FORM 10-K

Annual report pursuant to section 13 and 15(d)

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American Nano Silicon Technologies, Inc.

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SIC: **2821** Plastic materials, synth resins & nonvulcan elastomers

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

FORM 10-K

[x] **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2012

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

For the transition period from ______ to ______

Commission File Number 000-52940

American Nano Silicon Technologies, Inc.
(Exact name of registrant as specified in its charter)

California	**33-0726410**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Nanchong Shili Industrial Street, Economic and Technology Development Zone, Xiaolong Chunfei Industrial Park Sichuan, China	**637005**
(Address of principal executive offices)	(Zip Code)

86-817-3634888
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act: Common Stock, $.0001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 406 of the Securities Act. Yes __ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (ss.229.405 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 X No __

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large accelerated filer ___ Accelerated filer ___ Non-accelerated filer ___ Smaller reporting company _X_

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

As of January 11, 2013, 39,061,840 shares of common stock, par value $.0001 per share, were outstanding.

The aggregate market value of Common Stock held by non-affiliates of the Registrant on March 31, 2012, the last business day of the Company's second fiscal quarter, was $5,138,703 (13,176,162 shares of common stock held by non-affiliates) based upon the closing price of $.39 as quoted by OTCQB on such date. Shares of common stock held by each director, each officer and each person who owns 10% or more of the outstanding common stock have been excluded from this calculation in that such persons may be deemed to be affiliates. The determination of affiliate status is not necessarily conclusive.

Documents incorporated by reference: NONE

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PART I

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates", "believes", "expects", "can", "continue", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predict", "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions. Uncertainties and other factors may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements.

In this report, “we”, “our”, “us” or the “Company” sometimes refer collectively to American Nano Technologies, Inc. and its subsidiaries and affiliated companies.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Our expectations are as of the date this Form 10-K is filed, and we do not intend to update any of the forward-looking statements after the filing date to conform these statements to actual results, unless required by law.

ITEM 1. DESCRIPTION OF BUSINESS

We are a nano-technology chemical manufacturer. We manufacture and market “Micro Nano Silicon™,” our own proprietary product, in China. Micro Nano Silicon is an ultra fine crystal that can be utilized as a non-phosphorous additive in detergents, as an accelerant additive in cement, as a flame retardant additive in rubber and plastics and as a pigment for paint. Micro Nano Silicon can replicate the chemical additives that are utilized in these products, but is less expensive and more environmentally friendly than competitive products. We are in the process of developing additional uses for Micro Nano Silicon for the petrochemical, plastic, rubber, paint and ceramic industries. We have entered into a long-term joint research and development agreement with the China Academy of Science, a technology research institution, and Southwest University of Science and Technology’s Department of Material Science and Engineering to assist us in our research and development activities.

Until May 2011, the primary use for Micro Nano Silicon was as a synthetic additive in non-phosphorous detergent products. In May 2011 we suspended operations in order to move our manufacturing to a new facility. Testing of the manufacturing systems in the new facility was completed at the end of 2012, and we will initiate manufacturing operations at the end of January 2013. With the expanded manufacturing capacity provided by the new facility, we are also replacing our product offering. For the immediate future, our only product will be a flame retardant additive incorporating Micro Nano Silicon, which will be marketed for use in rubber and plastic products.

Our first non-sample deliveries of the new flame retardant product will be made in February 2013, as we already have a substantial contract for the product. We plan to commence our full marketing program in February, and are optimistic about the prospects for a rapid return to profitable operations.

Present and Future Products

Our core product

Our core product, Micro-Nano Silicon™, is an ultra-fine crystal structure consisting of silicon dioxide and quartz. Under the effect of a special catalyst, those materials polymerize and crystallize. The crystal is three-dimensional with a tetravalent and electrically neutral silicon atom. The aluminum atom is a trivalent atom sharing four oxygen atoms with one negative charge combined. The hole in the middle of the crystal can capture a positive ion. The compound can have a complex reaction with ions of calcium, magnesium, iron, copper, and manganese. Since it is ultra-white, ultra-fine, phosphorus-free, with a special crystalline structure, chelating and filtering performance lends itself to a use in washing products, cosmetics and other products.

Flame retardant additive for rubber and plastic

In 2011 we completed development of a flame retardant additive for rubber and plastic materials based on our Micro Nano Silicon. Materials using Micro Nano Silicon additives have passed our own stringent flame retardancy tests.

Currently, halogenated products have a 90% share of the flame retardant additive market. In early 2000, the Chinese government banned the use of halogenated additives in certain rubber and plastic products. Accordingly, management believes that environmental concerns will cause a market shift to non-halogenated flame retardant additives, such as Micro Nano Silicon. According to baike.baidu.com, in 2009, the annual global production of plastic material was over 300 million tons with an annual demand for flame retardant additives in excess of 24 million tons. We commenced limited production of Micro Nano Silicon as a flame retardant additive on January 2, 2012. Since then we have delivered sample quantities to potential customers, and spent 2012 revising our manufacturing systems in response to customer feedback. We have already executed a contract to deliver 2,000 tons of flame retardant additive per year to a customer who will pay us $868 per ton. We will commence manufacturing for that order at the end of January 2013 and expect deliveries to commence in February 2013.

Non-phosphate detergent additive

Until May 2011 our business was primarily focused on the use of Micro Nano Silicon as a non-phosphorous additive for detergents. Micro-Nano Silicon™ can effectively chelate calcium and magnesium ions in water, softening it in order to improve the washing effect and to prevent damage to clothes. In this way the product actually reduces the amount of detergent required for washing a load of laundry, and accordingly is more cost efficient to use.

According to "China Industry Detergent Product" 2010 volume number 2, the worldwide annual demand for non-phosphorous additives for detergents and washing products is in excess of one million tons and in excess of 300,000 tons in China. In 2009 worldwide revenue from sales of household detergents was in excess of $64 billion, of which $3.6 billion was attributable to China. In China the revenue generated from the sale of non-phosphorous detergents has grown at a compounded annual growth rate of 22% for the period from 2005 to 2010 to $2.4 billion and in excess of 26 billion tons.

Commencing in the 1970s the United States, Japan and other developed countries began banning the use of phosphates in detergent products. In the United States nonphosphate detergents account for approximately 56% of the market and in Japan close to 100% of the market. Management believes that the market for non-phosphorous detergent additives in China will continue to grow as wider areas of China adopt the common international practice of banning the use of phosphates in household detergents.

The primary ultra fine crystal nonphosphate auxiliary agent in the detergent industry is 4A- zeolite. Auxilliary agents in detergents are builders that enhance detergency and are essential to creating a cost effective detergent product for consumer use. It is estimated that the annual demand for 4A-zeolite is in excess of 300,000 tons. Based on our own research, we believe that Micro Nano Silicon is a more effective auxiliary agent than 4A-zeolite. 4A zeolite is less effective than Micro-Nano Silicon™ at ion-exchange and is slow-acting at energy-saving lower wash temperatures. In addition, 4A Zeolite is insoluble in water, has the potential to re-deposit dirt, and tends to dull the color of clothes after washing. Micro-Nano Silicon™ has a higher level of performance in each of these aspects.

Because of the opportunities presented by the market for flame retardant additives, and because of the superior margins that we can achieve selling flame retardant additive, we have suspended our production of the detergent additive. When we have achieved a mature position in the market for flame retardant additive, we may revive our marketing of the detergent additive. Because the detergent additive can be manufactured as a byproduct of the production of flame retardant additive, the combination of those two lines in our product offerings would be complementary and particularly profitable. At present, however, we want to be careful not to overextend our resources, and so will focus exclusively on the sale of flame retardant additive.

Accelerator additive for cement

Currently, in China the increasing number of infrastructure projects drives the demand for cement and other construction materials. In 2009 approximately two billion square meters of cement were produced in China, approximately half of worldwide production. In addition, the number of cement production plants and concrete production facilities has continued to increase. It is estimated that the production of concrete will increase by 10% over the next 10 years. However, energy consumption in China's cement production industry is approximately 15% higher than the average level of energy utilized in the cement production industry in the United States and other western countries. Cement accelerators speed the cure time of cement and enables concrete to be placed in the winter without the concern for frost damage. As an accelerator agent Micro Nano Silicon can be utilized in a chemical rotary kiln to lower production costs as compared to more expensive lime rotary kilns. The Chinese government has announced a goal to reduce energy consumption by 20%.

Management believes that we would be able to market Micro Nano Silicon to the cement industry to lower production costs and assist cement manufacturers' compliance with energy saving regulations. We have already developed a marketable accelerator additive, and had initiated some sales of the additive before we suspended operations in 2011. When our financial and labor resources permit, we may re-enter that market.

Our Competitive Strengths

We believe the following strengths contribute to our competitive advantages and differentiate us from our competitors:

- *Proprietary Product:* Micro Nano Silicon™ is a proprietary product with already developed applications as a non-phosphorous additive in detergent, as an accelerant additive in cement, and as a flame retardant additive in rubber and plastics. In addition, we believe that we will be able to develop additional uses for Micro Nano Silicon in the petrochemical, plastic, rubber, paint and ceramic industries.

- *Cost Effectiveness.* Micro Nano Silicon is significantly less expensive than its primary competition, but equally effective. Micro Nano Silicon provides cost savings as an accelerant in the cement market and could be sold at a fraction of the cost of its primary competition in the paint pigment market. In addition, as a result of its flame retardant capabilities, we believe that Micro Nano Silicon will be less expensive as a flame retardant product in the plastic and rubber industries than comparable products.

- *Environmentally-friendly:* Micro Nano Silicon™ is a non-halogenated and non-phosphorous additive. We believe that we will be able to capitalize on the Chinese government's desire to promote products which are less harmful to the environment than those that are currently being utilized.

- *Large Distribution Network:* Our largest distribution partner is Chongqing Trading Company, a state owned enterprise, with a sales network throughout China. The sales network encompasses seven districts and eight major cities.

- *Proximity to local customers and low transportation cost:* We are the only supplier of nonphosphate and non-halogenated additives in southwestern China. Accordingly, we can ship our products to customers in local areas at considerably lower transportation costs than our competitors.

Our Strategy

Our goal is to establish Micro Nano Silicon as a chemical additive in a wide range of products and industries. We intend to achieve this goal by implementing the following strategies:

- *Expand the uses for Micro Nano Silicon™ :* We have already sold Micro Nano Silicon as a detergent additive, as an accelerator agent for use in the cement industry, and as a flame retardant. Although we are currently marketing only the flame retardant additive, as our participation in that market matures, we intend to re-introduce the other two product lines. In addition, we may at some future date commence marketing Micro Nano Silicon as a pigment for paints.

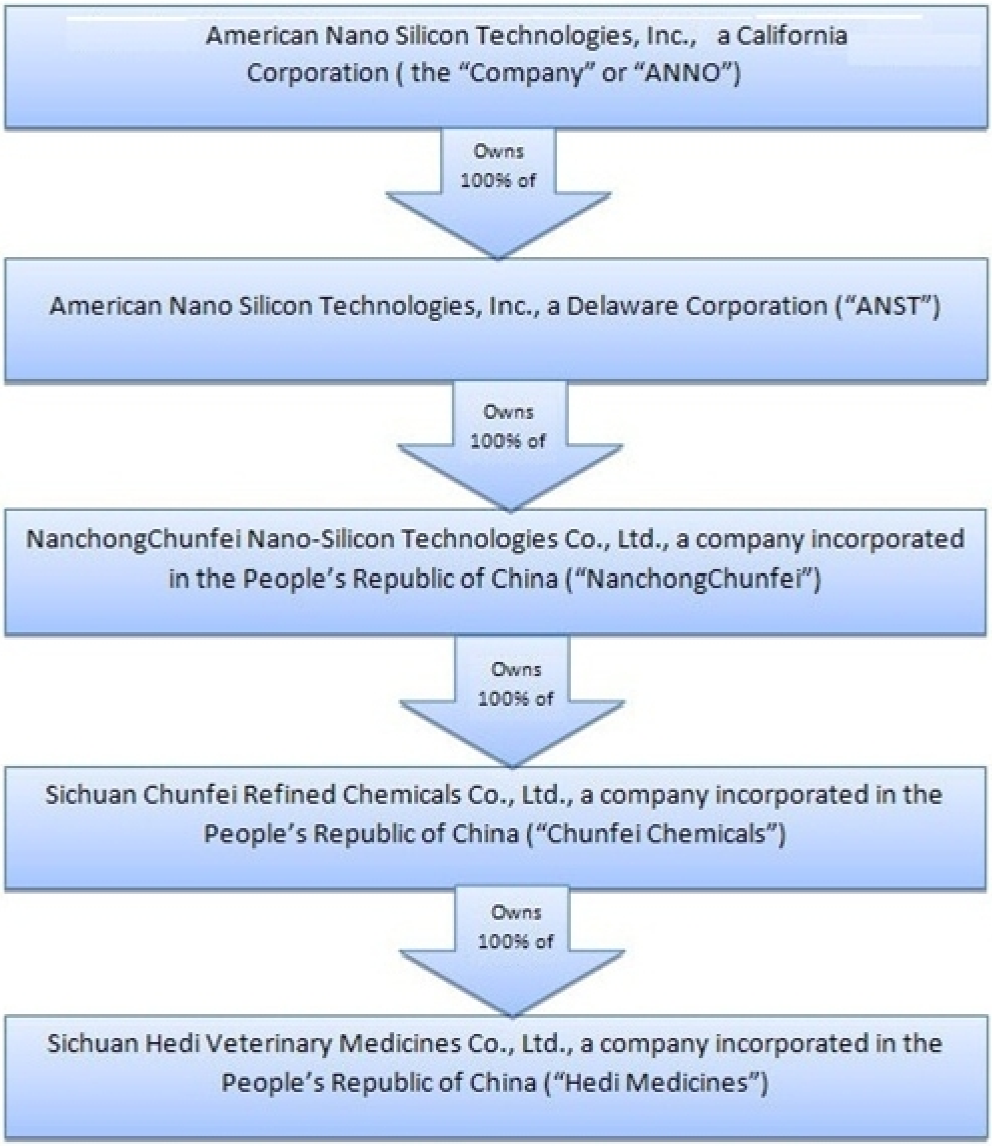
- *Research and development effort:* Our immediate focus will be on developing advanced flame retardant products, which would allow us to enter markets in China now dominated by imports. When resources permit, we intent to reinitiate the process of developing additional uses for Micro Nano Silicon for the petrochemical, plastic, rubber, paint and ceramic industries. We have entered into a long-term joint research and development agreement with the China Academy of Science, a technology research institution, and Southwest University of Science and Technology's Department of Material Science and Engineering to assist us in our research and development activities.

- *Increase sales force and distribution channels:* We distribute Micro Nano Silicon primarily through distributors. We intend to increase our sales force in order to establish additional distribution relationships to increase our distribution network and the availability of our products throughout China.

History of the Company

Nanchong Chunfei Nano-Silicon Technologies Co., Ltd. ("Nanchong Chunfei") was incorporated in the People's Republic of China (the "PRC" or "China") in August 2006. Nanchong Chunfei directly owned 90% of Sichuan Chunfei Refined Chemicals Co., Ltd. ("Chunfei Chemicals"), a Chinese corporation established under the laws of PRC on January 6, 2006. Chunfei Chemicals itself owned 92% of Sichuan Hedi Veterinary Medicines Co., Ltd. ("Hedi Medicines"), also a Chinese company incorporated under the law of PRC on June 27, 2002.

On August 26, 2006, American Nano-Silicon Technologies, Inc., a Delaware corporation ("ANST"), acquired a 95% interest in Nanchong Chunfei. On May 24, 2007, American Nano Silicon Technologies, Inc., a California corporation ("we" or the "Company"), acquired ANST in exchange for 25,181,450 shares of our common stock. On September 6, 2011, the Company acquired all of the minority interests in its subsidiaries by issuing 1,650,636 shares of common stock to Pu Fachun, who was the holder of the minority interests. The issued shares represented five percent of the outstanding shares after the issuance. Thereafter, Nanchong Chunfei, Chunfei Chemicals, and Hedi Medicines became wholly owned subsidiaries of ANST. The Company's current corporate structure is below.



Research and Development

Our business model is based upon developing additional uses for Micro Nano Silicon. Our research and development activities are focuses on developing such uses as well as developing nano filitering technology and the production processes for our product. During the year ended September 30, 2011, our staff was primarily focused on the relocation of our manufacturing operations to a new facility. As a result, we expended only $296 on research and development.

During fiscal year 2012, we expended $464,898 on research and development. We paid $94,701 to Sichuan University of Science and Technology in research and development fees for developing our flame retardant product line. By entering into cooperative research agreements with research institutions and universities, we are able to limit our overhead expenses, but still benefit from the innovations achieved. In the second quarter 2012, we issued 2 million shares of common stock to Qiwei Zhang, our Chief Engineer and a member of the Board of Directors. The shares were awarded as compensation for Mr. Zhang's role in the development of a flame retardant agent.

We have entered into cooperative research and development agreements with the China Academy of Science, a technology research institution, and Southwest University of Science and Technology's Department of Material Science and Engineering to assist us in our research and development activities.
These cooperative agreements allow us to tap into the innovative process without having to expend up front capital toward the development.

We believe that the future success of our business depends upon our ability to improve our production processes and develop additional uses for Micro Nano Silicon. To avoid product obsolescence, we will continue to monitor technological changes in our industry as well as users' demands for new products. Failure to keep pace with future technological changes could adversely affect our revenues and operating results in the future. Although we believe that Micro Nano Silicon can be utilized in a number of industries, there can be no assurance that we will gain market acceptance of our products in such industries.

Raw Materials and Production

Our facilities are located in close proximity to our suppliers. Quartz and bauxite are the primary raw materials used in the production of Micro-Nano Silicon™ There are abundant quartz mineral resources in nearby Chinese districts such as Hechuan and Qingchuan and abundant supplies of bauxite in Hechuan and nearby Chongqing and Guizhou. Similarly other raw materials such as caustic soda, calcined soda, sodium sulphate anhydrous and calcium carbonate powder are also available in sufficient quantities, good quality and competitive cost in Sichuan province. One major vendor, Chongqing Trading Company, also one of our major customers, provided approximately 99% of the Company's purchases of raw materials for the year ended September 30, 2011. For the year ended September 30, 2012, we had generated very limited sales and made very limited purchases. Therefore we did not rely on any particular vendors and customers.

Employees

We have approximately 132 full-time employees. The breakdown of our employees is as follows:

Production Line	36
Quality Control and Workshop	15
Foreman/Production Line managers	8
Engineers	18
Warehouse	4
Cooks/Cleaners/Guards	8
Senior Management	7
Office Administrators	15
Accounting	9
Sales and Marketing	12
Total	132

All of our full-time employees are based inside China. Our employees are not represented by any labor union and are not organized under a collective bargaining agreement, and we have never experienced a work stoppage. We believe that our relationships with our employees are generally good.

We do not have any payment obligations for any retirees and we do not currently retain any independent contractors. We purchase pension insurance, medical insurance and unemployment insurance for all full time employees in accordance with China's Labor Law. We believe that should we require additional employees at any of our facilities that we will be able to meet our needs from the locally available labor pool.

Intellectual Property

We rely on a combination of patent, trademark and trade secret protection and other unpatented proprietary information to protect our intellectual property rights in Micro Nano Silicon. Our success will depend in part on our ability to obtain patents and preserve other intellectual property rights covering our products. We intend to continue to seek patents on our inventions when we deem it commercially appropriate. The process of seeking patent protection can be lengthy and expensive, and there can be no assurance that patents will be issued for currently pending or future applications or that our existing patents or any new patents issued will be of sufficient scope or strength or provide meaningful protection or any commercial advantage to us. We may be subject to, or may initiate, litigation or patent office interference proceedings, which may require significant financial and management resources. The failure to obtain necessary licenses or other rights or the advent of litigation arising out of any such intellectual property claims could have a material adverse effect on our operations.

Distribution and Customers

We are currently selling Micro Nano Silicon through distributors and our own sales staff. During the fiscal year ended September 30, 2011, two distributors, Chongqing Trading Company, Ltd., and Chengdu Blue Wind Company accounted for approximately 44% and 32% of our revenue, respectively. Chongqing Trading Company is a state owned enterprise, and distributes our product in seven districts and eight major cities. Our in-house sales staff of 12 employees seeks to establish relationships with additional distributors of our products. We intend to increase the size of our sales force as we increase our production capacity. In order to create awareness and acceptance of our products we occasionally sponsor charitable events. We had generated very limited sales for the year ended September 30, 2012, therefore we did not rely on any particular customers.

Competition

We face competition from many other chemical suppliers and manufacturers, many of which have significantly greater name recognition and financial, technical, manufacturing, personnel, marketing, and other resources than we have. The geographic market in which we compete is in China. Our competitors may be able to devote greater resources to the development, promotion and sale of their products than we do.

