GLOBAL PHARMATECH, INC.

FORM 10-Q
(Quarterly Report)

Filed 08/14/08 for the Period Ending 06/30/08

Telephone	86 431 85541826
CIK	0001157300
Symbol	GBLP
SIC Code	2834 - Pharmaceutical Preparations
Industry	Pharmaceuticals
Sector	Healthcare
Fiscal Year	12/31

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

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 333-67884

GLOBAL PHARMATECH, INC.
(Exact name of Registrant as specified in its charter)

Delaware	33-0976805
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

509 Maoxiang Street, High-Technology Industrial Development Zone,
Changchun, Jilin, China 130012
(Address of principal executive offices)

+86 431 8554 1826
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [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]

State the number of shares outstanding of each of the issuer's classes of common equity, as of July 24, 2008: 23,614,085 shares of common stock, par value $0.0001 per share.

GLOBAL PHARMATECH, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Global Pharmatech Inc. and Subsidiaries
Consolidated Balance Sheets

	June 30,2008	December 31, 2007
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,436,580	$ 5,419,167
Notes receivable	--	34,225
Accounts receivable, net	1,056,099	1,063,652
Related party receivable	64,570	46,527
Inventories	1,028,072	858,025
Other current assets	553,448	657,654
Total Current Assets	8,138,769	8,079,250
PROPERTY, PLANT & EQUIPMENT, net	4,883,626	4,671,304
LAND LEASE, net	437,684	415,816
CONSTRUCTION IN PROGRESS	--	37,385
INTANGIBLE ASSETS, net	103,125	129,237
	5,424,435	5,253,741
Total Assets	$ 13,563,204	$ 13,332,992
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long term debt	$ 2,624,400	$ 2,464,200
Short-term borrowing	--	273,800
Accounts payable and accrued expenses	555,289	485,300
Related party payable	12,827	--
Advances from customers	249,999	207,203
Other payables and accruals	822,318	573,270
Taxes Payable	40,092	130,754
Other current liabilities	76,533	57,264
Total Current Liabilities	4,381,458	4,191,791
MINORITY INTEREST	1,211,257	1,104,145
STOCKHOLDERS' EQUITY		
Preferred stock par value $ 0.0001 per share, 5,000,000 shares authorized, no shares issued and outstanding		
Common stock par value $ 0.0001 per share, 95,000,000 shares authorized, 23,247,935 shares issued and outstanding	2,325	2,325
Additional paid in capital	11,374,300	11,374,300
Appropriated retained earnings	259,781	259,331
Unappropriated retained earnings	(4,587,941)	(4,281,848)
Accumulated other comprehensive income	937,024	697,948
Subscription receivable	(15,000)	(15,000)
Total Stockholders' Equity	7,970,489	8,037,056
Total Liabilities and Stockholders' Equity	$ 13,563,204	$ 13,332,992

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

Global Pharmatech Inc. and Subsidiaries Consolidated Statements of Operations For the Three and Six Months Ended June 30, 2008 and 2007

(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2008	2007	2008	2007
REVENUE	$ 1,430,617	$ 1,070,198	$ 728,195	$ 599,239
COST OF REVENUE	573,161	366,704	193,142	161,263
GROSS PROFIT	857,456	703,494	535,053	437,976
OPERATING EXPENSES				
Advertising	(22,684)	(27,554)	(21,756)	(24,300)
Research and development	(394,734)	(385,387)	(198,466)	(265,853)
Selling expenses	(36,784)	(77,968)	(15,034)	(55,547)
General and administrative expenses	(646,723)	(641,276)	(321,582)	(347,489)
	(1,100,925)	(1,132,185)	(556,838)	(693,189)
LOSS FROM OPERATIONS	(243,469)	(428,691)	(21,785)	(255,213)
OTHER INCOME (EXPENSES)				
Miscellaneous income (expenses)	93,294	14,180	--	18,419
Interest expense	(129,751)	(83,794)	(66,181)	(39,807)
	(36,457)	(69,614)	(66,181)	(21,388)
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(279,926)	(498,305)	(87,966)	(276,601)
PROVISION FOR INCOME TAXES				
Current	--	--	--	--
Deferred	--	--	--	--
LOSS BEFORE MINORITY INTEREST	(279,926)	(498,305)	(87,966)	(276,601)
MINORITY INTEREST	(26,167)	(12,959)	(3,477)	(8,621)
LOSS FROM CONTINUING OPERATIONS	(306,093)	(511,264)	(91,443)	(285,222)
LOSS FROM DISCONTINUED OPERATIONS,	--	(49,102)	--	--
Loss on sale of JiLin Yi Cao Tang Pharmacy CO., Ltd. "YCT"	--	(804,600)	--	(804,600)
NET LOSS	$ (306,093)	$ (1,364,966)	$ (91,443)	$ (1,089,822)
BASIC NET LOSS PER SHARE				
CONTINUING OPERATIONS	$ (0.01)	$ (0.02)	$ (0.00)	$ (0.01)
DISCONTINUED OPERATIONS	0.00	0.04	0.00	(0.03)
	$ (0.01)	$ (0.06)	$ (0.00)	$ (0.04)
DILUTED NET LOSS PER SHARE				
CONTINUING OPERATIONS	$ (0.01)	$ (0.02)	$ (0.00)	$ (0.01)
DISCONTINUED OPERATIONS	0.00	(0.04)	0.00	(0.03)
	$ (0.01)	$ (0.06)	$ (0.00)	$ (0.04)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	23,247,935	23,247,935	23,247,935	23,247,935
Net Loss	(306,093)	(1,364,966)	(92,443)	(1,089,822)
Foreign Currency Translation Adjustment	239,076	164,755	89,565	169,497
Comprehensive Income	$ (67,017)	$ (1,200,211)	$ (2,878)	$ 920,325

