$ 28,671	\$ 55,940
Research and development	\$ 38,682	\$ 87,606	\$ 71,732	\$ 95,006
Salaries	\$ 43,165	\$ 45,643	\$ 117,375	\$ 222,732

Professional Fees

Professional fees include accounting and auditing expenses incurred in connection with the preparation and audit of our financial statements and professional fees that we pay to our legal counsel. Our accounting and auditing expenses were incurred in connection with the preparation of our audited financial statements and unaudited interim consolidated financial statements. Our legal expenses represent amounts paid to legal counsel in connection with our corporate organization.

Liquidity and Financial Condition

Working Capital

	At January 31, 2016 (\$)	At April 30, 2015 (\$)
Current Assets	\$ 764,961	\$ 955,052
Current Liabilities	\$ 1,095,145	\$ 1,072,216
Working Capital	\$ (330,184)	\$ (117,164)

Cash Flows

	Nine Month Period Ended January 31, 2016 (\$)	Nine Month Period Ended January 31, 2015 (\$)
Cash Flows used in Operating Activities	\$ (207,488)	\$ (320,534)
Cash Flows used in Investing Activities	\$ Nil	\$ (536,792)
Cash Flows provided by Financing Activities	\$ 150,112	\$ 929,855
Effect of Exchange Rate Changes on Cash	\$ (32,200)	\$ (37,057)
Net Increase (Decrease) in Cash During Period	\$ (89,576)	\$ 35,472

As of January 31, 2016, our total assets were \$764,961 and our total liabilities were \$1,095,145 and we had a working capital deficit of \$330,184. Our unaudited financial statements report a net loss of \$270,775 for the nine months ended January 31, 2016 compared to a net loss of \$430,593 for the same period in 2015.

Plan of Operation

The following discussion of our financial condition and results of operations should be read together with our unaudited financial statements and the notes thereto included elsewhere in this filing. Our unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those anticipated in these forward-looking statements.

Anticipated Cash Requirements

We have sufficient funds to complete our development and marketing plans. We do not believe that we need to raise any capital to finance our operation.

Going Concern

The interim consolidated financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As of January 31, 2016, our company has an accumulated deficit of \$1,992,975. Our interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should our company be unable to continue as a going concern.

Our interim consolidated financial statements contain additional note disclosures describing the circumstances related to the uncertainty of our ability to continue as a going concern.

The continuation of our business is dependent upon us raising additional capital. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Future Financings

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities rearrange for debt or other financing to fund our planned activities.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies

The interim consolidated financial statements of our company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Basis of Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are expressed in U.S. dollars.

Principles of Consolidation

The consolidated financial statements include the accounts of our company and our wholly-owned subsidiary, Eternity Healthcare Inc. (BC). All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Inventory

Inventory is stated at the lower of cost or market with cost determined under the weighted average cost method.

Revenue

Revenue is recorded at the point of sale and includes shipping revenue for the delivery to the purchaser. Total revenues do not include sales taxes as we serve as a pass-through conduit for collecting and remitting sales taxes. We recognize retail sales returns as they occur as historical returns have been negligible.

Foreign Currency Translation

Our company's functional currency is the Canadian dollar and reporting currency is the U.S. dollar. All transactions initiated in other currencies are translated into the reporting currency in accordance with ASC 830, "Foreign Currency Matters" as follows:

- i) Assets and liabilities at the rate of exchange in effect at the balance sheet date; and
- ii) Revenue and expense items at rate of exchange at the dates on which those elements are recognized.

Gains and losses on translation are included in other comprehensive income (loss) in stockholders' deficiency for the period.

Financial Instruments

Fair Value

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and due to related parties approximate their fair values because of the short-term maturity of our financial instruments.

Interest Rate Risk

Our company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Our company's credit risk is primarily attributable to cash and accounting receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and accounts receivable is remote.

Currency Risk

Our company's operating expenses are primarily incurred in Canadian dollars, and fluctuation of the Canadian dollar in relation to the United States dollar will have an impact upon the profitability of our company and may also have an effect of the value of our company's. Our company has not entered into any agreements or purchased any instruments to hedge possible currency risk. At January 31, 2016 1 United States dollar was equal to 1.4080 Canadian dollars.

Basic and diluted net income (loss) per share

Our company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As at January 31, 2016 there were outstanding stock options totaling 200,000 common shares (Note 9).

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. 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. Our company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Comprehensive loss

ASC 22, “Comprehensive Income”, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at January 31, 2016, our company has items that represent a comprehensive income (loss) and, therefore, has included a schedule of comprehensive income (loss) in the financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Segments of an enterprise and related information

ASC 280, “Segment Reporting” establishes guidance for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. ASC 280 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our company has evaluated this Codification and does not believe it is applicable at this time.

Recent Accounting Pronouncements

Our company does not expect the adoption of any other recent accounting pronouncements to have a material impact on its financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “small reporting company”, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Management’s Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure.

As of the end of our quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principle accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principle accounting officer) concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this quarterly report due to the material weaknesses in our internal controls over financial reporting identified in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on August 4, 2015.

Changes in Internal Control over Financial Reporting

During the period covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

As a “small reporting company”, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mining Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Document Description
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession
2.1	Share Exchange Agreement with Eternity Healthcare Inc., dated December 13, 2010 (incorporated by reference to our Current Report on Form 8-K filed on December 17, 2010)
(3)	(i) Articles of Incorporation; (ii) By-laws
3.1	Articles of Incorporation (incorporated by reference to our C Registration Statement on Form S-1 filed on June 25, 2008)
3.2	By-laws (incorporated by reference to our Registration Statement on Form S-1 filed on June 25, 2008)
3.3	Certificate of Amendment filed with the Nevada Secretary of State on November 1, 2010 (incorporated by reference to our Current Report on Form 8-K filed on November 16, 2010)
(10)	Material Contracts
10.1	Revised Distribution Agreement dated June 25, 2012 between our company, our subsidiary, MK Global Co. and MIKA Medical Co. (incorporated by reference to our Annual Report on Form 10-K filed on July 19, 2012)
10.2	2013 Stock Option Plan (incorporated by reference to our Annual Report on Form 10-K filed on August 8, 2013)
10.3	Rental Agreement dated June 22, 2013 between our company and Kinexus Bioinformatic (incorporated by reference to our Annual Report on Form 10-K filed on August 8, 2013)
(14)	Code of Ethics
14.1	Code of Business Conduct and Ethics (incorporated by reference to our Annual Report on Form 10-K filed on August 8, 2013)
(31)	Rule 13a-14(a)/15d-14(a) Certifications
31.1*	Section 302 Certifications under Sarbanes-Oxley Act of 2002
(32)	Section 1350 Certifications
32.1*	Section 906 Certifications under Sarbanes-Oxley Act of 2002
101*	Interactive Data Files
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* *Filed herewith.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 11, 2016

ETERNITY HEALTHCARE INC.

/s/ Hassan Salari

Hassan Salari

President, Chief Executive Officer, Chief Financial
Officer, Secretary, Treasurer and Director
(Principal Executive Officer, Principal Financial
Officer and Principal Accounting Officer)