We compete primarily on the effectiveness and the price of our products. Both the flame retardant additive and the detergent additive markets are highly fragmented, with hundreds of chemical additive manufacturers throughout the country. Although we believe that Micro Nano Silicon is more cost effective and provides better performance than our competitors' products, we cannot assure you that we will be able to obtain wide spread market acceptance of Micro Nano Silicon as a flame retardant additive. With respect to Micro Nano Silicon, as a detergent additive, as an accelerator additive in cement, and as a pigment in paints, we believe that we will be able to gain market acceptance of our product as a result of the potential cost savings from the use of our product. However, we cannot assure you that this will be the case.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this report, before making an investment decision. If any of the following risks actually occurs, our business, financial condition or results of operations could suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR OPERATIONS

We currently have negative cash flow and negative working capital. We will not be able to fully resume operations without additional injections of capital.

As shown in the accompanying financial statements, the Company has negative cash flow for the year ended September 30, 2012 and at September 30, 2012 the Company's current liabilities exceeded its current assets by $7.9 million. In addition, approximately $3.2 million of the Company's loans will be due in 2013. The Company suspended manufacturing operations in May 2011 as part of an effort to relocate the production facilities. The Company resumed limited production on January 2, 2012 in its new facilities, but did not produce more than sample quantities. The current cash and inventory level will not be sufficient to support the Company's resumption of its normal operations and repayments of the loans. As a result of these factors, our independent registered public accountant has, in the audit opinion included in this Report, expressed substantial doubt about the Company's ability to continue as a going concern. The Company will need additional funds to meet its operating and financing obligations until sufficient cash flows are generated from production to sustain operations and to fund future development and financing obligations. The Company's largest shareholder and President, Mr. Pu Fachun has the intention to continue providing necessary funding for the Company's normal operations. It is not certain, however, that he will be able to provide sufficient funds. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

We are initiating substantially revised operations, and will face all of the risks of a new business.

The relocation of our operations to new facilities was done to expand our manufacturing capacity, but also to enable us to initiate a new manufacturing operation. Prior to May 2011 our manufacturing operations produced one product: our detergent additive. As we resume normal operations, we will be manufacturing only our flame retardant additive. Because of this change, we face the risk of the unknown that occurs whenever new operations are initiated. Our market is uncertain; new customers will have to be secured. And the problems that may develop in manufacturing the flame retardant additive on a large scale are as yet unknown. For this reason, the introduction of our new operations in fiscal 2013 may be disrupted and/or delayed by factors not yet anticipated.

If one of our principal suppliers ceased to provide raw materials to us, it could disrupt our production activities, reduce our sales, and result in a loss of customers.

We depend on a limited number of suppliers. We do not have long-term contracts with our suppliers. Because we do not have long-term contracts, our suppliers generally are not required to provide us with any guaranteed minimum production levels. As a result, we may not be able to obtain sufficient quantities of critical raw materials in the future. Although we have access to other available sources for the supply of raw materials, a delay or interruption by our suppliers may harm our business. In addition, the lead time needed to establish a relationship with a new supplier can be lengthy, and we may experience delays in meeting demand in the event we must switch to a new supplier. The time and effort to obtain a new supplier could result in additional costs, diversion of resources or reduced manufacturing yields, any of which would negatively impact our operating results. Our dependence on a limited number of suppliers exposes us to numerous risks, including the following:

- our suppliers may cease or reduce production or deliveries, raise prices or renegotiate terms;
- delays by our suppliers could significantly limit our ability to meet customer demand;
- we may be unable to locate a suitable replacement on acceptable terms or on a timely basis, if at all; and
- delays caused by supply issues may harm our reputation, frustrate our customers and cause them to turn to our competitors for future projects.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital.

In recent years, the capital and credit markets have been experiencing extreme volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. We have historically relied on credit to fund our business and we need liquidity to pay our operating expenses. Without sufficient liquidity, we will be forced to curtail our operations, and our business will suffer. Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities and access the capital necessary to operate and grow our business. As such, we may be forced to delay raising capital or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. Our results of operations, financial condition, cash flows and capital position could be materially adversely affected by disruptions in the financial markets.

We do not carry any business interruption insurance, products liability insurance or any other insurance policy. As a result, we may incur uninsured losses, increasing the possibility that you would lose your entire investment in our company.

We could be exposed to liabilities or other claims for which we would have no insurance protection. We do not currently maintain any business interruption insurance, products liability insurance, or any other comprehensive insurance policy. As a result, we may incur uninsured liabilities and losses as a result of the conduct of our business. There can be no guarantee that we will be able to obtain additional insurance coverage in the future, and even if we are able to obtain additional coverage, we may not carry sufficient insurance coverage to satisfy potential claims. Should uninsured losses occur, any purchasers of our common stock could lose their entire investment.

Because we do not carry products liability insurance, a failure of any of the products marketed by us may subject us to the risk of product liability claims and litigation arising from injuries allegedly caused by our products. We cannot assure that we will have enough funds to defend or pay for liabilities arising out of a products liability claim. To the extent we incur any product liability or other litigation losses, our expenses could materially increase substantially. There can be no assurance that we will have sufficient funds to pay for such expenses, which could end our operations and you would lose your entire investment.

We could be liable for damages for defects in our products pursuant to the Tort Liability Law and Product Liability Law of the PRC.

The Tort Liability Law of the People's Republic of China, which was passed during the 12th Session of the Standing Committee of the 11th National People's Congress on December 26, 2009, states that manufacturers are liable for damages caused by defects in their products and sellers are liable for damages attributable to their fault. If the defects are caused by the fault of third parties such as the transporter or storekeeper, manufacturers and sellers are entitled to claim for compensation from these third parties after paying the compensation amount.

We rely heavily on our founder, Chairman, Chief Executive Officer, Chief Financial Officer and President, Mr. Pu Fachun. The loss of his services could adversely affect our ability to source products from our key suppliers and our ability to sell our products to our customers.

Our success depends, to a significant extent, upon the continued services of Mr. Pu who is our founder, Chairman of the Board, Chief Executive Officer, Chief Financial Officer and President. Mr. Pu has, among other things, developed key personal relationships with our suppliers and customers. We greatly rely on these relationships in the conduct of our operations and the execution of our business strategies. The loss of Mr. Pu could, therefore, result in the loss of favorable relationships with one or more of our suppliers and/or customers. We do not maintain "key person" life insurance covering Mr. Pu or any other executive officer. The loss of Mr. Pu could significantly delay or prevent the achievement of our business objectives and adversely affect our business, financial condition and results of operations.

We may not be able to effectively recruit and retain skilled employees, particularly scientific, technical and management professionals.

Our ability to compete effectively depends largely on our ability to attract and retain certain key personnel, including scientific, technical and management professionals. We anticipate that we will need to hire additional skilled personnel in all areas of our business. Industry demand for such employees, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. Because of this intense competition for skilled employees, we may be unable to retain our existing personnel or attract additional qualified employees to keep up with future business needs. If this should happen, our business, operating results and financial condition could be adversely affected.

Our business could be materially adversely affected if we cannot protect our patents and intellectual property rights or if we infringe on the intellectual property rights of others.

Our intellectual property rights are important to our business. Currently, there are limited safeguards in place to protect our intellectual property rights, and the protective steps we intend to take may be inadequate to deter misappropriation of those rights. We have filed and intend to continue to file patent applications. If a particular patent is not granted, the value of the invention described in the patent would be diminished. Further, even if these patents are granted, they may be difficult to enforce. Efforts to enforce our patent rights could be expensive, distracting for management, unsuccessful, cause our patents to be invalidated, and frustrate commercialization of products. Additionally, even if patents are issued, and are enforceable, others may independently develop similar, superior, or parallel technologies to any technology developed by us, or our technology may prove to infringe upon patents or rights owned by others. Thus, the patents held by us may not afford us any meaningful competitive advantage. Our inability to maintain our intellectual property rights could have a material adverse effect on our business, financial condition and ability to implement our business plan. If we are unable to derive value from our intellectual property, the value of your investment in us will decline.

Our failure to effectively manage growth could harm our business.

We have rapidly and significantly expanded our business and we will endeavor to further expand our business. Our recent and anticipated growth is expected to place, a significant strain on our managerial, operational, and financial resources. To manage our potential growth, we must implement and improve our operational and financial systems and to expand, train, and manage our employee base. We cannot assure you that our systems, procedures, or controls will be adequate to support our operations. Our inability to effectively manage growth, if any, could harm our business.

Our facilities and information systems could be damaged as a result of disasters or unpredictable events, which could have an adverse effect on our business operations.

Our headquarters and major facilities including manufacturing plants and research and development centers are located in China. If major disasters such as earthquakes, fires, floods, wars, terrorist attacks, computer viruses, transportation disasters or other events occur, or our information system or communications network breaks down or operates improperly as a result of such events, our facilities may be seriously damaged, and we may have to stop or delay production and shipment. We may incur expenses relating to such damages.

Our quarterly results may fluctuate because of many factors and, as a result, investors should not rely on quarterly operating results as indicative of future results.

Fluctuations in operating results or the failure of operating results to meet the expectations of public market analysts and investors may negatively impact the value of our securities. Quarterly operating results may fluctuate in the future due to a variety of factors that could affect revenues or expenses in any particular quarter. Fluctuations in quarterly operating results could cause the value of our securities to decline. Investors should not rely on quarter-to-quarter comparisons of results of operations as an indication of future performance. As a result of the factors listed below, it is possible that in future periods results of operations may be below the expectations of public market analysts and investors. This could cause the market price of our securities to decline.

Factors that may affect our quarterly results include:

- vulnerability of our business to a general economic downturn in China and globally;
- fluctuation and unpredictability of costs related to raw materials used to manufacture our products;
- changes in the laws of the PRC that affect our operations;
- competition;
- compensation related expenses;
- application of accounting standards;
- our ability to obtain and maintain all necessary government certifications and/or licenses to conduct our business; and

We face significant competition and may not be able to successfully compete.

Our current and future competitors are likely to have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, more developed infrastructures, greater brand recognition, and more established relationships in the industry than we have, each of which may allow them to gain greater market share. As a result, our competitors may be able to develop and expand their offerings more rapidly, adapt to new or emerging technologies and changes more quickly, take advantage of acquisitions and other opportunities more readily, achieve greater economies of scale and devote greater resources to the marketing and sale of their technology and products than we can. We cannot assure you that we will successfully differentiate our current and proposed technology and products from the technologies and products of our competitors, that the marketplace will consider our technology and products to be superior to competing technologies and products, or that we will be able to compete successfully with our competitors.

RISKS RELATED TO DOING BUSINESS IN CHINA

Substantially all of our assets are located in the PRC and substantially all of our revenues are derived from our operations in China, and changes in the political and economic policies of the PRC government could have a significant impact upon the business we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition.

Our business operations may be adversely affected by the current and future political environment in the PRC. The Chinese government exerts substantial influence and control over the manner in which we must conduct our business activities. Our ability to operate in China may be adversely affected by changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under the current government leadership, the government of the PRC has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the government of the PRC will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice.

Our operations are subject to PRC laws and regulations that are sometimes vague and uncertain. Any changes in such PRC laws and regulations, or the interpretations thereof, may have a material and adverse effect on our business.

The PRC's legal system is a civil law system based on written statutes. Unlike the common law system prevalent in the United States, decided legal cases have little value as precedent in China. There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including but not limited to, governmental approvals required for conducting business and investments, laws and regulations governing the chemical business and product safety, national security-related laws and regulations and export/import laws and regulations, as well as commercial, antitrust, patent, product liability, environmental laws and regulations, consumer protection, labor, and financial and business taxation laws and regulations.

The Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

Our principal operating subsidiary, Nanchong Chunfei, is considered a foreign invested enterprise under PRC laws, and as a result is required to comply with PRC laws and regulations, including laws and regulations specifically governing the activities and conduct of foreign invested enterprises. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our businesses. If the relevant authorities find us in violation of PRC laws or regulations, they would have broad discretion in dealing with such a violation, including, without limitation

—levying fines;

—revoking our business license, other licenses or authorities;

—requiring that we restructure our ownership or operations.

Investors may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based upon U.S. laws, including the federal securities laws or other foreign laws against us or our management.

All of our current operations, including the manufacturing and distribution of our products, are conducted in China. Moreover, most of our directors and officers are nationals and residents of China. All or substantially all of the assets of these persons are located outside the United States and in the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon these persons. In addition, uncertainty exists as to whether the courts of China would recognize or enforce judgments of U.S. courts obtained against us or such officers and/or directors predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in China against us or such persons predicated upon the securities laws of the United States or any state thereof.

If our land use rights are revoked, we would have no operational capabilities.

Under Chinese law land is owned by the state or rural collective economic organizations. The state issues to the land users the land use right certificate. Land use rights can be revoked and the land users forced to vacate at any time when redevelopment of the land is in the public interest. The public interest rationale is interpreted quite broadly and the process of land appropriation may be less than transparent. We rely on these land use rights and the loss of such rights would have a material adverse effect on our company.

The ability of our Chinese operating subsidiaries to pay dividends may be restricted due to foreign exchange control regulations of China.

The ability of our Chinese operating subsidiaries to pay dividends may be restricted due to the foreign exchange control policies and availability of cash balance of the Chinese operating subsidiaries. Because substantially all of our operations are conducted in China and substantially all of our revenues is generated in China, substantially all of our revenue being earned and currency received are denominated in Renminbi (RMB).

RMB is subject to the exchange control regulation in China, and, as a result, we may be unable to distribute any dividends outside of China due to PRC exchange control regulations that restrict our ability to convert RMB into US Dollars. Accordingly, we may not be able to access Nanchong Chunfei’s funds which may not be readily available to us to satisfy obligations which have been incurred outside the PRC, which could adversely affect our business and prospects or our ability to meet our cash obligations.

We will not be able to complete an acquisition of prospective acquisition targets in the PRC unless their financial statements can be reconciled to U.S. generally accepted accounting principles in a timely manner.

Companies based in the PRC may not have properly kept financial books and records that may be reconciled with U.S. generally accepted accounting principles. If we attempt to acquire a significant PRC target company and/or its assets, we would be required to obtain or prepare financial statements of the target that are prepared in accordance with and reconciled to U.S. generally accepted accounting principles. Federal securities laws require that a business combination meeting certain financial significance tests require the public acquirer to prepare and file historical and/or pro forma financial statement disclosure with the SEC. These financial statements must be prepared in accordance with, or be reconciled to U.S. generally accepted accounting principles and the historical financial statements must be audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), or PCAOB. If a proposed acquisition target does not have financial statements that have been prepared in accordance with, or that can be reconciled to, U.S. generally accepted accounting principles and audited in accordance with the standards of the PCAOB, we will not be able to acquire that proposed acquisition target. These financial statement requirements may limit the pool of potential acquisition targets with which we may acquire and hinder our ability to expand our operations.

We face risks related to natural disasters, terrorist attacks or other events in China that may affect usage of public transportation, which could have a material adverse effect on our business and results of operations.

Our business could be materially and adversely affected by natural disasters, terrorist attacks or other events in China. For example, in early 2008, parts of China suffered a wave of strong snow storms that severely impacted public transportation systems. In May 2008, Sichuan Province in China suffered a strong earthquake measuring approximately 8.0 on the Richter scale that caused widespread damage and casualties. The May 2008 Sichuan earthquake has had a material adverse effect on the general economic conditions in the areas affected by the earthquake. Any future natural disasters, terrorist attacks or other events in China could cause a reduction in usage of or other severe disruptions to, public transportation systems and could have a material adverse effect on our business and results of operations.

We face uncertainty from China's Circular on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises' Share Transfer ("Circular 698") that was released in December 2009 with retroactive effect from January 1, 2008.

The Chinese State Administration of Taxation (SAT) released a circular (Guoshuihan No. 698 – Circular 698) on December 15, 2009 that addresses the transfer of shares by nonresident companies. Circular 698, which is effective retroactively to January 1, 2008, may have a significant impact on many companies that use offshore holding companies to invest in China. Circular 698, which provides parties with a short period of time to comply with its requirements, indirectly taxes foreign companies on gains derived from the indirect sale of a Chinese company. Where a foreign investor indirectly transfers equity interests in a Chinese resident enterprise by selling the shares in an offshore holding company, and the latter is located in a country or jurisdiction where the effective tax burden is less than 12.5% or where the offshore income of his, her, or its residents is not taxable, the foreign investor is required to provide the tax authority in charge of that Chinese resident enterprise with the relevant information within 30 days of the transfers. Moreover, where a foreign investor indirectly transfers equity interests in a Chinese resident enterprise through an abuse of form of organization and there are no reasonable commercial purposes such that the corporate income tax liability is avoided, the PRC tax authority will have the power to re-assess the nature of the equity transfer in accordance with PRC's "substance-over-form" principle and deny the existence of the offshore holding company that is used for tax planning purposes.

There is uncertainty as to the application of Circular 698. For example, while the term "indirectly transfer" is not defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax in the country or jurisdiction and to what extent and the process of the disclosure to the tax authority in charge of that Chinese resident enterprise. In addition, there are not any formal declarations with regard to how to decide "abuse of form of organization" and "reasonable commercial purpose," which can be utilized by us to balance if our company complies with the Circular 698. As a result, we may become at risk of being taxed under Circular 698 and we may be required to expend valuable resources to comply with Circular 698 or to establish that we should not be taxed under Circular 698, which could have a material adverse effect on our financial condition and results of operations.

The foreign currency exchange rate between U.S. Dollars and Renminbi could adversely affect our financial condition.

To the extent that we need to convert U.S. Dollars into Renminbi for our operational needs, our financial position and the price of our common stock may be adversely affected should the Renminbi appreciate against the U.S. Dollar at that time. Conversely, if we decide to convert our Renminbi into U.S. Dollars for the operational needs or paying dividends on our common stock, the dollar equivalent of our earnings from our subsidiaries in China would be reduced should the dollar appreciate against the Renminbi. We currently do not hedge our exposure to fluctuations in currency exchange rates.

Until 1994, the Renminbi experienced a gradual but significant devaluation against most major currencies, including dollars, and there was a significant devaluation of the Renminbi on January 1, 1994 in connection with the replacement of the dual exchange rate system with a unified managed floating rate foreign exchange system. Since 1994, the value of the Renminbi relative to the U.S. Dollar has remained stable and has appreciated slightly against the U.S. Dollar. Countries, including the United States, have argued that the Renminbi is artificially undervalued due to China's current monetary policies and have pressured China to allow the Renminbi to float freely in world markets. In July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the dollar. Under the new policy the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of designated foreign currencies. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the dollar.

Inflation in the PRC could negatively affect our profitability and growth.

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and rising inflation. According to the National Bureau of Statistics of China, in November 2011, the consumer price index went up by 4.2 percent year-on-year. The price grew by 4.2 percent in cities and 4.3 percent in rural areas. If prices for our products rise at a rate that is insufficient to compensate for the rise in the costs of supplies such as raw materials, it may have an adverse effect on our profitability.

Furthermore, in order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. In January 2010, the Chinese government took steps to tighten the availability of credit including ordering banks to increase the amount of reserves they hold and to reduce or limit their lending. The implementation of such policies may impede economic growth. In October 2004, the People's Bank of China, the PRC's central bank, raised interest rates for the first time in nearly a decade and indicated in a statement that the measure was prompted by inflationary concerns in the Chinese economy. In April 2006, the People's Bank of China raised the interest rate again. Repeated rises in interest rates by the central bank, in addition to tighter credit and lending restrictions on banks, would likely slow economic activity in China which could, in turn, materially increase our costs and also reduce demand for our products.

Because our funds are held in banks which do not provide insurance, the failure of any bank in which we deposit our funds could affect our ability to continue in business.

Banks and other financial institutions in the PRC do not provide insurance for funds held on deposit. A significant portion of our assets may be in the form of cash deposited with banks in the PRC, and in the event of a bank failure, we may not have access to our funds on deposit. Depending upon the amount of money we maintain in a bank that fails, our inability to have access to our cash could impair our operations, and, if we are not able to access funds to pay our suppliers, employees and other creditors, we may be unable to continue in business.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

As our ultimate holding company is a California corporation, we are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in the PRC. We can make no assurance, however, that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

If we make equity compensation grants to persons who are PRC citizens, they may be required to register with the State Administration of Foreign Exchange of the PRC, or SAFE. We may also face regulatory uncertainties that could restrict our ability to adopt an equity compensation plan for our directors and employees and other parties under PRC law.

On April 6, 2007, SAFE issued the "Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Ownership Plan or Stock Option Plan of An Overseas Listed Company, also known as "Circular 78." It is not clear whether Circular 78 covers all forms of equity compensation plans or only those which provide for the granting of stock options. For any plans which are so covered and are adopted by a non-PRC listed company after April 6, 2007, Circular 78 requires all participants who are PRC citizens to register with and obtain approvals from SAFE prior to their participation in the plan. In addition, Circular 78 also requires PRC citizens to register with SAFE and make the necessary applications and filings if they participated in an overseas listed company's covered equity compensation plan prior to April 6, 2007. We believe that the registration and approval requirements contemplated in Circular 78 will be burdensome and time consuming. If it is determined that any of our equity compensation plans are subject to Circular 78, failure to comply with such provisions may subject us and participants of our equity incentive plan who are PRC citizens to fines and legal sanctions and prevent us from being able to grant equity compensation to our PRC employees. In that case, our ability to compensate our employees and directors through equity compensation would be hindered and our business operations may be adversely affected.

Under the New EIT Law, we may be classified as "resident enterprises" of China for tax purpose, which may subject us to adverse tax consequences.

The new PRC Enterprise Income Tax Law (the "New EIT Law") and its implementing rules became effective on January 1, 2008. Under the New EIT Law, enterprises are classified as resident enterprises and non-resident enterprises. An enterprise established outside of China with its "de facto management bodies" located within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese domestic enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Due to the short history of the New EIT law and lack of applicable legal precedents, it remains unclear how the PRC tax authorities will determine the PRC tax resident treatment of a foreign company such as American Nano and American Nano Delaware. Both American Nano and American Nano Delaware have all members of their management team located in China. If the PRC tax authorities determine that American Nano or American Nano Delaware is a "resident enterprise" for PRC enterprise income tax purposes, a number of PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income, as well as PRC enterprise income tax reporting obligations. Second, the New EIT Law provides that dividends paid between "qualified resident enterprises" are exempted from enterprise income tax. A recent circular issued by the State Administration of Taxation regarding the standards used to classify certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside of China as "resident enterprises" clarified that dividends and other income paid by such "resident enterprises" will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when recognized by non-PRC shareholders. It is unclear whether the dividends that American Nano Delaware receives from Nanchong Chunfei will constitute dividends between "qualified resident enterprises" and would therefore qualify for tax exemption, because the definition of qualified resident enterprises is unclear and the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. We are actively monitoring the possibility of "resident enterprise" treatment for the applicable tax years.

Dividends payable by us to our foreign investors and any gain on the sale of our shares may be subject to taxes under PRC tax laws.

If dividends payable to our shareholders are treated as income derived from sources within China, then the dividends that shareholders receive from us, and any gain on the sale or transfer of our shares, may be subject to taxes under PRC tax laws.

Under the New EIT Law and its implementing rules, PRC enterprise income tax at the rate of 10% is applicable to dividends payable by us to our investors that are non-resident enterprises so long as such non-resident enterprise investors do not have an establishment or place of business in China or, despite the existence of such establishment of place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent that such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of our shares by such investors is also subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China and we are considered as a resident enterprise which is domiciled in China for tax purpose. Additionally, there is a possibility that the relevant PRC tax authorities may take the view that the capital gain derived by our overseas shareholders or investors from the share transfer is deemed China-sourced income, in which case such capital gain may be subject to a PRC withholding tax at the rate of up to 10%. If we are required under the New EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders or investors who are non-resident enterprises, or if you are required to pay PRC income tax on the transfer or our shares under the circumstances mentioned above, the value of your investment in our shares may be materially and adversely affected.

In January 2009, the State Administration of Taxation promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises (“Measures”), pursuant to which, the entities which have the direct obligation to make the following payment to a non-resident enterprise shall be the relevant tax withholders for such non-resident enterprise, and such payment includes: incomes from equity investment (including dividends and other return on investment), interests, rents, royalties, and income from assignment of property as well as other income subject to enterprise income tax received by non-resident enterprises in China. Further, the Measures provides that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment shall, by itself or engage an agent to, file a tax declaration with the PRC tax authority located at place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise. However, it is unclear whether the Measures refer to the equity transfer by a non-resident enterprise which is a direct or an indirect shareholder of said PRC company. Given these Measures, there is a possibility that we may have an obligation to withhold income tax in respect of the dividends paid to non-resident enterprise investors.

A downturn in the economy of the PRC may slow our growth and profitability.

Substantially all of our revenues are generated from sales in China. The growth of the Chinese economy has been uneven across geographic regions and economic sectors. There can be no assurance that growth of the Chinese economy will be steady or that any downturn will not have a negative effect on our business, especially if it results in either a decreased use of our products or in pressure on us to lower our prices.

Because our business is located in the PRC, we may have difficulty establishing adequate management, legal and financial controls, which we are required to do in order to comply with U.S. securities laws.

PRC companies have historically not adopted a Western style of management and financial reporting concepts and practices, which includes strong corporate governance, internal controls and, computer, financial and other control systems. Most of our middle and top management staff are not educated and trained in the Western system, and we may have difficulty hiring new employees in the PRC with such training. In addition, we may have difficulty in hiring and retaining a sufficient number of qualified employees to work in the PRC. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards. Therefore, we may, in turn, experience difficulties in implementing and maintaining adequate internal controls as required under Section 404 of the Sarbanes-Oxley Act of 2002. This may result in significant deficiencies or material weaknesses in our internal controls which could impact the reliability of our financial statements and prevent us from complying with SEC rules and regulations and the requirements of the Sarbanes-Oxley Act of 2002. Any such deficiencies, weaknesses or lack of compliance could have a materially adverse effect on our business.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. Any failure of these controls could also prevent us from maintaining accurate accounting records and discovering accounting errors and financial frauds.

The standards that must be met for management to assess the internal control over financial reporting as effective are new and complex, and require significant documentation, testing and possible remediation to meet the detailed standards. We may encounter problems or delays in completing activities necessary to improve our internal control over financial reporting.

In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting, or disclosure of management's assessment of our internal controls over financial reporting, may have an adverse impact on the price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. DESCRIPTION OF PROPERTIES

Production and Facilities

All land in the PRC is government owned and may not be sold to any individual or company. However, the government grants the user a "land use right" to use the land. Our land use right was originally acquired by Fachun Pu, our Chairman, Chief Executive Officer and principal shareholder, in September 2000 for the amount of $833,686 and was transferred to us as a capital investment. In fiscal year 2008, we paid a stamp tax in the amount $69,539 to get a certificate of the land use right.

The land use right entitles us to the exclusive use of the property on which our facilities are located until July 2051. Our facilities are located at the Nanchong Shili Industrial Street, Economic and Technology Development Zone, Xiaolong Chunfei Industrial Park Nanchong, Sichuan province. Our facilities are located in an economic development zone and are supplied with low-cost water, electricity, gas and communication facilities. It has good transportation links with a location that is situated close to the Chengdu-to-Nanchong expressway, the Nanchong-to-Chongqing expressway and the Nanchong railway station.

Our manufacturing campus covers an area of 54,000 square meters. The campus has the following separate structures:

Structure	area in square meters
Engineering	830
Corporate/Administrative Offices	5000
Dormitory	4000
Testing/Quality Control	4200
Nano Silicon production	5300
Sodium Aluminate production	1274
Flame retardant production	4434
Nano Silicon workshop	4416
Boiler plant	1341
Raw materials	5003

ITEM 3. LEGAL PROCEEDINGS

We have not been involved in any material litigation or claims arising from our ordinary course of business. We are not aware of any material potential litigation or claims against us which would have a material adverse effect upon our results of operations or financial condition.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

Our common stock is currently quoted on the OTCQB under the symbol "ANNO". The following table sets forth the range of high and low bid quotations for each quarter within the last two fiscal years. These quotations as reported by either the OTCQB or the OTCBB reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

Period	High	Low
Quarter Ended December 31, 2010	$ 2.00	$ 1.30
Quarter Ended March 31, 2011	$ 1.75	$ 0.95
Quarter Ended June 30, 2011	$ 1.25	$ 0.05
Quarter Ended September 30, 2011	$ 0.65	$ 0.10
Quarter Ended December 31, 2011	$ 0.30	$ 0.30
Quarter Ended March 31, 2012	$ 0.39	$ 0.01
Quarter Ended June 30, 2012	$ 0.16	$ 0.16
Quarter Ended September 30, 2012	$ 0.16	$ 0.16

(b) Shareholders

On January 11, 2013 there were approximately 1,121 holders of record of our common stock.

(c) Dividends

Since the Company's incorporation, no dividends have been paid on our Common Stock. We intend to retain any earnings for use in our business activities, so it is not expected that any dividends on our common stock will be declared and paid in the foreseeable future.

(d) Equity Compensation Plans

We do not have any equity compensation plans. During fiscal year 2012 we issued 2,000,000 shares of common stock to reward our Chief Engineer for his contribution to the development of our new additive product. During fiscal year 2011 we issued options for 800,000 shares to certain of our employees. Neither grant was made pursuant to a formal plan and neither grant was submitted for approval by the Company's shareholders.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS.

The following discussion should be read in conjunction with the consolidated financial statements and the notes thereto appearing elsewhere in this Form 10-K. The following discussion contains forward-looking statements reflecting our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. You are also urged to carefully review and consider our discussions regarding the various factors which affect our business, including the information provided under the caption "Risk Factors (Item 1A)." See the cautionary note regarding forward-looking statements at the beginning of Part I of this Form 10-K.

Restructuring of our Operations

In May 2011, the Company began moving to its new factory site located at Nanchong Shili Industrial Street, Economic and Technology Development Zone, Xiaolong Chunfei Industrial Park, which is approximately 12.4 miles from the Company's previous factory site. We expect the new site to provide us an annual manufacturing capacity of 10 million tons. The Company temporarily suspended production to facilitate the move, resulting in a decrease in sales in the third quarter of fiscal year 2011 and no sales in the fourth quarter. On December 8, 2011, the Company announced that it had successfully relocated to its new facility in Nanchong, Sichuan, China. In addition to housing existing equipment and machinery from its previous facility, ANNO's latest facility also contains new equipment that enables the Company to increase its product diversification capabilities.as well as manufacture its new flame retardant additive product. The Company began limited production of its flame retardant additive product on January 2, 2012 in order to provide sample quantities to potential customers. By December 2012 we had satisfied ourselves regarding the quality of our new manufacturing systems, and are prepared to return to normal operations. We intend to commence normal production of the flame retardant at the end of January 2013.

Flame retardant additive is a new refined chemical product for the Company, which has very strict standards. We began trial production of the product on January 2, 2012 and so far have conducted several rounds of testing of the quality of the product by asking potential customers for trial use. We anticipate winning new customers with our products as we believe they will be the best quality in the country. Through calendar year 2012 we have been recalibrating our production process according to feedback received from potential customers.

During 2012, we signed a contract with a customer to provide 2,000 tons of product a year at a price of $868 per ton. We expect to initiate deliveries under that contract in February 2013.

Critical Accounting Policies

Our consolidated financial information has been prepared in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (1) the reported amounts of our assets and liabilities, (2) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (3) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, the following should also be considered: (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of those policies, and (3) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our financial statements.

In our preparation of the consolidated financial statements for fiscal year 2012, there were two estimates made which were (a) subject to a high degree of uncertainty and (b) material to our results. These were

- our determination, described in Note 10 to the financial statements, to record a 100% allowance for our deferred tax assets. The determination to record the allowance with respect to our U.S. deferred tax assets was based on the uncertainty that we would realize income taxable in the U.S. in future years. The determination with respect to our China deferred tax assets was based on the uncertainty that we would realize sufficient income within the requisite time period to utilize the deferred asset.
- the fair value determination of our derivatives liability, described in Note 12 to the financial statements, including the assumptions used in the Black- Scholes option-pricing model: risk free rate, volatility and dividend yield.

Results of Operations

Revenues

Our revenues decreased by 99% or $15,988,786 from $16,078,164 for the year ended September 30, 2011 to $89,378 for the year ended September 30, 2012. The significant decrease in revenue is primarily due to the fact that we moved our factory site during the second half of the fiscal year 2011 to facilitate product diversification capabilities. Production was suspended during the move. Through the date of this report, the equipment and production line in the new facility is still undergoing adjustments.

Gross Profit (Loss)

The decrease in our cost of goods sold was approximately proportionate to the decrease in our revenues. Cost of goods sold, which consists primarily of material, labor, overhead and product cost, was $136,051 for the year ended September 30, 2012, representing a decrease of $12,182,540 or 99% compared to the year ended September 30, 2011. As a result, we realized a gross loss of $46,673 for the year ended September 30, 2012 .

Selling, General and Administrative Expenses

Our selling, general and administrative, or SG&A, expenses include expenses associated with salaries and other expenses related to marketing and administrative activities. In addition, we have incurred expenses through the use of consultants and other outsourced service providers to take advantage of specialized knowledge and capabilities that we require for short durations of time to avoid unnecessary hiring of full-time staff.

Our SG&A expenses for the years ended September 30, 2012 and 2011 were $2,034,728 and $1,006,235 respectively. The increase in SG&A expenses from fiscal year 2011 to fiscal year 2012 was primarily due to the $616,124 increase in our depreciation expense from fiscal 2011 to fiscal 2012, which occurred because the new facility was put into service on January 2, 2012.

Research and Development Expenses

Our business model is based upon developing additional uses for Micro Nano Silicon. Our research and development activities are focused on developing such uses as well as developing nano filitering technology and the production processes for our product. Flame retardant additive is a new refined chemical product for the Company, which has very strict standards. We began trial production of the product on January 2, 2012 and so far have conducted several rounds of testing of the quality of the product by asking potential customers for trial use.

Our immediate need during fiscal 2011 had been the expansion of product diversification capabilities. For that reason, we suspended our research and development activities and focused the attention of our staff on the logistics of our move to a new facility. For the year ended September 30, 2011, we expended $296 on research and development.

During fiscal year 2012, we expended $464,898 on research and development. We paid $94,701 to Sichuan University of Science and Technology in research and development fees for developing our flame retardant product line. By entering into cooperative research agreements with research institutions and universities, we are able to limit our overhead expenses, but still benefit from the innovations achieved. In the second quarter 2012, we issued 2 million shares of common stock to Qiwei Zhang, our Chief Engineer and a member of the Board of Directors. The shares were awarded as compensation for Mr. Zhang's role in the development of a flame retardant agent. We recorded the fair value of the shares, $320,000, as research and development expense.

We believe that the future success of our business depends upon our ability to improve our production processes and develop additional uses for Micro Nano Silicon. To avoid product obsolescence, we will continue to monitor technological changes in our industry as well as users' demands for new products. Failure to keep pace with future technological changes could adversely affect our revenues and operating results in the future. Although we believe that Micro Nano Silicon can be utilized in a number of industries, there can be no assurance that we will gain market acceptance of our products in such industries.

Other Income and Expense

As a result of the factors discussed above, we recorded a loss from operations of $2,546,299 for the year ended September 30, 2012, having recorded $2,753,042 in income from operations for the year ended September 30, 2011. In both years, however, non-operating income and expense had a significant effect on our net income.

In March and June 2010 we sold 4 million series B warrants. The warrants permit the investors to buy additional common shares at the prices specified in the warrant agreements. Because the exercise price of the warrants may change in certain circumstances, the fair value of the warrants has been recorded as warrant liabilities on our balance sheet. At the end of each quarter, we re-calculate the fair value of the warrants using the Black-Scholes model, and record any increase or decrease in that fair value as other income or other expense. Because the market price of our common stock fell during fiscal years 2012 and 2011, the fair value of the warrants also fell by $1,181,141 and $3,552,385, respectively. We recognized these changes in our Statements of Operations as "other income"

During fiscal 2011 the move from our initial factory to our new facility required that we re-value the manufacturing equipment previously used in our old facility. Since we had scrapped much of the old equipment, we recorded, during fiscal year 2011, an impairment loss of $2,149,611.

The other major element of Other Income and Expense during fiscal year 2012 was interest expense relating to loans from bank, unrelated parties and related parties.

Net Income

Due to our minimal revenue, we incurred a net loss of $2,086,393 for the year ended September 30, 2012 as compared to net income of $3,438,865 for the year ended September 30, 2011. Once we fully launch our flame retardant additive product line, we believe that the top line benefits will more than compensate for the increased expenses, and we will realize more income from operations in future periods. The realization of net income will depend, in part, on changes in our warrant liabilities that we may be required to record as other income or other expense.

Liquidity and Capital Resources

	As of September 30,	
	2012	2011
Total current assets	$ 367,240	$ 284,264
Total current liabilities	8,325,211	5,378,520
Working capital (deficiency)	$ (7,957,971)	$ (5,094,256)

At September 30, 2012 we had a working capital deficiency of $7,957,971, representing an increase of $2,863,715 in the deficit during the 2012 fiscal year. Our current assets on September 30, 2012 were only $367,240, of which only $311,159 were liquid. We collected most of our accounts receivable, as we had no significant sales in the fiscal year 2012. Our current liabilities are primarily composed of short term loans totaling $3,186,371, accrued expenses and other payables totaling $391,608, and short term related parties payables totaling $4,200,314 due to Chunfei Real Estate and Mr. Pu. Chunfei Real Estate is owned by Mr. Pu Fachun, the single largest shareholder and president of the Company. Due to our negative cash flow and working capital deficit, our auditors expressed substantial doubt about the Company's ability to continue as a going concern in their audit report on our consolidated financial statements included with the Annual Report on Form 10K for the year ended September 30, 2012.

The Company completed construction of its new plant in January 2012, with the exception of one production line. During the year ended September 30, 2012 we were in the process of performing test runs on the new production line, so our production was limited. We are expecting to commence normal production operations at the end of January 2013. To reactivate full production, $500,000 cash is needed for the purchase of raw materials. We expect our affiliate companies will continue to lend the money needed to sustain us through this transition period. Also, we will look for financing from local banks and third parties. However, we did not have any commitments from them. If we are not able to obtain sufficient funds to operate our business, we will not generate sufficient cash flow to repay our short term liabilities.

If we are able to obtain the working capital necessary to revive operations, our long-term liquidity is favorable. We now own manufacturing facilities with a book value of $25,620,557. At September 30, 2012 we had loans due to related parties in the aggregate principal amount of $5,585,629, and $5,847,449 in third party loans that mature in 2013 and 2014, respectively.

The following tables summarize our contractual obligations as of September 30, 2012, and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

	Payments due by period				
	Total	Less than 1 year	1-3 Years	3-5 Years	5+ Years
Related parties indebtedness	$ 5,585,629	$ 4,200,314	$ 1,385,315	$ —	$ —
Loan payable to unrelated parties	5,847,449	3,186,371	2,661,078	—	—
Construction security deposit	26,649	26,649	—	—	—
Total contractual obligations	$ 11,459,727	$ 7,413,334	$ 4,046,393	$ —	$ —

Our operations used $1,805,535 in cash during the year ended September 30, 2012. This was approximately equal to our operating loss, net of $348,205 in stock-based compensation that is a non-cash expense. Over the long term, our net income will generally lag the cash provided by our operations because depreciation and amortization, a non-cash expense, reduces net income. However, in the year ended September 30, 2012, our depreciation and amortization expense of $1,299,041 was offset in large part by the other income of $1,181,140 that we recorded by reason of the decrease in the fair value of our derivative liabilities. Because the fair value of our derivative liabilities at September 30, 2012 was only $363,958 and the derivative liabilities terminate in March 2013, we do not anticipate that the derivative liabilities will have a significant effect on our net income in the future. As a result, our net income in the future will generally be less than the cash provided by our operations, although occasional events may alter that relationship.

In the year ended September 30, 2011, our operations provided us $2,575,903 in cash, which was $800,348 less than our net income of $3,376,251 for the year. As in fiscal year 2012, the other income of $3,552,385 realized by reason of a decrease in fair value of our derivative liabilities during fiscal year 2011 more than offset $682,110 in depreciation and amortization and a $2,149,611 impairment loss, thus balancing non-cash income with non-cash expenses. Cash provided lagged net income during fiscal 2011, therefore, primarily because we returned $1,184,690 in construction security deposits to our contractors as construction of our new facilities was completed in fiscal year 2011.

The largest demand on our cash during fiscal year 2012 and 2011 was our ongoing construction activities. For the year ended September 30, 2012, we used $4,522,481 in investing activities, all of which was attributable to additions to property and equipment.

To fund that expenditure as well as the cash used in operations, we received the proceeds from loan from related parties of $3,373,585, the proceeds from short-term loans of $1,159,217 and the proceeds from long-term loan of $2,088,392.

During fiscal 2011 we expended $6,783,960 on property and equipment, which we financed with proceeds from related party loans of $1,708,411, other short-term loans of $1,323,747 and proceeds from long term loans of $342,649.

We believe that there is potential application for Micro Nano Silicon in several markets. Future expansion into other product lines, however, will require additional capital. For that reason we continue to pursue opportunities for financing. We have at this time, however, no firm commitments for additional funds.

As of the date of this report, we do not have sufficient cash to operate for the next 12 months. However, we have a commitment from our president, Mr. Pu Fachun to secure financing through third party loans or personal loans to provide us with sufficient liquidity for the next 12 months.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition or results of operations.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
American Nano Silicon Technologies, Inc.

We have audited the accompanying consolidated balance sheets of American Nano Silicon Technologies, Inc. and subsidiaries as of September 30, 2012 and 2011 and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the two-year period ended September 30, 2012. American Nano Silicon Technologies, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Nano Silicon Technologies, Inc. and subsidiaries as of September 30, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the two-year period ended September 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company suspended its operations in May 2011. In addition, the Company has suffered negative cash flows for the year ended September 30, 2012 and has a net working capital deficiency as of September 30, 2012 that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Friedman LLP

New York, New York

January 11, 2013

AMERICAN NANO SILICON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of September 30	
	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,661	$ 92,796
Accounts receivable, net	8,412	-
Inventory, net of reserve	246,086	111,339
Advance to suppliers	29,035	-
Prepaid expense and other receivables	27,046	78,123
Employee advances, net	-	2,006
Total Current Assets	367,240	284,264
Property, plant and equipment, net	25,620,557	21,667,629
Other assets:		
Land use rights, net	1,018,256	1,028,475
Total other assets	1,018,256	1,028,475
Total Assets	$ 27,006,053	$ 22,980,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 400,220	$ 56,076
Short term loans	3,186,371	3,233,528
Taxes payable	120,049	97,358
Construction security deposits	26,649	88,547
Due to related parties	4,200,314	1,399,255
Accrued expenses and other payables	391,608	503,756
Total Current Liabilities	8,325,211	5,378,520
Long-term liabilities		
Long term loans	2,661,078	547,485
Due to related parties	1,385,315	1,781,609
Derivative liabilities-warrants	363,958	1,545,098
Total Long Term Liabilities	4,410,351	3,874,192
Total Liabilities	12,735,562	9,252,712
Commitment and Contingencies		
Stockholders' Equity		
Common stock, $0.0001 par value, 200,000,000 shares authorized; 39,061,840 and 31,362,130 shares issued and outstanding as of September 30, 2012 and 2011, respectively	3,906	3,136
Additional paid-in-capital	13,689,967	11,306,806
Accumulated other comprehensive income	2,054,715	1,809,418
Retained Earnings (Accumulated deficit)	(1,478,097)	608,296
Total Stockholders' Equity	14,270,491	13,727,656

Total Liabilities and Stockholders' Equity	$ 27,006,053	$ 22,980,368

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

AMERICAN NANO SILICON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

	For the Years Ended September 30, 2012	2011
Revenues	$ 89,378	$ 16,078,164
Cost of Goods Sold	136,051	12,318,591
Gross Profit (Loss)	(46,673)	3,759,573
Operating Expenses		
Research and development expense	464,898	296
Selling, general and administrative	2,034,728	1,006,235
Income (loss) from operations	(2,546,299)	2,753,042
Other Income and Expense		
Interest expense, net	(780,510)	(105,993)
Change in fair value of derivative liabilities	1,181,141	3,552,385
Impairment loss from property, plant and equipment	-	(2,149,611)
Other income(expense)	59,689	(152,992)
Total other income	460,320	1,143,789
Income (Loss) Before Income Taxes	(2,085,979)	3,896,831
Provision for Income Taxes	414	520,580
Net Income (Loss)	$ (2,086,393)	$ 3,376,251
Net loss attributable to the noncontrolling interest	-	(62,614)
Net Income (Loss) attributable to American Nano Silicon Technologies, Inc	(2,086,393)	3,438,865
Net Income (Loss)	(2,086,393)	3,376,251
Other comprehensive income		
Foreign currency translation adjustment	245,297	687,954
Comprehensive Income (Loss)	(1,841,096)	4,064,205
Comprehensive loss attributable to the noncontrolling interest	-	(62,614)
Comprehensive Income (Loss) attributable to American Nano Silicon Technologies, Inc	$ (1,841,096)	$ 4,126,819
Income (Loss) per common share		
Basic	$ (0.06)	$ 0.11
Diluted	$ (0.06)	$ 0.11
Weighted average number of common shares		
Basic	36,665,319	31,087,648

Diluted	36,665,319	31,126,408

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

AMERICAN NANO SILICON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock par value $.0001		Additional	Accumulated Other Comprehensive	(Accumulated deficit) Retained	Noncontrolling	Total Stockholders'
	Shares	Amount	Paid in Capital	Income	Earnings	Interest	Equity
Balance at September 30, 2010	30,900,067	$ 3,090	$ 8,998,234	$ 1,121,464	$ (2,830,569)	$ 1,632,834	$ 8,925,053
Stock based compensation	462,063	46	418,353				418,399
Net income (loss)					3,438,865	(62,614)	3,376,251
Acquisition of non-controlling interest			1,570,220			(1,570,220)	
Options granted to senior management			319,999				319,999
Other comprehensive income, net of tax							
Foreign currency translation adjustments				687,954			687,954
Balance at September 30, 2011	31,362,130	3,136	11,306,806	1,809,418	608,296	-	13,727,656
Stock based compensation	2,132,564	213	347,992				348,205
Net loss					(2,086,393)		(2,086,393)
Acquisition of non-controlling interest	1,650,636	165	(165)				-
Stock issued for loan settlement	3,116,510	312	1,869,596				1,869,908
Options exercised	800,000	80	79,920				80,000
Imputed interest expense for non interest bearing related party loans			85,818				85,818

Foreign currency translation adjustments				245,297			245,297
Balance at September 30, 2012	39,061,840	$ 3,906	$13,689,967	$ 2,054,715	$ (1,478,097)	$ -	$ 14,270,491

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

AMERICAN NANO SILICON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended September 30, 2012	For the Years Ended September 30, 2011
Cash Flows From Operating Activities:		
Net Income (Loss)	$ (2,086,393)	$ 3,376,251
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Recovery of bad debt	(35,256)	-
Change in fair value of derivative liabilities	(1,181,140)	(3,552,385)
Impairment loss from property, plant and equipment	-	2,149,611
Depreciation and amortization	1,299,041	682,110
Stock based compensation expense	348,205	738,399
Inventory reserve	44,914	-
Imputed interest expense for non interest bearing related party loans	85,818	-
Changes in operating assets and liabilities:		
(Increase) decrease in -		
Accounts receivable	19,246	588,488
Inventory	(176,865)	89,457
Notes receivable	(3,157)	-
Employee advances	9,352	5,699
Advances to suppliers	(28,806)	7,073
Prepaid expense and other receivables	54,781	(13,125)
Increase (decrease) in -		
Accounts payable	5,612	(66,228)
Construction security deposits	(62,788)	(1,184,690)
Taxes payable	20,997	(457,211)
Accrued expenses and other payables	(119,096)	212,454
Cash provided by (used in) operating activities	(1,805,535)	2,575,903
Cash Flows From Investing Activities:		
Additions to property and equipment	(4,522,481)	(6,783,960)
Proceeds from disposal of plant, property and equipment	-	69,703
Proceeds from repayment of loan to related party	-	345,708
Cash used in investing activities	(4,522,481)	(6,368,549)
Cash Flows From Financing Activities		
Proceeds from option exercise	80,000	-
Repayment of related parties loans	(420,893)	-
Proceeds from loan from related parties	3,373,585	1,708,411
Proceeds from short term loans	1,159,217	1,323,747
Proceeds from long term loans	2,088,392	342,649
Cash provided by financing activities	6,280,301	3,374,807
Effect of exchange rate changes on cash and cash equivalents	11,580	12,072
Decrease in cash and cash equivalents	(36,135)	(405,767)
Cash and Cash Equivalents - Beginning of the year	92,796	498,563
Cash and Cash Equivalents - End of the year	$ 56,661	$ 92,796

SUPPLEMENTAL CASH FLOW INFORMATION:

During the period, cash was paid for the following:

Interest expense	$ 677,264	$ 18,073
Income taxes	$ 414	$ 786,711
Non-cash investing and financing activities:		
Common stock issued for service	$ 348,205	$ -
Common stock issued for loan settlement	$ 1,869,907	$ -
Unpaid property, plant and equipment additions, included in accounts payable	$ (334,943)	$ (178,316)

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

Note 1 – ORGANIZATION AND BASIS OF PRESENTATION

American Nano-Silicon Technologies, Inc. (the "Company" or "ANNO") was incorporated in the State of California on September 6, 1996. Since 2006, the Company has been primarily engaged in the business of manufacturing and distributing refined consumer chemical products through its subsidiaries, Nanchong Chunfei Nano-Silicon Technologies Co., Ltd. ("Nanchong Chunfei"), Sichuan Chunfei Refined Chemicals Co., Ltd. ("Chunfei Chemicals"), and Sichuan Hedi Veterinary Medicines Co., Ltd. ("Hedi Medicines").

On August 26, 2006, ANNO, through its wholly owned subsidiary American Nano Silicon Technologies, Inc., a Delaware corporation ("ANST"), acquired a 95% interest in Nanchong Chunfei, a company incorporated in the People's Republic of China (the "PRC" or "China") in August 2006. Nanchong Chunfei directly owned 90% of Chunfei Chemicals, a Chinese corporation established under the laws of PRC on January 6, 2006. Chunfei Chemicals itself owned 92% of Hedi Medicines, also a Chinese company incorporated under the law of PRC on June 27, 2002.

On September 6, 2011, the Company acquired all minority interests in its subsidiaries by agreeing to issue 1,650,636 shares of common stock to the minority interest holders. Thereafter, Nanchong Chunfei, Chunfei Chemicals, and Hedi Medicines became wholly owned subsidiaries of ANNO. The shares were issued to the minority interest holders on November 28, 2011.

The accompanying consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America.

Going Concern

As shown in the accompanying financial statements, the Company had negative cash flow for the year ended September 30, 2012 and the Company's current liabilities exceed its current assets by $7.9 million. The Company suspended manufacturing operations in May 2011 as part of an effort to relocate the production facilities. The Company resumed limited production on January 2, 2012. The current cash and inventory level will not be sufficient to support the Company's resumption of its normal operations and repayments of the loans. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company will need additional funds to meet its operating and financing obligations until sufficient cash flows are generated from anticipated production to sustain operations and to fund future development and financing obligations. We expect that the affiliate companies owned by the Company's largest shareholder and President, Mr. Pu Fachun, will continue providing necessary funding for the Company's normal operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements represent the consolidated accounts of the Company and its subsidiaries, Nanchong Chunfei, Chunfei Chemicals and Hedi Medicines. All significant intercompany balances and transactions have been eliminated in the consolidation.

Non-controlling interests

Prior to the acquisition on September 6, 2011, non-controlling interests result from the consolidation of our 95% directly owned subsidiary, Nanchong Chunfei, 85.5% indirectly owned subsidiary, Chunfei Chemicals, and 78.66% indirectly owned subsidiary, Hedi Medicines.

Use of estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates required to be made by the management include, but are not limited to, the recoverability of long-lived assets and the valuation of inventories, valuation of warrant liabilities, and fair value of other financial instruments. Actual results could differ from these estimates.

Risks and uncertainties

The operations of the Company are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, in addition to the general state of the PRC economy. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Fair value of financial instruments

The Company adopted the provisions of Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1- Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2- Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3- Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, prepaid expenses, other receivables, advance to suppliers, short-term loan, accounts payable, advance from customers, other payables and accrued expenses approximate their fair market value based on the short-term maturity of these instruments. The carrying value of the long-term debt approximates fair value based on market rates and terms currently available to the Company. The Company uses Level 2 method to measure fair value of its warrant liability (see note 12). The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with ASC 820.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on deposit and all highly liquid debt instruments with an original maturity of three months or less.

Accounts receivable

The Company's policy is to maintain reserves for potential credit losses on accounts receivable. Provisions are made against accounts receivable to the extent which they are considered to be doubtful. Accounts receivable on the balance sheet are stated net of such provisions. These provisions are based on management’s analysis of customers’ credit history and current relationships with those customers. Based on this assessment, it has been concluded that realization losses on balances outstanding at year-end will be immaterial.

Allowances for doubtful accounts receivable balances are recorded when circumstances indicate that collection is doubtful for particular accounts receivable. Management estimates such allowances based on historical evidence such as amounts that are subject to risk.

Inventory

Inventories consist of raw materials and packing supplies. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Market value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Property, plant & equipment

Property, plant and equipment are stated at cost. The cost of an asset is comprised of its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Depreciation and amortization are calculated using the straight-line method over the following useful lives:

Buildings and improvements	39 years
Machinery, equipment and automobiles	5-10 years

Construction in progress represents direct costs of construction or acquisition and design fees incurred for the Company's new plant and equipment. Capitalization of these costs ceases and the construction in progress is transferred to plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided until it is completed and ready for its intended use.

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Impairment of long-lived assets

In accordance with ASC 360, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. We recognized an impairment loss from long-lived assets of $2,149,611 for the fiscal year ended September 30, 2011. There was no impairment of long-lived assets in 2012.

Advance to suppliers

Advance to suppliers represents the payments made and recorded in advance for goods and services. Advances were also made for the purchase of the materials and equipment of the Company's construction in progress.

Revenue recognition

The Company recognizes revenue under the FASB Codification Topic 605 ("ASC Topic 605"). Revenue is recognized when all the following have occurred: persuasive evidence of arrangement with customers, products are delivered, fees are fixed and determinable and collection is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as advance from customers.

Shipping and handling

Shipping and handling costs incurred for shipping of finished products to customers are included in selling expense and totaled $7,805 and $3,916 for the year ended September 30, 2012, and 2011, respectively.

Taxation

Income taxes

The Company accounts for income tax under the provisions of ASC 740-10-25, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes are recognized for all significant temporary differences between tax and financial statements bases of assets and liabilities. Valuation allowances will also be established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Uncertain tax positions

During the course of business, there are certain transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes may be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are fully supportable. We adjust these reserves in light of changing facts and circumstances, such as the outcome of a tax audit or changes in the tax law. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. As of September 30, 2012, we had zero unrecognized tax benefits or provisions.

Value added tax

Value added tax is imposed on goods sold in or imported in the PRC. Value added tax payable in the People's Republic of China is charged on an aggregated basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided, but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year. The Company had value added tax recoverable of $51,397 and $ 15,038 as of September 30, 2012 and 2011, respectively.

Earnings (Loss) per share

Earnings per share are calculated in accordance with the ASC 260, "Earnings per Share." Basic net earnings per share are based upon the weighted average number of common shares outstanding, but excluding shares issued as compensation that have not yet vested. Diluted net earnings per share are based on the assumption that all dilutive convertible shares and stock options were converted or exercised, and that all unvested shares have vested. 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. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Statement of cash flows

In accordance with ASC 230, cash flows from the Company's operations are calculated 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.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of advances to suppliers and other receivables arising from its normal business activities. The Company does not require collateral or other security to support these receivables. The Company routinely assesses the financial strength of its debtors and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts.

Foreign currency translation

The Company's principal country of operations is the PRC. The financial position and results of operations of the Company are determined using the local currency, Renminbi ("RMB"), as the functional currency. Foreign currency transactions are translated at the applicable rates of exchange in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. Revenues and expenses are translated at the average exchange rates in effect during the reporting period. Equity accounts are translated in the historical exchange rate when the transactions took place.

RMB is not a fully convertible currency. All foreign exchange transactions involving RMB must take place either through the People's Bank of China (the "PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC, which are determined largely by supply and demand. Translation of amounts from RMB into US dollar has been made at the following exchange rates for the respective years:

September 30, 2012	
Balance sheet	RMB 6.2857 to US$1.00
Statement of operations and comprehensive loss	RMB 6.3357 to US$1.00
September 30, 2011	
Balance sheet	RMB 6.3843 to US$1.00
Statement of operations and comprehensive loss	RMB 6.5372 to US$1.00

Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity as "Accumulated Other Comprehensive Income". Gains and losses resulting from foreign currency translations are included in Comprehensive Income (Loss).

Note 3 – INVENTORY

The inventory consists of the following:

	September 30, 2012	September 30, 2011
Raw materials	$ 73,191	$ 63,840
Packing supplies	22,126	18,522
Work-in-process	55,170	22,940
Finished goods	140,870	6,037
	291,357	111,339
Less inventory allowance	(45,271)	--
Total	$ 246,086	$ 111,339

Note 4–PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment consisted of the following:

	September 30, 2012	September 30, 2011
Machinery & Equipment	$ 8,942,612	$ 9,140,703
Plant & Buildings	15,876,637	12,624,123
Sub total	24,819,249	21,764,826
Less: Accumulated Depreciation	(2,741,974)	(1,436,420)
Add: Construction in Process	3,543,282	1,339,223
Property, Plant and Equipment	$ 25,620,557	$ 21,667,629

Depreciation expense for the years ended September 30, 2012 and 2011 was $1,272,896 and $656,772, respectively.

In June, 2012, the Company completed construction of new manufacturing production lines. The Company reclassified $1,488,781 of construction in process to property, plant and equipment.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company periodically borrows money from its shareholders to finance the operations. The details of loans from related parties are as follows:

	September 30, 2012	September 30, 2011
Short term:		
Short term loan from Chunfei Real Estate	$ 1,837,809	$ 783,266
Short term loan from Pu Fachun	2,362,505	302,508
Short term loan from Zhang Lizi	-	313,481
	$ 4,200,314	**$ 1,399,255**
Long term:		
Loan From Chunfei Real Estate)	$ -	$ 55,486
Loan From Chunfei Daily Chemical	-	275,270
Loan From Pu Fachun	1,385,315	1,442,237
Loan From Other Officer and Employee	-	8,616
	$ 1,385,315	**$ 1,781,609**

Sichuan Chunfei Daily Chemicals Co. Ltd ("Daily Chemical") and Sichuan Chunfei Real Estate ("Chunfei Real Estate") are owned by Mr. Pu Fachun. Zhang Lizi is the wife of Pu Fachun.

Short term loans from Chunfei Real Estate of $1,837,809 bear no interest and were due on demand. The short term loan from Mr. Pu was $2,362,505, which included $2,012,505 bearing no interest and due on demand and $350,001 due in 2013 with fixed interest of 1% per month.

Long term loans from Mr. Pu were $1,385,315 bearing no interest and due on December 31, 2014.

The Company recorded imputed interest of $85,818 for non-interest bearing related party loans for the year ended September 30, 2012.

NOTE 6 - LAND USE RIGHT

All land in the People's Republic of China is government owned and cannot be sold to any individual or company. However, the government grants the user a "land use right" (the Right) to use the land. The Company has the Right to use the land for 50 years and amortizes the Right on a straight-line basis over the period of 50 years. As of September 30, 2012 and 2011, intangible assets consisted of the following:

	September 30, 2012	September 30, 2011
Land use rights	$ 1,176,249	$ 1,158,082
Less: accumulated amortization	(157,993)	(129,607)
	$ 1,018,256	$ 1,028,475

The amortization expense for the years ended September 30, 2012 and 2011 was $26,145 and $25,338, respectively.

NOTE 7– TAXES PAYABLE

The taxes payable includes the following:

	September 30, 2012	September 30, 2011
Corporate income tax payable	$ 114,323	$ 112,310
Value-added tax (recoverable)	(51,397)	(15,038)
Other	57,123	86
Total tax payable	$ 120,049	$ 97,358

NOTE 8 – SHORT TERM AND LONG-TERM LOANS

The short term and long-term loans include the following:

	September 30, 2012	September 30, 2011
a) Loan payable to Nanchong City Bureau of Finance due on demand, fixed interest rate of 0.465% per month	$ 636,365	$ 626,537
b) Loan payable to Nanchong Commercial bank due on January 4, 2013 and June 28, 2013, at fixed interest rate of 6.941% and 7.216% per year	1,590,913	-
c) Loan payable to Bank of Nanchong due on December 22, 2011, at fixed interest rate of 0.463% per month	-	783,171
d) Individual loans from various investors	100,000	100,000
e) Individual loans from unrelated parties, which were converted into equity in November 2011 (see Note 13)	-	1,253,917
f) Individual loans from unrelated parties at monthly interest rates of 2%-3%,maturing in 2012 and 2013	143,182	469,903
g)Loan payable to Evergrowing Bank at a floating rate, due on April 15, 2013	715,911	-
Total Short Term Loans	**$ 3,186,371**	**$ 3,233,528**
a) Individual loans from unrelated parties bearing no interest, maturing in 2013 and 2014	$ -	$ 430,009
b) Individual loans from unrelated parties at monthly interest rate of 0%-6%, due in December 2013 to 2015*	2,661,078	117,476
Total Long Term Loans	**$ 2,661,078**	**$ 547,485**

* $2,560,574 will be due in the year ended September 30, 2014, and $100,504 will be due in the year ended September 30, 2105.

The Company pledged its land use right to secure the loans from Nanchong Commercial Bank. The Company recorded interest expense of $572,320 and $107,001 for the years ended September 30, 2012 and 2011, respectively.

NOTE 9 – CONSTRUCTION SECURITY DEPOSITS

The Company requires security deposits from its plant and building contractors prior to start of the construction. The deposits are to be refunded upon official certification of the completion of the work within the specified time. The purpose of the security deposits is to protect the Company from unexpected delays and poor construction quality.

The Company offers no interest on the security deposits. As of September 30, 2012 and 2011, the balance of the construction security deposits was $26,649 and $88,547, respectively.

NOTE 10 – INCOME TAXES

The Company's subsidiaries are governed by the Income Tax Law of the People's Republic of China, which mandates a corporate income tax rate of 25%. Chunfei Chemical is a foreign invested entity located in western China, which enjoyed a tax holiday from 2007 to 2011, during which its tax rate was reduced by 10 basis points. Nanchong Chunfei was taxed at 12.5% from 2009 to 2011, which was approved by the local tax authority. Hedi Medicines was taxed at the 25% statutory rate in year 2011, but starting from calendar year 2012, Hedi Medicine has been taxed at a flat rate of 260 RMB per month

The following table reconciles the U.S. statutory rates to the Company's effective tax rate for the years ended September 30, 2012 and 2011:

	For the years ended September 30	
	2012	2011
US statutory income tax rate	35.00%	35.00%
Income not taxed in US	-35.00%	-35.00%
China Income tax statutory rate	25.00%	25.00%
Income tax exemption	-9.1%	-10.7%
Non-taxable item in China	0%	0%
Valuation allowance	-15.9%	-
Other item	0%	-1%
Effective rate	0%	13.3%

Other item represents the net income that could not be offset by loss incurred by other subsidiaries.

The Company incurred a net operating loss for the year ended September 30, 2012. As of September 30, 2012 and September 30, 2011, net operating loss carry forwards for United States and China income tax purposes amounted to $2,616,844 and $1,881,776, respectively, which may be available to reduce future years' taxable income. These carry forwards will expire, if not utilized, beginning in 2028 through 2030 for U.S tax purposes and 2017 for China income tax purposes . Management believes that the realization in the U.S. of the benefits arising from these losses appear to be uncertain due to the Company's business operations being primarily conducted in China and foreign income not recognized in the United States for United States income tax purposes. It is also uncertain that the China business operation will have income taxable in China. Accordingly, the Company has provided a 100% valuation allowance as of September 30, 2012 and 2011, respectively for the temporary difference related to the loss carry-forwards.

The following table reconciles the changes of deferred tax asset for the years ended September 30, 2012 and 2011:

	September 30, 2012	September 30, 2011
United States:		
Deferred tax asset from loss carry-forward-Beginning	$ 658,622	$ 417,503
Addition: loss carry-forward	177,921	241,119
Valuation allowance-Beginning	(658,622)	(417,503)
Addition: Valuation allowance	(177,921)	(241,119)
Deferred tax asset-net	$ -	$ -
China:		
Deferred tax asset from loss carry forward-Beginning	$ -	$ -
Addition: loss carry-forward	185,246	-
Valuation allowance-Beginning	-	-
Addition: Valuation allowance	(185,246)	-
Deferred tax asset-net	$ -	$ -

The Company's open tax years for its U.S. federal and state income tax returns are for the tax years after 2009. These tax returns are subject to examination by the tax authorities.

NOTE 11 – CONCENTRATION OF RISKS

For the year ended September 30, 2012, we had generated very limited sales. Therefore we did not rely on any particular customers for the period.

Two major customers accounted for approximately 76% of the net revenue for the year ended September 30, 2011, with each customer individually accounting for 44% and 32%, respectively.

We had generated very limited sales and made very limited purchases in the year ended September 30, 2012. Therefore we did not rely on any particular vendor for the period.

One major vendor provided approximately 99% of the Company's purchases of raw materials for the year ended September 30, 2011, respectively.

None of the vendors and customers mentioned above is a related party to the Company.

NOTE 12 – WARRANT LIABILITIES

In March and June 2010, the Company issued 4,200,000 shares of common stock and Warrants to purchase 4,000,000 shares of Common Stock (Series B Warrants) to three accredited institutional funds and an accredited investor for $2,000,000.

The Company concluded that the Series B Warrants should be treated as derivative liabilities because the warrants are entitled to a price adjustment provision to allow the exercise price to be reduced in the event the Company issues or sells any additional shares of common stock at a price per share less than the then-applicable exercise price or without consideration, which is typically referred to as a "down-round protection" or "anti-dilution" provision. The Company uses Level 2 inputs to measure fair value of its warrant liability.

During the year ended September 30, 2012, the Company's warrant liability accounts were as follows:

Opening balance	$ 1,545,098
Issued in the year ended September 30, 2012	-
Change in warrant liabilities	(1,181,140)
Exercised in the year ended September 30, 2012	-
Closing balance, September 30, 2012	$363,958

The following table summarizes the shares of the Company's common stock issuable upon exercise of warrants outstanding at September 30, 2012:

Warrants Outstanding				Warrants Exercisable	
Range of Exercise Price	Number of shares underling warrants Outstanding at September 30, 2012	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of shares underling warrants Exercisable at September 30, 2012	Weighted Average Exercise Price
$ 0.70	2,000,000	0.43	$ 0.70	2,000,000	$ 0.70
$ 1.00	2,000,000	0.67	1.00	2,000,000	1.00
	4,000,000	0.55	$ 0.85	4,000,000	$ 0.85

NOTE 13 – STOCKHOLDERS' EQUITY

A. Share based payments

In April 2012, 51,282 shares of restricted common stock were issued at $0.16 per share, the fair value of the shares at the issuance date, to one of the Company's independent directors as compensation for his services from April 2011 to October 2012. The shares were valued at $8,205 and expensed as a part of general and administrative expenses.

In April 2012, 2,000,000 shares of restricted common stock were issued at $0.16 per share, the fair value of the shares at the issuance date, to the Company's Chief Engineer as compensation for his role in the development of a flame retardant agent, which is expected to make a major contribution to the Registrant's revenues in the future. The fair value of the shares was expensed as R&D expense in the quarter in which the stock was granted.

In November, 2011, 51,282 shares of restricted common stock were issued at $0.39 per share, the fair value of the shares at the issuance date, to one of the Company's independent directors as compensation for his services from October 2011 to March 2012. The shares were valued at $20,000 and expensed as a part of general and administrative expenses.

In November, 2011, 30,000 shares of restricted common stock were issued to the investors in the Company's 2010 private placement, in settlement of their contractual claim to additional shares if the Company failed to achieve the net income target specified in their stock purchase agreement. No fair value is used because the issuance of stock is treated as reallocation of proceeds on the common stock issued on private placement.

In November, 2011, the Company issued 1,650,636 shares of restricted common stock to Mr. Pu Fachun in exchange for his transfer of all minority interests in the Company's subsidiaries.

On September 6, 2011, the Company entered into an agreement with Pu Fachun and four other individuals who had loaned a total of $1,869,906 to the Company at various times between July 2008 and July 2011. Pursuant to the agreement, the Company satisfied the debts in full by issuing shares of its common stock valued at $.60 per share. In November 2011, 3,116,510 shares of restricted common stock were issued to satisfy this debt.

B: Earnings Per Share

The following is a reconciliation of the basic and diluted earnings (loss) per share computations for the years ended September 30 :

	2012	2011
Net income (loss) for basic earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Earnings (loss) per share: Basic	$ (0.06)	$ 0.11

	2012	2011
Net income (loss) for diluted earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Dilutive effect of warrants	-	-
Dilutive effect of options		38,760
Weighted average shares used in diluted computation	36,665,319	31,126,408
Earnings(loss) per share: Diluted	$ (0.06)	$ 0.11

For the year ended September 30, 2012, a total of 4,000,000 warrants have not been included in the calculation of diluted earnings per share in order to avoid any anti-dilutive effect.

C. Option exercise

In April 2012, 800,000 options were exercised at an exercise price of $0.10 per share. 800,000 shares of common stock were issued accordingly. As of September 30, 2012, there are no options outstanding.

NOTE 14– COMMITMENTS

Employment Agreements

As of May 1, 2008, we entered into indefinite employment agreements with Pu Fachun and Zhang Changlong. The agreements provide for an annual salary of $10,000 to Mr. Pu and an annual salary of $7,500 to Mr. Zhang.

The agreements provides that the officers' compensation will be reviewed by the Board of Directors not less frequently than annually, and may be adjusted upward at any time in the sole discretion of the Board of Directors. The officers will be eligible for bonus compensation to be awarded at such times and in such amounts as determined by the board in its sole discretion. The term of each agreement commenced on the effective date of May 1, 2008 and will continue until an event of termination under the agreement, including the following (i) the disability of the officer, (ii) upon the death of any officer, or (ii) upon thirty days' written notice from either party.

Remuneration of Directors

The Board of Directors has agreed that it will compensate Mr. Robert Fanella upon commencement of his service and on each anniversary of his commencement date, with $10,000 cash plus $40,000 in the form of restricted shares of the Company's common stock, calculated on the average closing price per share for the five (5) trading days preceding and including the date stock is issued. The Board will also compensate each of Mr. He Ping, Mr. Lü Shuming, and Mr. Liu Dechun upon commencement of his service and on each anniversary of his commencement date, with $5,000 in cash.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) **Evaluation of disclosure controls and procedures.**

The term "disclosure controls and procedures" (defined in SEC Rule 13a-15(e)) refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within required time periods. The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this annual report (the "Evaluation Date"). That evaluation revealed that the lack of expertise in U.S. accounting principles among the personnel in our Chinese headquarters created a material weakness in our disclosure control and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, such controls and procedures were not effective.

(b) **Changes in internal controls.**

The term "internal control over financial reporting" (defined in SEC Rule 13a-15(f)) refers to the process of a company that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated any changes in the Company's internal control over financial reporting that occurred during the fourth quarter of the year covered by this annual report, and they have concluded that there was no change to the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) **Management's Report on Internal Control over Financial Reporting.**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. We have assessed the effectiveness of those internal controls as of September 30, 2012, using the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework as a basis for our assessment.

A material weakness in internal controls is a deficiency in internal control, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a material misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. In the course of making our assessment of the effectiveness of internal controls over financial reporting, we identified material weaknesses in our internal control over financial reporting. The material weaknesses consisted of the lack of expertise in U.S accounting principles among the personnel in our Chinese headquarters, insufficient oversight of the Company's external financial reporting and internal control over financial reporting, and a combination of the following deficiencies in internal control over financial reporting:

a. There are no expense accrual procedures and controls.

b. Calculation and recording of depreciation expense is not done and reviewed appropriately.

c. There are no policies and procedures in place for impairment test for long lived assets and impairment loss was not recorded timely and properly.

Our books are maintained and our financial statements are prepared by the personnel employed at our executive offices in Sichuan in the People's Republic of China. Few of our employees have experience or familiarity with U.S accounting principles. The lack of accounting personnel who are trained in U.S. accounting principles could lead to improper classification of items and other failures to make the entries and adjustments necessary to comply with U.S. GAAP. Because of the above material weaknesses, management's assessment is that the Company's internal controls over financial reporting were not effective as of September 30, 2012.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Corporate Governance

Name	Age	Position
Pu Fachun	58	CEO, CFO, President
Zhang Qiwei	41	Director
Zhang Changlong	57	Director
Robert J. Fanella	62	Independent Director
He Ping	40	Independent Director
Lü Shuming	69	Independent Director
Liu Dechun	37	Independent Director

The following is a summary of the business experience of our officers and director:

Pu Fachun, President and Chairman, 58 years old, is an entrepreneur with over 20 years of experience in the chemicals management business. Mr. Pu started his career as a production technician at the Nanchong Chemical Plant in Sichuan in 1972. In 1994, he founded Sichuan Chunfei Investment Company until he established Nanchong Chunfei Nano-Silicon Technologies Co. Ltd in 2006. Mr. Pu was central in the development and commercialization of the Company's products. Prior to joining Nanchong Chunfei Nano-Silicon Technologies Co. Ltd in 2006, he had served as the Chairman of Sichuan Chunfei Investment Group. Mr. Pu joined the Company as a director and President and Chairman in July of 2007.

Zhang Qiwei, Director, 41 years old, was appointed as a new director of American Nano Silicon Technologies, Inc. on July 8, 2010. Mr. Zhang has served as as the general manager of Nanchong Chunfei Nano Silicon Technology Co Ltd, subsidiary of American Nano Silicon Technology, since early 2003. From 1999 to 2002, Mr. Zhang was the chief technical officer of Nanchong Chunfei Investment Group. Before joining Nanchong Chunfei Investment Group, Mr. Zhang earned his undergraduate degree in Chemical Engineering from Sichuan University, and he graduated in 1998.

Zhang Changlong, Director, 57 years old, has been General Inspector of Finance of Sichuan Chunfei Investment Group Co., Ltd. since October 2006. He is trained as a senior accountant, and formerly served as Section Chief of the Treasurer's Office of the Nanping Bureau of Forestry, as Section Chief of the Treasurer's Office of the Weft-Knitted Knitting Plant of Sichuan Nanchong Gaoping District, as finance chief of Shenzhen Huifeng Industry Co., Ltd., and financial adviser to Nanchong Jialing Pharmaceutical Co., Ltd, a position he held since 2001 prior to taking his position with Sichuan Chunfei Investment Group. Mr. Zhang joined the Company as a director in July of 2007.

Robert J. Fanella. Mr. Fanella, CPA, was appointed as an independent director and Audit Committee Chairman effective April , 2009. During Mr. Fanella's more than 35 years career specializing in corporate finance and accounting, he was responsible for audit and financial service oversight for both private and publicly traded companies. Since 2006, Mr. Fanella has been an independent financial consultant, working on various financial and operational projects for companies in industries such as electronic manufacturing, industrial plating, chemical, and health products. From April, 2011 to March 2012, Mr. Fanella served as CFO for ARCIS Resources Corporation (OTC Pink: ARCS). From 2002 to 2006, Mr. Fanella was employed as CFO/Owner of Tru-Way, Inc., a metal fabrication business mainly serving the electronics manufacturing industry. The business was sold in 2006. From 1984 to 2002, Mr. Fanella was employed as CFO by MicroEnergy, Inc , a public company of which he was co-founder. MicroEnergy, Inc was a manufacturing firm designing and selling custom switch-mode power supplies to major companies in the OEM electronics market. During the 12 year period prior to founding MicroEnergy, Inc., Mr. Fanella was the CFO/Controller for two smaller businesses in the electronics manufacturing business and welding supplies distribution business, and he spent seven years at Motorola, Inc., in various capacities from Financial Analyst to Business Controller. Mr. Fanella currently serves on the Board of Directors and also is Audit Committee Chairman for China YCT International Group, Inc (OTCQB: CYIG). Mr. Fanella was awarded a Bachelor of Science Degree in Finance by Northern Illinois University in 1972. He was awarded a Masters of Business Administration Degree in Finance with a Marketing concentration from the University of Chicago in 1979. In 1975 Mr. Fanella was registered as a certified public accountant (CPA) in Illinois.

He Ping, 39 years old, was appointed as an independent director of American Nano Silicon Technologies, Inc. on April 6, 2009. Dr. He is currently serving as a professor of electrochemical studies at Southwest University of Science and Technology, School of Material Science and Engineering. Dr. He is an active member of the International Society of Electrochemistry (ISE) and the Chinese Chemical Society (CCS). Dr. He has published over 50 essays and dissertations in both national and international academic periodicals. Science Citation Index (SCI) and Engineering Information (EI) have cited over 40 essays wrote by Dr. He and provided them as a researching resource to the public. Dr. He earned his Doctoral degree from Chinese Academy of Science – Changchun Institute of Applied Chemistry in 2005.

Lü Shuming, age 69, is a senior licensed chemical-engineer with over 30 years of experience in China's chemical industry. From 2002 to the present, he has served as a chief engineer and counselor at Chengdu Minhui Daily Chemical Technologies Co., Ltd. Prior to that, Mr. Lü was employed as the chief engineer involved in chemical engineering for different companies. Mr. Lü holds a bachelor degree in Chemical Engineering from Sichuan University. He graduated in 1967.

Liu Dechun, age 37, has been appointed as an independent director of American Nano Silicon Technologies, Inc. on April 6, 2009. From 2000 to the present, Mr. Liu has worked as an instructor at Southwest University of Science and Technology, Department of Applied Chemistry. Mr. Liu received his master degree in science in 2000 from Southwest University of Science and Technology.

All of our directors hold offices until the next annual meeting of the shareholders of the Company, and until their successors have been qualified after being elected or appointed. Officers serve at the discretion of the board of directors.

Audit Committee; Compensation Committee; Nominating Committee.

The Board of Directors appointed an audit committee, a compensation committee and a nominating committee in April 2009. The audit committee consists of Mr. Robert J. Fanella as the Chairman, and Mr. Lü, Mr. Liu, and Mr. He as members. Mr. Fanella is qualified to serve as an "audit committee financial expert," as defined in the Regulations of the Securities and Exchange Commission, by reason of his experience in public accounting and as a principal financial officer. Mr. Fanella, Mr. Lü, Mr. Liu, and Mr. He are "independent" directors, as defined in the listing standards of NASDAQ.

Shareholder Communications

The Board of Directors will not adopt a procedure for shareholders to send communications to the Board of Directors until it has reviewed the merits of several alternative procedures.

Code of Ethics

The Board of Directors has adopted a code of ethics applicable to the Company's executive officers. The Code of Ethics was filed an exhibit to the Company's Annual Report on Form 10-K for the year ended September 30, 2008. A copy may be obtained by a shareholder sending written request to the Company, attention Pu Fachun, CEO.

Section 16(a) Beneficial Ownership Reporting Compliance

None of the officers, directors or beneficial owners of more than 10% of the Company's common stock failed to file on a timely basis the reports required by Section 16(a) of the Exchange Act during the year ended September 30, 2012, except that none of the directors other than Pu Fachun has filed a Form 3.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation

The table below itemizes all compensation for the last three fiscal years paid to our Chief Executive Officer and Chief Financial Officer, Pu Fachun, as well as all compensation paid to our Chief Engineer, Qiwei Zhang, for the 2012 fiscal year. There was no officer of the Company whose salary and bonus for services rendered during the year ended September 30, 2012 exceeded $100,000.

	Fiscal Year	*Salary*	*Bonus*	*Stock Awards*	*Option Awards*	*Other Compensation*
Pu Fachun	2012	$ 10,000	--	--	--	--
	2011	$ 10,000	--	--	$ 30,000(1)	--
	2010	$ 10,000	--	--	--	--
Qiwei Zhang	2012	$	--	$ 320,000	--	--

(1) On September 6, 2011 the Board of Directors granted Mr. Pu a five year option to purchase 75,000 shares for $.10 per share. The fair value of the option on that date was $30,000.

(2) On April 16, 2012 the Board of Directors granted Mr. Zhang 2,000,000 shares of common stock with a market value of $320,000 as compensation for his assistance to the Company's research and development program.

As of May 1, 2008, we entered into an indefinite employment agreement with Pu Fachun. The agreement provides for an annual salary of $10,000 for each year for the term of the agreement with Mr. Pu.

The agreement provides that Mr. Pu's compensation will be reviewed by the Board of Directors not less frequently than annually, and may be adjusted upward at any time in the sole discretion of the Board of Directors. Mr. Pu will be eligible for bonus compensation to be awarded at such times and in such amounts as determined by the board in its sole discretion. The term of the agreement commenced on the effective date of May 1, 2008 and will continue until an event of termination under the agreement, including the following (i) the disability of Mr. Pu, (ii) upon the death of Mr. Pu, or (ii) upon thirty days' written notice from either party.

During the term of the agreement and for a period of eighteen months after the agreement's termination, Mr. Pu will be subject to a confidentiality agreement and a non-competition covenant, subject to certain conditions. Pursuant to the non-competition covenant, Mr. Pu agreed that he will not on behalf of, or in conjunction with any person, firm or corporation, other than the Company: (i) engage or participate in our business, (ii) enter the employ of or render any services to any person actively engaged in or directly competitive with our business, (iii) directly or indirectly participate in the ownership, management, operation, financing or control of (or be employed by or consult for or otherwise render services to) any person, corporation, firm or other entity that actively and directly competes with us in the business, (iv) directly solicit for employment any of our employees or any person who was employed by us six months prior to such solicitation.

Equity Grants

The following tables set forth certain information regarding the stock options acquired by the Company's Chief Executive Officer during the year ended September 30, 2012 and those options held by him on September 30, 2012.

Option Grants in the Last Fiscal Year

	Number of securities underlying option granted	Percent of total options granted to employees in fiscal year	Exercise Price ($/share)	Expiration Date	Potential realizable value at assumed annual rates of appreciation for option term	
					5%	10%
Pu Fachun	0	--	--	--	--	--

The following tables set forth certain information regarding the stock grants received by the executive officer named in the table above during the year ended September 30, 2012 and held by him unvested at September 30, 2012.

Unvested Stock Awards in the Last Fiscal Year

	Number of Shares That Have Not Vested	Market Value of Shares That Have Not Vested
Pu Fachun	--	--

The following table summarizes the total compensation earned by all non-employee Directors during the 2012 fiscal year:

Director Summary Compensation for FY 2012

The following table summarizes the compensation paid during the fiscal year ended September 30, 2012 to each of our non-employee directors.

Name	Fee Earned or Paid in Cash($)	All Other Compensation ($)	Total ($)
Robert J. Fanella	$ 10,000	$ 40,000(1)	$ 50,000
He Ping	$ 5,000		$ 5,000
Lü Shuming	$ 5,000		$ 5,000
Liu Dechun	$ 5,000		$ 5,000

(1) Represents the market value of shares of common stock issued to Mr. Fanella.

In addition to the amounts shown above, non-employee Board members received reimbursement for travel and lodging expenses incurred while attending Board and committee meetings and Board-related activities, such as visits to Company locations.

There were no outstanding options or other equity awards at year-end 2012 for non-employee Directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of December 21, 2012, with respect to the ownership of the Company's common stock by each person known by the Company to be the beneficial owner of more than five percent (5%) of the Company's common stock, by each director and officer and by all officers and directors as a group.

Name of Beneficial Holder	Number of Shares	Percentage of Class
Pu Fachun, President/CEO/CFO/Director	9,390,528(1)	24.04%
Zhang Qiwei, Director	4,120,000	10.55%
Zhang Changlong, Director	30,000	0.08%
Robert J. Fanella, Independent Director	195,747	0.50%
He Ping, Independent Director	10,000	0.03%
Lü Shuming, Independent Director	10,000	0.03%
Liu Dechun, Independent Director	10,000	0.03%
All officers and directors (7 persons)	13,766,275(1)	35.24%
Zhou Huakang	6,952,758(2)	17.80%
Yong Dafu	2,089,866	5.35%
T Squared Investments LLC	3,086,916(3)	7.90%
T Squared Capital LLC	3,086,916(3)	7.90%

(1) Includes 822,466 shares owned of record by Zhang Lizhi, Mr. Pu’s spouse.

(2) Includes 2,633,846 shares owned by Wang Ying, with respect to all of which Mr. Zhou has voting and dispositional authority. Also includes 1,000,000 shares owned by Montasia Capital Opportunity Fund LP, which is controlled by Mr. Zhou. Also includes 1,818,912 shares owned by Wang Xiaojin, Mr. Zhou’s spouse.

(3) The amount shown and the following information is derived from the Schedule 13Gs filed by T Squared Investments LLC and T Squared Capital LLC on August 30, 2010. Thomas Sauve is the Managing Member of both entities and has voting and dispositional control over the shares owned by both entities.

Beneficial ownership is determined in accordance with the rules of the S.E.C. and generally includes voting or investment power with respect to securities. In accordance with S.E.C. rules, shares of our common stock which may be acquired upon exercise of stock options or warrants which are currently exercisable or which become exercisable within 60 days of the date of the table are deemed beneficially owned by the optionees. Subject to community property laws, where applicable, the persons or entities named in the table above have sole voting and investment power with respect to all shares of our common stock indicated as beneficially owned by them.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships

The Company periodically borrows money from its shareholders to finance operations. The details of loans to/from related parties are as follows:

	As of September 30, 2012	As of September 30, 2011
Receivable from Chunfei Daily Chemical	$ -	$ -
Loan to/Receivable from Chunfei Real Estate	-	-
Total loan to Related Parties	$ -	$ -
Short term loan from Pu Fachun	$ 2,362,505	-
Short term loan From Chunfei Real Estate	$ 1,837,809	$ 1,399,255
Total Due to Related Parties-short term	$ 4,200,314	$ 1,399,255
Loan From Chunfei Real Estate (long term)	-	55,486
Loan From Chunfei Daily Chemical	-	275,270
Loan From Pu, Fachun (shareholder)	1,385,315	1,442,237
Loan From other officer and employee	-	8,616
Total Due to Related Parties-Long term	$ 1,385,315	$ 1,781,609

Short term loans from Chunfei Real Estate of $1,837,809 bear no interest and were due on demand. Short term loan from Mr. Pu was $2,362,505 which included $2,012,505 bearing no interest and due on demand and $350,001 due in 2013 with fixed interest of 1% per month.

Long term loans from Mr. Pu were $1,385,315 bearing no interest and due on December 31, 2014.

Director Independence

The following members of the Company's Board of Directors are independent directors, pursuant to the definition of "independent director" under the Rules of The NASDAQ Stock Market: Robert J. Fanela, He Ping, Lü Shuming and Liu Dechun.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed from professional services rendered by Friedman LLP, for the audit of our annual financial statements and review of interim financial information for the fiscal year ended September 30, 2012 was $90,000. The aggregate fees billed from professional services rendered by Friedman LLP, for the audit of our annual financial statements and review of interim financial information for the fiscal year ended September 30, 2011 was $90,000.

Audit-Related Fees

Friedman LLP did not render any audit-related services to us for the fiscal year ended September 30, 2012 or the fiscal year ended September 30, 2011.

Tax Fees

Friedman LLP did not render any tax services to us for the fiscal year ended September 30, 2012 or the fiscal year ended September 30, 2011.

All Other Fees

Friedman LLP did not render any other services to us for the fiscal year ended September 30, 2012 or the fiscal year ended September 30, 2011.

ITEM 15. EXHIBITS

Number	Exhibit	Location
3.1	Amended and Restated Articles of Incorporation	Incorporated by reference to Exhibit 32 to Form 10-K filed on January 12, 2009
3.3	Amended Bylaws	Incorporated by reference to Exhibit 33 to Form 10-K filed on January 12, 2009
10.1	Form of Employment Agreement of Pu Fachun and Zhang Changlong	Incorporated by reference to Exhibit 10.4 to Form 10-12G/A filed on September 18, 2008
14.1	Code of Ethics	Incorporated by reference to Exhibit 141 to Form 10-K filed on January 12, 2009
21.1	List of subsidiaries	Incorporated by reference to Exhibit 211 to Form 10-K filed on January 12, 2009
31.1	Certification of CEO and CFO pursuant to Rule 13a-14(a)/ 15(d)-14(a).	Filed within
32.1	Certification of CEO and CFO pursuant to Section 1350.	Filed within
101.Ins	XBRL Instance Document*	Filed within
101.Sch	XBRL Schema Document*	Filed within
101.Cal	XBRL Calculation Linkbase Document*	Filed within

101.Def	XBRL Definition Linkbase Document*	Filed within
101.Lab	XBRL Labels Linkbase Document*	Filed within
101.Pre	XBRL Presentation Linkbase Document*	Filed within

* The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN NANO SILICON TECHNOLOGIES, INC.

By:

/s/Pu Fachun
Pu Fachun
President

In accordance with the Exchange Act, this Report has been signed below on January 11, 2013 by the following persons, on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Pu Fachun
Pu Fachun, Director
Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer

/s/ Zhang Qiwei
Zhang Qiwei,
Director

/s/ Zhang Changlong
Zhang Changlong,
Director

/s/ Robert J. Fanella
Robert J. Fanella
Director

/s/ He Ping
Heping
Director

/s/ Lü Shuming
Lü Shuming
Director

/s/ Liu Dechun
Liu Dechun
Director

EXHIBIT 31

Rule 13a-14(a) Certification

I, Pu Fachun, certify that:

1. I have reviewed this annual report on Form 10-K of American Nano Silicon Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 11, 2013

/s/ Pu Fachun
Pu Fachun
Chief Executive Officer and Chief Financial Officer

EXHIBIT 32

Rule 13a-14(b) Certification

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of American Nano Silicon Technologies, Inc. (the "Company") certifies that:

1. The Annual Report on Form 10-K of the Company for the year ended September 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 11, 2013

/s/ Pu Fachun
Pu Fachun
Chief Executive Officer and Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Note 5 - Related Party Transactions: Schedule of Related Party Transactions (Tables)	**12 Months Ended**
	Sep. 30, 2012
Tables/Schedules	
Schedule of Related Party Transactions	

	September 30, 2012	September 30, 2011
Short term:		
Short term loan from Chunfei Real Estate	$ 1,837,809	$ 783,266
Short term loan from Pu Fachun	2,362,505	302,508
Short term loan from Zhang Lizi	0	313,481
	$ 4,200,314	**$ 1,399,255**
Long term:		
Loan From Chunfei Real Estate)	$ 0	$ 55,486
Loan From Chunfei Daily Chemical	0	275,270
Loan From Pu Fachun	1,385,315	1,442,237
Loan From Other Officer and Employee	0	8,616
	$ 1,385,315	**$ 1,781,609**

Note 4-property, Plant and Equipment: Property, Plant and Equipment (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Property, plant and equipment, net	$ 25,620,557	$ 21,667,629
Accumulated Depreciation, Depletion and Amortization, Property, Plant, and Equipment	(2,741,974)	(1,436,420)
Equipment		
Property, plant and equipment, net	8,942,612	9,140,703
Building		
Property, plant and equipment, net	15,876,637	12,624,123
Building and Building Improvements		
Property, plant and equipment, net	24,819,249	21,764,826
Construction in Progress		
Property, plant and equipment, net	$ 3,543,282	$ 1,339,223

Note 13 - Stockholders' Equity: ScheduleOfEarningsPerShareDiluted (Tables)	12 Months Ended
	Sep. 30, 2012
Tables/Schedules	
ScheduleOfEarningsPerShareDiluted	

	2012	2011
Net income (loss) for diluted earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Dilutive effect of warrants	-	-
Dilutive effect of options		38,760
Weighted average shares used in diluted computation	36,665,319	31,126,408
Earnings(loss) per share: Diluted	$ (0.06)	$ 0.11

Note 13 - Stockholders' Equity: ScheduleOfEarningsPerShareDiluted (Details) (USD $)	0 Months Ended		12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Net Income (Loss) attributable to American Nano Silicon Technologies, Inc	$ (2,086,393)	$ 3,438,865	$ (2,086,393)	$ 3,438,865
Weighted average number of common shares - Basic	36,665,319	31,087,648	36,665,319	31,087,648
DilutiveSecuritiesEffectOnBasicEarningsPerShareOptions		$ 38,760		$ 38,760
Weighted average number of common shares - Diluted	36,665,319	31,126,408	36,665,319	31,126,408
Income (loss) per common share - Diluted	$ (0.06)	$ 0.11	$ (0.06)	$ 0.11

Note 4-property, Plant and Equipment (Details) (USD $)	0 Months Ended		9 Months Ended
	Sep. 30, 2012	Sep. 30, 2011	Jun. 30, 2012
Depreciation Expense	$ 1,272,896	$ 656,772	
Construction in process reclassified to property, plant and equipment			$ 1,488,781

Note 12 - Warrant Liabilities: CompanySCommonStockIssuableUponExerciseOfWarrantsOutstandingAtJune302012 (Tables)	12 Months Ended Sep. 30, 2012

Tables/Schedules

CompanySCommonStockIssuableUponExerciseOfWarrantsOutstandingAtJune302012

Warrants Outstanding				Warrants Exercisable	
Range of Exercise Price	Number of shares underling warrants Outstanding at September 30, 2012	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of shares underling warrants Exercisable at September 30, 2012	Weighted Average Exercise Price
$0.70	2,000,000	0.43	$0.70	2,000,000	$0.70
$1.00	2,000,000	0.67	1.00	2,000,000	1.00
	4,000,000	0.55	$0.85	4,000,000	$0.85

Note 2 - Summary of Significant Accounting Policies: Income Taxes (Policies)	12 Months Ended Sep. 30, 2012
Policies	
Income Taxes	**Income taxes** The Company accounts for income tax under the provisions of ASC 740-10-25, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes are recognized for all significant temporary differences between tax and financial statements bases of assets and liabilities. Valuation allowances will also be established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Note 5 - Related Party Transactions (Details) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Imputed interest expense for non interest bearing related party loans	$ 85,818	$ 0

Note 13 - Stockholders' Equity (Details) (USD $)	12 Months Ended Sep. 30, 2012
Warrants not included in the calculation of diluted earnings per share	4,000,000
Options exercised	800,000
Exercise price of options	$ 0.10
Common Stock, Additional Series, Shares, Issued	800,000

Note 2 - Summary of Significant Accounting Policies: Use of Estimates (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Use of Estimates	**Use of estimates** In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates required to be made by the management include, but are not limited to, the recoverability of long-lived assets and the valuation of inventories, valuation of warrant liabilities, and fair value of other financial instruments. Actual results could differ from these estimates.

Note 1 - Organization and Basis of Presentation: Going Concern (Details) (USD $)	Sep. 30, 2012
Working capital deficiency	$ 7,900,000

Note 8 - Short Term and Long-term Loans: ScheduleOfDebtTableTextBlock (Tables)	12 Months Ended
	Sep. 30, 2012

Tables/Schedules

ScheduleOfDebtTableTextBlock

	September 30, 2012	September 30, 2011
a) Loan payable to Nanchong City Bureau of Finance due on demand, fixed interest rate of 0.465% per month	$ 636,365	$ 626,537
b) Loan payable to Nanchong Commercial bank due on January 4, 2013 and June 28, 2013, at fixed interest rate of 6.941% and 7.216% per year	1,590,913	0
c) Loan payable to Bank of Nanchong due on December 22, 2011, at fixed interest rate of 0.463% per month	0	783,171
d) Individual loans from various investors	100,000	100,000
e) Individual loans from unrelated parties, which were converted into equity in November 2011 (see Note 13)	0	1,253,917
f) Individual loans from unrelated parties at monthly interest rates of 2%-3%,maturing in 2012 and 2013	143,182	469,903
		-
g) Loan payable to Evergrowing Bank at a floating rate, due on April 15, 2013	715,911	**0**
Total Short Term Loans	**$ 3,186,371**	**$ 3,233,528**
a) Individual loans from unrelated parties bearing no interest, maturing in 2013 and 2014	$ 0	$ 430,009

b) Individual loans from unrelated parties at monthly interest rate of 0%-6%, due in December 2013 to 2015*	2,661,078	117,476
Total Long Term Loans	**$ 2,661,078**	**$ 547,485**

Note 3 - Inventory: Schedule of Inventory, Current (Tables) | **12 Months Ended Sep. 30, 2012**

Tables/Schedules

Schedule of Inventory, Current

	September 30, 2012	September 30, 2011
Raw materials	$ 73,191	$ 63,840
Packing supplies	22,126	18,522
Work-in-process	55,170	22,940
Finished goods	140,870	6,037
	291,357	111,339
Less inventory allowance	(45,271)	0
Total	$ 246,086	$ 111,339

Note 2 - Summary of Significant Accounting Policies (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Value Added Tax Receivable	$ 51,397	$ 15,038

Note 12 - Warrant Liabilities: Schedule of Stockholders' Equity Note, Warrants or Rights (Details) (USD $)	12 Months Ended		
	Sep. 30, 2012	Oct. 01, 2011	Sep. 30, 2011
Derivative liabilities-warrants	$ 363,958	$ 1,545,098	$ 1,545,098
Warrants issued	0		
Change in warrant liabilities	(1,181,140)		
Exercised in the year ended September 30, 2012	$ 0		

Note 8 - Short Term and Long-term Loans: ScheduleOfDebtTableTextBlock (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
A) Loan payable to Nanchong City Bureau of Finance due on demand, fixed interest rate of 0.465% per month	$ 636,365	$ 626,537
Loan payable to Nanchong Commercial bank due on January 4, 2013 and June 28, 2013, at fixed interest rate of 6.941% and 7.216% per year	1,590,913	0
Loan payable to Bank of Nanchong due on December 22, 2011, at fixed interest rate of 0.463% per month	0	783,171
Individual loans from various investors	100,000	100,000
Individual loans from unrelated parties, which were converted into equity in November 2011 (see Note 13)	0	1,253,917
Individual loans from unrelated parties at monthly interest rates of 1%-6%,maturing in 2012 and 2013	143,182	469,903
Loan payable to Evergrowing Bank at a floating rate, due on April 15, 2013	715,911	0
Short term loans	3,186,371	3,233,528
A) Individual loans from unrelated parties bearing no interest, maturing in 2013 and 2014	0	430,009
B) Individual loans from unrelated parties at monthly interest rate of 0%-6%, due in December 2013 to 2015	2,661,078	117,476
Long term loans	$ 2,661,078	$ 547,485

Note 13 - Stockholders' Equity: ScheduleOfEarningsPerShareBasic (Tables)	**12 Months Ended**
	Sep. 30, 2012
Tables/Schedules	
ScheduleOfEarningsPerShareBasic	

	2012	2011
Net income (loss) for basic earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Earnings (loss) per share: Basic	$ (0.06)	$ 0.11

Note 2 - Summary of Significant Accounting Policies	12 Months Ended
	Sep. 30, 2012

Notes
Note 2 - Summary of Significant Accounting Policies

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements represent the consolidated accounts of the Company and its subsidiaries, Nanchong Chunfei, Chunfei Chemicals and Hedi Medicines. All significant intercompany balances and transactions have been eliminated in the consolidation.

Non-controlling interests

Prior to the acquisition on September 6, 2011, non-controlling interests result from the consolidation of our 95% directly owned subsidiary, Nanchong Chunfei, 85.5% indirectly owned subsidiary, Chunfei Chemicals, and 78.66% indirectly owned subsidiary, Hedi Medicines.

Use of estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates required to be made by the management include, but are not limited to, the recoverability of long-lived assets and the valuation of inventories, valuation of warrant liabilities, and fair value of other financial instruments. Actual results could differ from these estimates.

Risks and uncertainties

The operations of the Company are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, in addition to the general state of the PRC economy. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Fair value of financial instruments

The Company adopted the provisions of Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1- Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2- Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3- Inputs are unobservable inputs which reflect the reporting entity' s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, accounts receivable, prepaid expenses, other receivables, advance to suppliers, short-term loan, accounts payable, advance from customers, other payables and accrued expenses approximate their fair market value based on the short-term maturity of these instruments. The carrying value of the long-term debt approximates fair value based on market rates and terms currently available to the Company. The Company uses Level 2 method to measure fair value of its warrant liability (see note 12). The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with ASC 820.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on deposit and all highly liquid debt instruments with an original maturity of three months or less.

Accounts receivable

The Company's policy is to maintain reserves for potential credit losses on accounts receivable. Provisions are made against accounts receivable to the extent which they are considered to be doubtful. Accounts receivable on the balance sheet are stated net of such provisions. These provisions are based on management' s analysis of customers' credit history and current relationships with those customers. Based on this assessment, it has been concluded that realization losses on balances outstanding at year-end will be immaterial.

Allowances for doubtful accounts receivable balances are recorded when circumstances indicate that collection is doubtful for particular accounts receivable. Management estimates such allowances based on historical evidence such as amounts that are subject to risk.

Inventory

Inventories consist of raw materials and packing supplies. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Market value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Property, plant & equipment

Property, plant and equipment are stated at cost. The cost of an asset is comprised of its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Depreciation and amortization are calculated using the straight-line method over the following useful lives:

Buildings and improvements	39 years
Machinery, equipment and automobiles	5-10 years

Construction in progress represents direct costs of construction or acquisition and design fees incurred for the Company' s new plant and equipment. Capitalization of these costs ceases and the construction in progress is transferred to plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided until it is completed and ready for its intended use.

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Impairment of long-lived assets

In accordance with ASC 360, "Accounting for the Impairment or Disposal of Long-Lived Assets", the Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset' s estimated fair value and its book value. We recognized an impairment loss from long-lived assets of $2,149,611 for the fiscal year ended September 30, 2011. There was no impairment of long-lived assets in 2012.

Advance to suppliers

Advance to suppliers represents the payments made and recorded in advance for goods and services. Advances were also made for the purchase of the materials and equipment of the Company' s construction in progress.

Revenue recognition

The Company recognizes revenue under the FASB Codification Topic 605 ("ASC Topic 605"). Revenue is recognized when all the following have occurred: persuasive evidence of arrangement with customers, products are delivered, fees are fixed and determinable and collection is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as advance from customers.

Shipping and handling

Shipping and handling costs incurred for shipping of finished products to customers are included in selling expense and totaled $7,805 and $3,916 for the year ended September 30, 2012, and 2011, respectively.

Taxation

Income taxes

The Company accounts for income tax under the provisions of ASC 740-10-25, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes are recognized for all significant temporary differences between tax and financial statements bases of assets and liabilities. Valuation allowances will also be established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Uncertain tax positions

During the course of business, there are certain transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes may be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are fully supportable. We adjust these reserves in light of changing facts and circumstances, such as the outcome of a tax audit or changes in the tax law. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. As of September 30, 2012, we had zero unrecognized tax benefits or provisions.

Value added tax

Value added tax is imposed on goods sold in or imported in the PRC. Value added tax payable in the People' s Republic of China is charged on an aggregated basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided, but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and services in the same financial year. The Company had value added tax recoverable of $51,397 and $ 15,038 as of September 30, 2012 and 2011, respectively.

Earnings (Loss) per share

Earnings per share are calculated in accordance with the ASC 260, “Earnings per Share.” Basic net earnings per share are based upon the weighted average number of common shares outstanding, but excluding shares issued as compensation that have not yet vested. Diluted net earnings per share are based on the assumption that all dilutive convertible shares and stock options were converted or exercised, and that all unvested shares have vested. 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. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Statement of cash flows

In accordance with ASC 230, cash flows from the Company' s operations are calculated 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.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of advances to suppliers and other receivables arising from its normal business activities. The Company does not require collateral or other security to support these receivables. The Company routinely assesses the financial strength of its debtors and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts.

Foreign currency translation

The Company' s principal country of operations is the PRC. The financial position and results of operations of the Company are determined using the local currency, Renminbi (“RMB”), as the functional currency. Foreign currency transactions are translated at the applicable rates of exchange in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. Revenues and expenses are translated at the average exchange rates in effect during the reporting period. Equity accounts are translated in the historical exchange rate when the transactions took place.

RMB is not a fully convertible currency. All foreign exchange transactions involving RMB must take place either through the People' s Bank of China (the

“PBOC”) or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC, which are determined largely by supply and demand. Translation of amounts from RMB into US dollar has been made at the following exchange rates for the respective years:

September 30, 2012	
Balance sheet	RMB 6.2857 to US$1.00
Statement of operations and comprehensive loss	RMB 6.3357 to US$1.00
September 30, 2011	
Balance sheet	RMB 6.3843 to US$1.00
Statement of operations and comprehensive loss	RMB 6.5372 to US$1.00

Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity as "Accumulated Other Comprehensive Income". Gains and losses resulting from foreign currency translations are included in Comprehensive Income (Loss).

Note 8 - Short Term and Long-term Loans (Details) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Interest Expense, Other	$ 572,320	$ 107,001

Note 10 - Income Taxes: Schedule of Effective Income Tax Rate Reconciliation (Tables)	12 Months Ended
	Sep. 30, 2012

Tables/Schedules

Schedule of Effective Income Tax Rate Reconciliation

	For the years ended September 30	
	2012	2011
US statutory income tax rate	35.00%	35.00%
Income not taxed in US	-35.00%	-35.00%
China Income tax statutory rate	25.00%	25.00%
Income tax exemption	-9.1%	-10.7%
Non-taxable item in China	0%	0%
Valuation Allowance	-15.9%	-
Other item	0%	-1%
Effective rate	0%	13.3%

Note 2 - Summary of Significant Accounting Policies: Inventory (Policies)	12 Months Ended Sep. 30, 2012
Policies	
Inventory	**Inventory** Inventories consist of raw materials and packing supplies. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Market value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Note 2 - Summary of Significant Accounting Policies: Cash (Policies)	12 Months Ended Sep. 30, 2012
Policies	
Cash	**Cash and cash equivalents** Cash and cash equivalents include cash on hand and cash on deposit and all highly liquid debt instruments with an original maturity of three months or less.

Note 5 - Related Party Transactions: Schedule of Related Party Transactions (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Short term loan from Chunfei Real Estate	$ 1,837,809	$ 783,266
Short term loan from Pu Fachun	2,362,505	302,508
Short term loan from Zhang Lizi	0	313,481
Due to related parties	4,200,314	1,399,255
Loan From Chunfei Real Estate	0	55,486
Loan From Chunfei Daily Chemical	0	275,270
Loan From Pu Fachun	1,385,315	1,442,237
Loan From Other Officer and Employee	0	8,616
Long Term Loans	$ 1,385,315	$ 1,781,609

Note 10 - Income Taxes: Schedule of changes in deferred tax asset (Tables)

Tables/Schedules

Schedule of changes in deferred tax asset

12 Months Ended Sep. 30, 2012		
	September 30, 2012	September 30, 2011
United States:		
Deferred tax asset from loss carry-forward-Beginning	$ 658,622	$ 417,503
Addition: loss carry-forward	177,921	241,119
Valuation allowance-Beginning	(658,622)	(417,503)
Addition: Valuation allowance	(177,921)	(241,119)
Deferred tax asset-net	$ -	$ -
China:		
Deferred tax asset from loss carry forward-Beginning	$ -	$ -
Addition: loss carry-forward	185,246	-
Valuation allowance-Beginning	-	-
Addition: Valuation allowance	(185,246)	-
Deferred tax asset-net	$ -	$ -

Note 2 - Summary of Significant Accounting Policies: Property, Plant & Equipment (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Property, Plant & Equipment	**Property, plant & equipment** Property, plant and equipment are stated at cost. The cost of an asset is comprised of its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Depreciation and amortization are calculated using the straight-line method over the following useful lives: Buildings and improvements — 39 years Machinery, equipment and automobiles — 5-10 years Construction in progress represents direct costs of construction or acquisition and design fees incurred for the Company' s new plant and equipment. Capitalization of these costs ceases and the construction in progress is transferred to plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided until it is completed and ready for its intended use. Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Note 2 - Summary of Significant Accounting Policies: Revenue Recognition (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Revenue Recognition	**Revenue recognition** The Company recognizes revenue under the FASB Codification Topic 605 (“ASC Topic 605”). Revenue is recognized when all the following have occurred: persuasive evidence of arrangement with customers, products are delivered, fees are fixed and determinable and collection is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as advance from customers.

Note 1 - Organization and Basis of Presentation	12 Months Ended Sep. 30, 2012

Notes

Note 1 - Organization and Basis of Presentation

Note 1 – ORGANIZATION AND BASIS OF PRESENTATION

American Nano-Silicon Technologies, Inc. (the "Company" or "ANNO") was incorporated in the State of California on September 6, 1996. Since 2006, the Company has been primarily engaged in the business of manufacturing and distributing refined consumer chemical products through its subsidiaries, Nanchong Chunfei Nano-Silicon Technologies Co., Ltd. ("Nanchong Chunfei"), Sichuan Chunfei Refined Chemicals Co., Ltd. ("Chunfei Chemicals"), and Sichuan Hedi Veterinary Medicines Co., Ltd. ("Hedi Medicines").

On August 26, 2006, ANNO, through its wholly owned subsidiary American Nano Silicon Technologies, Inc., a Delaware corporation ("ANST"), acquired a 95% interest in Nanchong Chunfei, a company incorporated in the People' s Republic of China (the "PRC" or "China") in August 2006. Nanchong Chunfei directly owned 90% of Chunfei Chemicals, a Chinese corporation established under the laws of PRC on January 6, 2006. Chunfei Chemicals itself owned 92% of Hedi Medicines, also a Chinese company incorporated under the law of PRC on June 27, 2002.

On September 6, 2011, the Company acquired all minority interests in its subsidiaries by agreeing to issue 1,650,636 shares of common stock to the minority interest holders. Thereafter, Nanchong Chunfei, Chunfei Chemicals, and Hedi Medicines became wholly owned subsidiaries of ANNO. The shares were issued to the minority interest holders on November 28, 2011.

The accompanying consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America.

Going Concern

As shown in the accompanying financial statements, the Company had negative cash flow for the year ended September 30, 2012 and the Company' s current liabilities exceed its current assets by $7.9 million. The Company suspended manufacturing operations in May 2011 as part of an effort to relocate the production facilities. The Company resumed limited production on January 2, 2012. The current cash and inventory level will not be sufficient to support the Company' s resumption of its normal operations and repayments of the loans. These factors raise substantial doubt about the Company' s ability to continue as a going concern. The Company will need additional funds to meet its operating and financing obligations until sufficient cash flows are generated from anticipated production to sustain operations and to fund future development and financing obligations. We expect that the affiliate companies owned by the Company' s largest shareholder and President, Mr. Pu Fachun, will continue providing necessary funding for the Company’ s normal operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 2 - Summary of Significant Accounting Policies: Shipping and Handling (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Shipping and Handling	**Shipping and handling** Shipping and handling costs incurred for shipping of finished products to customers are included in selling expense and totaled $7,805 and $3,916 for the year ended September 30, 2012, and 2011, respectively.

Note 6 - Land Use Right: Schedule of Finite-Lived Intangible Assets, Future Amortization Expense (Tables)	**12 Months Ended**
	Sep. 30, 2012

Tables/Schedules

Schedule of Finite-Lived Intangible Assets, Future Amortization Expense

	September 30, 2012	September 30, 2011
Land use rights	$1,176,249	$1,158,082
Less: accumulated amortization	(157,993)	(129,607)
	$1,018,256	$1,028,475

Note 3 - Inventory: Schedule of Inventory, Current (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Inventory, Raw Materials, Gross	$ 73,191	$ 63,840
Inventory Packing Supplies	22,126	18,522
Inventory, Work in Process, Gross	55,170	22,940
Inventory, Finished Goods, Gross	140,870	6,037
InventoryGross	291,357	111,339
Inventory reserve	(45,271)	0
Inventory, net of reserve	$ 246,086	$ 111,339

Note 14- Commitments (Details) (USD $)	12 Months Ended Sep. 30, 2012	
Director cash compensation - Fanella	$ 10,000	[1]
Director cash compensation	5,000	[2]
Mr. Pu		
Salaries, Wages and Officers' Compensation	10,000	
Mr. Zhang		
Salaries, Wages and Officers' Compensation	$ 7,500	

[1] The Board of Directors has agreed that it will compensate Mr. Robert Fanella upon commencement of his service and on each anniversary of his commencement date, with $10,000 cash plus $40,000 in the form of restricted shares of the Company's common stock, calculated on the average closing price per share for the five (5) trading days preceding and including the date stock is issued

[2] The Board will also compensate Mr. He Ping, Mr. Lü Shuming, and Mr. Liu Dechun upon commencement of his service and on each anniversary of his commencement date, with $5,000 in cash.

CONSOLIDATED BALANCE SHEETS (USD $)	Sep. 30, 2012	Sep. 30, 2011
Cash and cash equivalents	$ 56,661	$ 92,796
Accounts receivable, net	8,412	0
Inventory, net of reserve	246,086	111,339
Advance to suppliers	29,035	0
Prepaid expense and other receivables	27,046	78,123
Employee advances, net	0	2,006
Total current assets	367,240	284,264
Property, plant and equipment, net	25,620,557	21,667,629
Land use rights, net	1,018,256	1,028,475
Total other assets	1,018,256	1,028,475
Total Assets	27,006,053	22,980,368
Accounts payable	400,220	56,076
Short term loans	3,186,371	3,233,528
Taxes payable	120,049	97,358
Construction security deposits	26,649	88,547
Due to related parties	4,200,314	1,399,255
Accrued expenses and other payables	391,608	503,756
Total current liabilities	8,325,211	5,378,520
Long term loans	2,661,078	547,485
Due to related parties	1,385,315	1,781,609
Derivative liabilities-warrants	363,958	1,545,098
Total long term liabilities	4,410,351	3,874,192
Total Liabilities	12,735,562	9,252,712
Commitment and Contingencies	0	0
Common stock, $0.0001 par value, 200,000,000 shares authorized; 39,061,840 and 31,362,130 shares issued and outstanding as of September 30, 2012 and 2011, respectively	3,906	3,136
Additional paid-in-capital	13,689,967	11,306,806
Accumulated other comprehensive income	2,054,715	1,809,418
Retained earnings (accumulated deficit)	(1,478,097)	608,296
Total Stockholders' Equity	14,270,491	13,727,656
Total Liabilities and Stockholders' Equity	$ 27,006,053	$ 22,980,368

Note 12 - Warrant Liabilities: Schedule of Stockholders' Equity Note, Warrants or Rights (Tables)	12 Months Ended
	Sep. 30, 2012
Tables/Schedules	
Schedule of Stockholders' Equity Note, Warrants or Rights	

Opening balance	$ 1,545,098
Issued in the year ended September 30, 2012	0
Change in warrant liabilities	(1,181,140)
Exercised in the year ended September 30, 2012	0
Closing balance, September 30, 2012	$ 363,958

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Net Income (Loss)	$ (2,086,393)	$ 3,376,251
Provision for bad debt allowance	(35,256)	0
Change in fair value of derivative liabilities	(1,181,141)	(3,552,385)
Impairment loss from property, plant and equipment	0	2,149,611
Depreciation and amortization	1,299,041	682,110
Stock based compensation expense	348,205	738,399
Inventory reserve	(45,271)	0
Imputed interest expense for non interest bearing related party loans	85,818	0
(Increase) decrease in accounts receivable	19,246	588,488
(Increase) decrease in inventory	(176,865)	89,457
(Increase) decrease in notes receivable	(3,157)	0
(Increase) decrease in employee advances	9,352	5,699
(Increase) decrease in advances to suppliers	(28,806)	7,073
(Increase) decrease in prepaid expense and other expenses	54,781	(13,125)
(Increase) decrease in related party receivables	0	0
Increase (decrease) in accounts payable	5,612	(66,228)
Increase (decrease) in construction security deposits	(62,788)	(1,184,690)
Increase (decrease) in taxes payable	20,997	(457,211)
Increase (decrease) in accrued expenses and other payables	(119,096)	212,454
Cash provided by (used in) operating activities	(1,805,535)	2,575,903
Additions to property and equipment	(4,522,481)	(6,783,960)
Proceeds from disposal of plant, property and equipment	0	69,703
Proceeds from repyament of loan to related party	0	345,708
Cash used in investing activities	(4,522,481)	(6,368,549)
Proceeds from option exercise	80,000	0
Repayment of related parties loans	(420,893)	0
Proceeds from loan from related parties	3,373,585	1,708,411
Proceeds from short term loans	1,159,217	1,323,747
Proceeds from long term loans	2,088,392	342,649
Cash provided by financing activities	6,280,301	3,374,807
Effect of exchange rate changes on cash and cash equivalents	11,580	12,072
Increase (decrease) in cash and cash equivalents	(36,135)	(405,767)
Cash and Cash Equivalents - Beginning of the period	92,796	498,563
Cash and Cash Equivalents - End of the period	56,661	92,796
Interest expense	677,264	18,073
Income taxes	414	786,711
Unpaid property, plant and equipment additions, included in accounts payable	(334,943)	(178,316)
Common stock issued for service	348,205	0
Common stock issued for loan settlement	$ 1,869,907	$ 0

Note 6 - Land Use Right (Details) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Finite-Lived Intangible Assets, Amortization Expense	$ 26,145	$ 25,338

Note 2 - Summary of Significant Accounting Policies: Earnings (loss) Per Share (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Earnings (loss) Per Share	**Earnings (Loss) per share** Earnings per share are calculated in accordance with the ASC 260, "Earnings per Share." Basic net earnings per share are based upon the weighted average number of common shares outstanding, but excluding shares issued as compensation that have not yet vested. Diluted net earnings per share are based on the assumption that all dilutive convertible shares and stock options were converted or exercised, and that all unvested shares have vested. 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. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Note 10 - Income Taxes (Details) (USD $)	12 Months Ended Sep. 30, 2012	Sep. 30, 2011
Operating Loss Carryforwards	$ 2,616,844	$ 1,881,776
Operating Loss Carryforwards, Expiration Dates	2028 through 2030 for U.S tax purposes and 2017 for China income tax purposes	
OperatingLossCarryforwardsValuationAllowance	100.00%	

Note 1 - Organization and Basis of Presentation: Basis of Accounting (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Basis of Accounting	The accompanying consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America.

Note 2 - Summary of Significant Accounting Policies: Foreign Currency Translation (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Foreign Currency Translation	**Foreign currency translation**

Foreign currency translation

The Company' s principal country of operations is the PRC. The financial position and results of operations of the Company are determined using the local currency, Renminbi ("RMB"), as the functional currency. Foreign currency transactions are translated at the applicable rates of exchange in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. Revenues and expenses are translated at the average exchange rates in effect during the reporting period. Equity accounts are translated in the historical exchange rate when the transactions took place.

RMB is not a fully convertible currency. All foreign exchange transactions involving RMB must take place either through the People' s Bank of China (the "PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC, which are determined largely by supply and demand. Translation of amounts from RMB into US dollar has been made at the following exchange rates for the respective years:

September 30, 2012	
Balance sheet	RMB 6.2857 to US$1.00
Statement of operations and comprehensive loss	RMB 6.3357 to US$1.00
September 30, 2011	
Balance sheet	RMB 6.3843 to US$1.00
Statement of operations and comprehensive loss	RMB 6.5372 to US$1.00

Translation adjustments arising from the use of different exchange rates from period to period are included as a component of stockholders' equity as "Accumulated Other Comprehensive Income". Gains and losses resulting from foreign currency translations are included in Comprehensive Income (Loss).

Note 2 - Summary of Significant Accounting Policies: Principles of Consolidation (Policies)	12 Months Ended Sep. 30, 2012
Policies	
Principles of Consolidation	**Principles of consolidation** The consolidated financial statements represent the consolidated accounts of the Company and its subsidiaries, Nanchong Chunfei, Chunfei Chemicals and Hedi Medicines. All significant intercompany balances and transactions have been eliminated in the consolidation.

Note 12 - Warrant Liabilities: Common stock issuable (Details) (USD $)	3 Months Ended Jun. 30, 2012
Warrant 1	
Range of Exercise Price	$ 0.70
Number of shares underling warrants Outstanding at June 30, 2012	2,000,000
Weighted Average Remaining Contractual Life (Years)	0.43
Weighted Average Exercise Price Outstanding	$ 0.70
Number of shares underling warrants Exercisable at June 30, 2012	2,000,000
Weighted Average Exercise Price Exercisable	$ 0.70
Warrant 2	
Range of Exercise Price	$ 1.00
Number of shares underling warrants Outstanding at June 30, 2012	2,000,000
Weighted Average Remaining Contractual Life (Years)	0.67
Weighted Average Exercise Price Outstanding	$ 1.00
Number of shares underling warrants Exercisable at June 30, 2012	2,000,000
Weighted Average Exercise Price Exercisable	$ 1.00
Warrant Total	
Range of Exercise Price	$ 0
Number of shares underling warrants Outstanding at June 30, 2012	4,000,000
Weighted Average Remaining Contractual Life (Years)	0.55
Weighted Average Exercise Price Outstanding	$ 0.85
Number of shares underling warrants Exercisable at June 30, 2012	4,000,000
Weighted Average Exercise Price Exercisable	$ 0.85

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (USD $)	Common stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	(Accumulated deficit) Retained Earnings	Noncontrolling Interest	Total
Balance at Sep. 30, 2010	$ 3,090	$ 8,998,234	$ 1,121,464	$ (2,830,569)	$ 1,632,834	$ 8,925,052
Balance - shares at Sep. 30, 2010	30,900,067					30,900,067
Stock based compensation	46	418,353				418,399
Stock based compensaction - shares	462,063					462,063
Net Income (Loss)				3,438,865	(62,614)	3,376,251
Acquisition of non-controlling interest		1,570,220			(1,570,220)	
Options granted to senior management		319,999				319,999
Foreign currency translation adjustments			687,954			687,954
Imputed interest expense for non interest bearing related party loans						0
Balance at Sep. 30, 2011	3,136	11,306,806	1,809,418	608,296	0	13,727,656
Balance - shares at Sep. 30, 2011	31,362,130					31,362,130
Stock based compensation	213	347,992				348,205
Stock based compensaction - shares	2,132,564					2,132,564
Net Income (Loss)				(2,086,393)		(2,086,393)
Acquisition of non-controlling interest	165	(165)				
Foreign currency translation adjustments			245,297			245,297
Acquisition of non-controlling interest - shares	1,650,636					1,650,636
Stock issued for loan settlement	312	1,869,596				1,869,908
Stock issued for loan settlement - shares	3,116,510					
Options exercised	80	79,920				80,000
Options exercised - shares	800,000					
Imputed interest expense for non interest bearing related party loans		85,818				85,818
Balance at Sep. 30, 2012	$ 3,906	$ 13,689,967	$ 2,054,715	$ (1,478,097)	$ 0	$ 14,270,491

Balance - shares at Sep. 30, 2012	39,061,840	39,061,840

CONSOLIDATED BALANCE SHEETS PARENTHETICAL (USD $)	Sep. 30, 2012	Sep. 30, 2011
Common stock par value	$ 0.0001	$ 0.0001
Common stock shares authorized	200,000,000	200,000,000
Common stock shares issued	39,061,840	31,362,130
Common stock shares outstanding	39,061,840	31,362,130

Note 10 - Income Taxes

12 Months Ended
Sep. 30, 2012

Notes
Note 10 - Income Taxes

NOTE 10 – INCOME TAXES

The Company' s subsidiaries are governed by the Income Tax Law of the People' s Republic of China, which mandates a corporate income tax rate of 25%. Chunfei Chemical is a foreign invested entity located in western China, which enjoyed a tax holiday from 2007 to 2011, during which its tax rate was reduced by 10 basis points. Nanchong Chunfei was taxed at 12.5% from 2009 to 2011, which was approved by the local tax authority. Hedi Medicines was taxed at the 25% statutory rate in year 2011, but starting from calendar year 2012, Hedi Medicine has been taxed at a flat rate of 260 RMB per month

The following table reconciles the U.S. statutory rates to the Company's effective tax rate for the years ended September 30, 2012 and 2011:

	For the years ended September 30	
	2012	2011
US statutory income tax rate	35.00%	35.00%
Income not taxed in US	-35.00%	-35.00%
China Income tax statutory rate	25.00%	25.00%
Income tax exemption	-9.1%	-10.7%
Non-taxable item in China	0%	0%
Valuation Allowance	-15.9%	-
Other item	0%	-1%
Effective rate	0%	13.3%

Other item represents the net income that could not be offset by loss incurred by other subsidiaries.

The Company incurred a net operating loss for the year ended September 30, 2012. As of September 30, 2012 and September 30, 2011, net operating loss carry forwards for United States and China income tax purposes amounted to $2,616,844 and $1,881,776, respectively, which may be available to reduce future years' taxable income. These carry forwards will expire, if not utilized, beginning in 2028 through 2030 for U.S tax purposes and 2017 for China income tax purposes . Management believes that the realization in the U.S. of the benefits arising from these losses appear to be uncertain due to the Company's business operations being primarily conducted in China and foreign income not recognized in the United States for United States income tax purposes. It is also uncertain that the China business operation will have income taxable in China. Accordingly, the Company has provided a 100% valuation allowance as of September 30, 2012 and 2011, respectively for the temporary difference related to the loss carry-forwards.

The following table reconciles the changes of deferred tax asset for the years ended September 30, 2012 and 2011:

	September 30, 2012	September 30, 2011
United States:		
Deferred tax asset from loss carry-forward-Beginning	$ 658,622	$ 417,503
Addition: loss carry-forward	177,921	241,119
Valuation allowance-Beginning	(658,622)	(417,503)
Addition: Valuation allowance	(177,921)	(241,119)
Deferred tax asset-net	$ -	$ -
China:		
Deferred tax asset from loss carry forward-Beginning	$ -	$ -
Addition: loss carry-forward	185,246	-
Valuation allowance-Beginning	-	-
Addition: Valuation allowance	(185,246)	-
Deferred tax asset-net	$ -	$ -

The Company' s open tax years for its U.S. federal and state income tax returns are for the tax years after 2009. These tax returns are subject to examination by the tax authorities.

Document and Entity Information (USD $)	12 Months Ended		
	Sep. 30, 2012	Dec. 28, 2012	Mar. 31, 2012
Document and Entity Information			
Entity Registrant Name	American Nano Silicon Technologies, Inc.		
Document Type	10-K		
Document Period End Date	Sep. 30, 2012		
Amendment Flag	false		
Entity Central Index Key	0001415917		
Current Fiscal Year End Date	--09-30		
Entity Common Stock, Shares Outstanding		39,061,840	
Entity Filer Category	Smaller Reporting Company		
Entity Current Reporting Status	Yes		
Entity Voluntary Filers	No		
Entity Well-known Seasoned Issuer	No		
Document Fiscal Year Focus	2012		
Document Fiscal Period Focus	FY		
Entity Incorporation, State Country Name	State of California		
Entity Incorporation, Date of Incorporation	Sep. 06, 1996		
Entity Public Float			$ 5,138,703

Note 11 - Concentration of Risks	12 Months Ended Sep. 30, 2012
Notes	
Note 11 - Concentration of Risks	**NOTE 11 – CONCENTRATION OF RISKS** For the year ended September 30, 2012, we had generated very limited sales. Therefore we did not rely on any particular customers for the period. Two major customers accounted for approximately 76% of the net revenue for the year ended September 30, 2011, with each customer individually accounting for 44% and 32%, respectively. We had generated very limited sales and made very limited purchases in the year ended September 30, 2012. Therefore we did not rely on any particular vendor for the period. One major vendor provided approximately 99% of the Company' s purchases of raw materials for the year ended September 30, 2011, respectively. None of the vendors and customers mentioned above is a related party to the Company.

CONSOLIDATED STATEMENTS OF OPERATIONS (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Revenues	$ 89,378	$ 16,078,164
Cost of Goods Sold	136,051	12,318,591
Gross Profit	(46,673)	3,759,573
Research and development expense	464,898	296
Selling, general and administrative	2,034,728	1,006,235
Income (loss) from operations	(2,546,299)	2,753,042
Interest expense, net	(780,510)	(105,993)
Change in fair value of derivative liabilities	1,181,141	3,552,385
Impairment loss from property, plant and equipment	0	(2,149,611)
Other income(expense)	59,689	(152,992)
Total other income	460,320	1,143,789
Income (Loss) Before Income Taxes	(2,085,979)	3,896,831
Provision for Income Taxes	414	520,580
Net Income (Loss)	(2,086,393)	3,376,251
Net income attributable to the noncontrolling interest	0	(62,614)
Net Income (Loss) attributable to American Nano Silicon Technologies, Inc	$ (2,086,393)	$ 3,438,865
Income (loss) per common share - Basic	$ (0.06)	$ 0.11
Income (loss) per common share - Diluted	$ (0.06)	$ 0.11
Weighted average number of common shares - Basic	36,665,319	31,087,648
Weighted average number of common shares - Diluted	36,665,319	31,126,408

Note 5 - Related Party Transactions | **12 Months Ended Sep. 30, 2012**

Notes

Note 5 - Related Party Transactions

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company periodically borrows money from its shareholders to finance the operations. The details of loans from related parties are as follows:

		September 30, 2012		September 30, 2011
Short term:				
Short term loan from Chunfei Real Estate	$	1,837,809	$	783,266
Short term loan from Pu Fachun		2,362,505		302,508
Short term loan from Zhang Lizi		0		313,481
	$	**4,200,314**	**$**	**1,399,255**
Long term:				
Loan From Chunfei Real Estate)	$	0	$	55,486
Loan From Chunfei Daily Chemical		0		275,270
Loan From Pu Fachun		1,385,315		1,442,237
Loan From Other Officer and Employee		0		8,616
	$	**1,385,315**	**$**	**1,781,609**

Sichuan Chunfei Daily Chemicals Co. Ltd ("Daily Chemical") and Sichuan Chunfei Real Estate ("Chunfei Real Estate") are owned by Mr. Pu Fachun. Zhang Lizi is the wife of Pu Fachun.

Short term loans from Chunfei Real Estate of $1,837,809 bear no interest and were due on demand. The short term loan from Mr. Pu was $2,362,505, which included $2,012,505 bearing no interest and due on demand and $350,001 due in 2013 with fixed interest of 1% per month.

Long term loans from Mr. Pu were $1,385,315 bearing no interest and due on December 31, 2014.

The Company recorded imputed interest of $85,818 for non-interest bearing related party loans for the year ended September 30, 2012.

Note 4-property, Plant and Equipment

12 Months Ended Sep. 30, 2012

Notes

Note 4-property, Plant and Equipment

Note 4- PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment consisted of the following:

	September 30, 2012	September 30, 2011
Machinery & Equipment	$ 8,942,612	$ 9,140,703
Plant & Buildings	15,876,637	12,624,123
Sub total	24,819,249	21,764,826
Less: Accumulated Depreciation	(2,741,974)	(1,436,420)
Add: Construction in Process	3,543,282	1,339,223
Property, Plant and Equipment	$ 25,620,557	$21,667,629

Depreciation expense for the years ended September 30, 2012 and 2011 was $1,272,896 and $656,772, respectively.

In June, 2012, the Company completed construction of new manufacturing production lines. The Company reclassified $1,488,781 of construction in process to property, plant and equipment.

Note 1 - Organization and Basis of Presentation: Going Concern (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Going Concern	**Going Concern** As shown in the accompanying financial statements, the Company had negative cash flow for the year ended September 30, 2012 and the Company' s current liabilities exceed its current assets by $7.9 million. The Company suspended manufacturing operations in May 2011 as part of an effort to relocate the production facilities. The Company resumed limited production on January 2, 2012. The current cash and inventory level will not be sufficient to support the Company' s resumption of its normal operations and repayments of the loans. These factors raise substantial doubt about the Company' s ability to continue as a going concern. The Company will need additional funds to meet its operating and financing obligations until sufficient cash flows are generated from anticipated production to sustain operations and to fund future development and financing obligations. We expect that the affiliate companies owned by the Company' s largest shareholder and President, Mr. Pu Fachun, will continue providing necessary funding for the Company' s normal operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 12 - Warrant Liabilities

12 Months Ended Sep. 30, 2012

Notes

Note 12 - Warrant Liabilities

NOTE 12 – WARRANT LIABILITIES

In March and June 2010, the Company issued 4,200,000 shares of common stock and Warrants to purchase 4,000,000 shares of Common Stock (Series B Warrants) to three accredited institutional funds and an accredited investor for $2,000,000.

The Company concluded that the Series B Warrants should be treated as derivative liabilities because the warrants are entitled to a price adjustment provision to allow the exercise price to be reduced in the event the Company issues or sells any additional shares of common stock at a price per share less than the then-applicable exercise price or without consideration, which is typically referred to as a “down-round protection” or “anti-dilution” provision. The Company uses Level 2 inputs to measure fair value of its warrant liability.

During the year ended September 30, 2012, the Company's warrant liability accounts were as follows:

Opening balance	$ 1,545,098
Issued in the year ended September 30, 2012	0
Change in warrant liabilities	(1,181,140)
Exercised in the year ended September 30, 2012	0
Closing balance, September 30, 2012	$ 363,958

The following table summarizes the shares of the Company's common stock issuable upon exercise of warrants outstanding at September 30, 2012:

Warrants Outstanding				Warrants Exercisable	
Range of Exercise Price	Number of shares underling warrants Outstanding at September 30, 2012	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of shares underling warrants Exercisable at September 30, 2012	Weighted Average Exercise Price
$0.70	2,000,000	0.43	$0.70	2,000,000	$0.70
$1.00	2,000,000	0.67	1.00	2,000,000	1.00
	4,000,000	0.55	$0.85	4,000,000	$0.85

Note 8 - Short Term and Long-term Loans	12 Months Ended Sep. 30, 2012

Notes

Note 8 - Short Term and Long-term Loans

NOTE 8 – SHORT TERM AND LONG-TERM LOANS

The short term and long-term loans include the following:

		September 30, 2012		September 30, 2011
a) Loan payable to Nanchong City Bureau of Finance due on demand, fixed interest rate of 0.465% per month	$	636,365	$	626,537
b) Loan payable to Nanchong Commercial bank due on January 4, 2013 and June 28, 2013, at fixed interest rate of 6.941% and 7.216% per year		1,590,913		0
c) Loan payable to Bank of Nanchong due on December 22, 2011, at fixed interest rate of 0.463% per month		0		783,171
d) Individual loans from various investors		100,000		100,000
e) Individual loans from unrelated parties, which were converted into equity in November 2011 (see Note 13)		0		1,253,917
f) Individual loans from unrelated parties at monthly interest rates of 2%-3%,maturing in 2012 and 2013		143,182		469,903
				-
g) Loan payable to Evergrowing Bank at a floating rate, due on April 15, 2013		715,911		**0**
Total Short Term Loans	**$**	**3,186,371**	**$**	**3,233,528**
a) Individual loans from unrelated parties bearing no interest, maturing in 2013 and 2014	$	0	$	430,009

b) Individual loans from unrelated parties at monthly interest rate of 0%-6%, due in December 2013 to 2015*	2,661,078	117,476
Total Long Term Loans	**$ 2,661,078**	**$ 547,485**

- $2,560,574 will be due in the year ended September 30, 2014 and $100,504 will be due in the year ended September 30, 2015.

The Company pledged its land use right to secure the loans from Nanchong Commercial Bank. The Company recorded interest expense of $572,320 and $107,001 for the years ended September 30, 2012 and 2011, respectively.

Note 7- Taxes Payable: Schedule of taxes payable (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Corporate income tax payable	$ 114,323	$ 112,310
Value-added tax (recoverable)	(51,397)	(15,038)
Other tax payable	57,123	86
Taxes payable	$ 120,049	$ 97,358

Note 6 - Land Use Right	12 Months Ended Sep. 30, 2012

Notes

Note 6 - Land Use Right

NOTE 6 - LAND USE RIGHT

All land in the People' s Republic of China is government owned and cannot be sold to any individual or company. However, the government grants the user a "land use right" (the Right) to use the land. The Company has the Right to use the land for 50 years and amortizes the Right on a straight-line basis over the period of 50 years. As of September 30, 2012 and 2011, intangible assets consisted of the following:

	September 30, 2012	September 30, 2011
Land use rights	$ 1,176,249	$ 1,158,082
Less: accumulated amortization	(157,993)	(129,607)
	$ 1,018,256	$ 1,028,475

The amortization expense for the years ended September 30, 2012 and 2011 was $26,145 and $25,338, respectively.

Note 7- Taxes Payable	12 Months Ended Sep. 30, 2012
Notes	
Note 7- Taxes Payable	**NOTE 7- TAXES PAYABLE** The taxes payable includes the following:

	September 30, 2012		September 30, 2011	
Corporate income tax payable	$	114,323	$	112,310
Value-added tax (recoverable)		(51,397)		(15,038)
Other		57,123		86
Total tax payable	$	120,049	$	97,358

Note 9 - Construction Security Deposits	12 Months Ended Sep. 30, 2012
Notes	
Note 9 - Construction Security Deposits	**NOTE 9 – CONSTRUCTION SECURITY DEPOSITS** The Company requires security deposits from its plant and building contractors prior to start of the construction. The deposits are to be refunded upon official certification of the completion of the work within the specified time. The purpose of the security deposits is to protect the Company from unexpected delays and poor construction quality. The Company offers no interest on the security deposits. As of September 30, 2012 and 2011, the balance of the construction security deposits was $26,649 and $88,547, respectively.

Note 10 - Income Taxes: Schedule of Effective Income Tax Rate Reconciliation (Details)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
US statutory income tax rate	35.00%	35.00%
Income not taxed in US	(35.00%)	(35.00%)
China Income tax statutory rate	25.00%	25.00%
Income tax exemption	(9.10%)	(10.70%)
Non-taxable item in China	0.00%	0.00%
Deferred tax reserve	(15.90%)	
Other Item	0.00%	(1.00%)
Effective rate	0.00%	13.30%

Note 12 - Warrant Liabilities (Details) (USD $)	4 Months Ended		
	Jun. 30, 2010	Sep. 30, 2012	Sep. 30, 2011
Common stock shares issued	4,200,000	39,061,840	31,362,130
Warrants exercised	$ 4,000,000		
Proceeds from Issuance of Common Stock	$ 2,000,000		

Note 9 - Construction Security Deposits (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Construction security deposits	$ 26,649	$ 88,547

Note 2 - Summary of Significant Accounting Policies: Uncertain Tax Positions (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Uncertain Tax Positions	**Uncertain tax positions** During the course of business, there are certain transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes may be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are fully supportable. We adjust these reserves in light of changing facts and circumstances, such as the outcome of a tax audit or changes in the tax law. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate. As of September 30, 2012, we had zero unrecognized tax benefits or provisions.

Note 2 - Summary of Significant Accounting Policies: Shipping and Handling (Details) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Shipping, Handling and Transportation Costs	$ 7,805	$ 3,916

Note 14- Commitments	12 Months Ended Sep. 30, 2012
Notes	
Note 14- Commitments	**NOTE 14- COMMITMENTS**

Employment Agreements

As of May 1, 2008, we entered into indefinite employment agreements with Pu Fachun and Zhang Changlong. The agreements provide for an annual salary of $10,000 to Mr. Pu and an annual salary of $7,500 to Mr. Zhang.

The agreements provides that the officers' compensation will be reviewed by the Board of Directors not less frequently than annually, and may be adjusted upward at any time in the sole discretion of the Board of Directors. The officers will be eligible for bonus compensation to be awarded at such times and in such amounts as determined by the board in its sole discretion. The term of each agreement commenced on the effective date of May 1, 2008 and will continue until an event of termination under the agreement, including the following (i) the disability of the officer, (ii) upon the death of any officer, or (ii) upon thirty days' written notice from either party.

Remuneration of Directors

The Board of Directors has agreed that it will compensate Mr. Robert Fanella upon commencement of his service and on each anniversary of his commencement date, with $10,000 cash plus $40,000 in the form of restricted shares of the Company's common stock, calculated on the average closing price per share for the five (5) trading days preceding and including the date stock is issued. The Board will also compensate each of Mr. He Ping, Mr. Lü Shuming, and Mr. Liu Dechun upon commencement of his service and on each anniversary of his commencement date, with $5,000 in cash.

Note 2 - Summary of Significant Accounting Policies: Risks and Uncertainties (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Risks and Uncertainties	**Risks and uncertainties** The operations of the Company are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economic, and legal environments in the PRC, in addition to the general state of the PRC economy. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Note 1 - Organization and Basis of Presentation (Details)	12 Months Ended
	Sep. 30, 2012
Entity Incorporation, State Country Name	State of California
Entity Incorporation, Date of Incorporation	Sep. 06, 1996

Note 7- Taxes Payable: Schedule of taxes payable (Tables)	12 Months Ended
	Sep. 30, 2012
Tables/Schedules	
Schedule of taxes payable	The taxes payable includes the following:

	September 30, 2012	September 30, 2011
Corporate income tax payable	$ 114,323	$ 112,310
Value-added tax (recoverable)	(51,397)	(15,038)
Other	57,123	86
Total tax payable	$ 120,049	$ 97,358

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Net Income (Loss)	$ (2,086,393)	$ 3,376,251
Foreign currency translation adjustment	245,297	687,954
Comprehensive Income (Loss)	(1,841,096)	4,064,205
Comprehensive Income attributable to the noncontrolling interest	0	(62,614)
Comprehensive Income (Loss) attributable to American Nano Silicon Technologies, Inc	$ (1,841,096)	$ 4,126,819

Note 3 - Inventory	12 Months Ended Sep. 30, 2012

Notes

Note 3 - Inventory

Note 3 – INVENTORY

The inventory consists of the following:

	September 30, 2012	September 30, 2011
Raw materials	$ 73,191	$ 63,840
Packing supplies	22,126	18,522
Work-in-process	55,170	22,940
Finished goods	140,870	6,037
	291,357	111,339
Less inventory allowance	(45,271)	0
Total	$ 246,086	$ 111,339

Note 6 - Land Use Right: Schedule of Finite-Lived Intangible Assets, Future Amortization Expense (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Finite-Lived Intangible Assets, Gross	$ 1,176,249	$ 1,158,082
Finite-Lived Intangible Assets, Accumulated Amortization	(157,993)	(129,607)
Land use rights, net	$ 1,018,256	$ 1,028,475

Note 13 - Stockholders' Equity: ScheduleOfEarningsPerShareBasic (Details) (USD $)	0 Months Ended		12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Net Income (Loss) attributable to American Nano Silicon Technologies, Inc	$ (2,086,393)	$ 3,438,865	$ (2,086,393)	$ 3,438,865
Weighted average number of common shares - Basic	36,665,319	31,087,648	36,665,319	31,087,648
Income (loss) per common share - Basic	$ (0.06)	$ 0.11	$ (0.06)	$ 0.11

Note 2 - Summary of Significant Accounting Policies: Fair Value of Financial Instruments (Policies)	12 Months Ended
	Sep. 30, 2012
Policies	
Fair Value of Financial Instruments	**Fair value of financial instruments** The Company adopted the provisions of Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows: Level 1- Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date. Level 2- Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data. Level 3- Inputs are unobservable inputs which reflect the reporting entity' s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information. The carrying amounts reported in the balance sheets for cash, accounts receivable, prepaid expenses, other receivables, advance to suppliers, short-term loan, accounts payable, advance from customers, other payables and accrued expenses approximate their fair market value based on the short-term maturity of these instruments. The carrying value of the long-term debt approximates fair value based on market rates and terms currently available to the Company. The Company uses Level 2 method to measure fair value of its warrant liability (see note 12). The Company did not identify any other assets or liabilities that are required to be presented on the consolidated balance sheets at fair value in accordance with ASC 820.

Note 4-property, Plant and Equipment: Property, Plant and Equipment (Tables)	**12 Months Ended**
	Sep. 30, 2012
Tables/Schedules	
Property, Plant and Equipment	

	September 30, 2012	September 30, 2011
Machinery & Equipment	$ 8,942,612	$ 9,140,703
Plant & Buildings	15,876,637	12,624,123
Sub total	24,819,249	21,764,826
Less: Accumulated Depreciation	(2,741,974)	(1,436,420)
Add: Construction in Process	3,543,282	1,339,223
Property, Plant and Equipment	$ 25,620,557	$21,667,629

Note 13 - Stockholders' Equity	12 Months Ended Sep. 30, 2012

Notes

Note 13 - Stockholders' Equity

NOTE 13 – STOCKHOLDERS' EQUITY

A. Share based payments

In April 2012, 51,282 shares of restricted common stock were issued at $0.16 per share, the fair value of the shares at the issuance date, to one of the Company's independent directors as compensation for his services from April 2011 to October 2012. The shares were valued at $8,205 and expensed as a part of general and administrative expenses.

In April 2012, 2,000,000 shares of restricted common stock were issued at $0.16 per share, the fair value of the shares at the issuance date, to the Company's Chief Engineer as compensation for his role in the development of a flame retardant agent, which is expected to make a major contribution to the Registrant's revenues in the future. The fair value of the shares was expensed as R&D expense in the quarter in which the stock was granted.

In November, 2011, 51,282 shares of restricted common stock were issued at $0.39 per share, the fair value of the shares at the issuance date, to one of the Company's independent directors as compensation for his services from October 2011 to March 2012. The shares were valued at $20,000 and expensed as a part of general and administrative expenses.

In November, 2011, 30,000 shares of restricted common stock were issued to the investors in the Company's 2010 private placement, in settlement of their contractual claim to additional shares if the Company failed to achieve the net income target specified in their stock purchase agreement. No fair value is used because the issuance of stock is treated as reallocation of proceeds on the common stock issued on private placement.

In November, 2011, the Company issued 1,650,636 shares of restricted common stock to Mr. Pu Fachun in exchange for his transfer of all minority interests in the Company's subsidiaries.

On September 6, 2011, the Company entered into an agreement with Pu Fachun and four other individuals who had loaned a total of $1,869,906 to the Company at various times between July 2008 and July 2011. Pursuant to the agreement, the Company satisfied the debts in full by issuing shares of its common stock valued at $.60 per share. In November 2011, 3,116,510 shares of restricted common stock were issued to satisfy this debt.

B: Earnings Per Share

The following is a reconciliation of the basic and diluted earnings (loss) per share computations for the years ended September 30 :

	2012	2011
Net income (loss) for basic earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Earnings (loss) per share: Basic	$ (0.06)	$ 0.11

	2012	2011
Net income (loss) for diluted earnings (loss) per share	$ (2,086,393)	$ 3,438,865
Weighted average shares used in basic computation	36,665,319	31,087,648
Dilutive effect of warrants	-	-
Dilutive effect of options		38,760
Weighted average shares used in diluted computation	36,665,319	31,126,408
Earnings(loss) per share: Diluted	$ (0.06)	$ 0.11

For the year ended September 30, 2012, a total of 4,000,000 warrants have not been included in the calculation of diluted earnings per share in order to avoid any anti-dilutive effect.

C. Option exercise

In April 2012, 800,000 options were exercised at an exercise price of $0.10 per share. 800,000 shares of common stock were issued accordingly. As of September 30, 2012, there are no options outstanding.