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

Global Pharmatech Inc. and Subsidiaries Consolidated Statements of Cash Flows For the Six Months Ended June 30, 2008 and 2007

(Unaudited)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (306,093)	$(1,364,966)
Adjustments to reconcile net income to net cash used by operating activities:		
Minority interest	26,167	12,959
Depreciation	205,457	162,309
Amortization of land lease and intangible assets	38,552	4,589
Loss from discontinued operations	--	853,702
Changes in operating assets and liabilities		
Decrease (Increase) in operating assets:		
Accounts receivable	74,529	(25,761)
Related party receivable	(14,593)	23,772
Notes receivable	35,416	42,560
Inventories	(111,025)	(96,427)
Prepaid expenses	12,682	15,159
Other current assets	264,934	19,975
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	38,781	114,335
Related party payable	12,463	--
Advance from customers	28,493	27,307
Other payables and accruals	(191,624)	(213,440)
Taxes payable	(96,350)	--
Other current liabilities	18,311	(49,989
Net Cash Provided (Used) by Continuing Operating Activities	36,100	(473,916)
Net Cash Provided (Used) by Discontinued Operating Activities	--	(44,769)
Net Cash Provided (Used) by Operating Activities	36,100	(518,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(77,999)	(114,457)
Purchase of intangible	--	(10,164)
Construction in progress	--	(26,050)
Net Cash Used by Continuing Investing Activities	(77,999)	(150,671)
Net Cash Used by Discontinued Investing Activities Including Proceeds from Sale of Subsidiary	--	50,504
Net Cash Used by Investing Activities	(77,999)	(100,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term borrowings	(283,330)	(259,115)
Contributions from minority interest	--	124,553
Net Cash Provided (Used) by Financing Activities	283,330	(134,562)
Net Cash Provided (Used) by Discontinued Financing Activities	--	59,990
Net Cash Used by Financing Activities	(283,330)	(74,572)
Effect of exchange rate changes on cash	342,642	135,805
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,413	(557,619)
CASH AND CASH EQUIVALENTS, beginning of period	5,419,167	5,553,778
CASH AND CASH EQUIVALENTS, end of period	$ 5,436,580	$ 4,996,159
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ 129,751	$ 83,794
Income taxes paid	$ --	$ --

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

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2008

1. The Company

Global Pharmatech, Inc. ("Global" or the "Company") was incorporated in Delaware on June 26, 2001 under the name Autocarbon.com, Inc. After engaging, under prior management, in several businesses unrelated to its current one, on February 9, 2005, Global acquired Jilin Tian Yao Science and Technology Limited Company ("JTY"), by acquiring JTY's parent, Natural Pharmatech, Inc. ("Natural"), through the issuance to Natural's shareholders of 13,703,125 of its common shares for all of the outstanding common shares of Natural. Located in Changchun, China, JTY is a Chinese limited liability company, organized on February 7, 2001, which, together with its subsidiaries, is principally engaged in the research and development of modernized traditional Chinese medicine and bio-pharmacy, the sale of this technology, and the manufacture and sale of Chinese medicine and vitamins throughout China. Natural was incorporated in the British Virgin Islands on February 2, 2004, and acquired JTY on June 15, 2004 by issuing 43,800,000 of its common shares for all of the outstanding common shares of JTY.

Under generally accepted accounting principles, these acquisitions are considered in substance to be capital transactions rather than business combinations. In each case, for accounting purposes, the acquired company is deemed to have issued its stock for the net monetary assets of the acquiring company. Each transaction is accompanied by a recapitalization, and is accounted for as a change in capital structure. Accordingly, the accounting for the acquisition is identical to that resulting from a reverse acquisition, except that no goodwill is recorded.

During the first quarter of 2007, JTY and Natural purchased 50% and 25%, respectively, of the equity interest in Jilin Biotech Co., Ltd ("BIO"), a Chinese company, for 3,000,000 Hong Kong dollars (approximately $385,000). The 25% owner of BIO invested 1,000,000 Hong Kong dollars. The US$ equivalent of approximately $125,000 is included with contributions from minority interest in financing activities in the June 30, 2007 statement of cash flows.

On May 11, 2007, the Company entered into an Equity and Liability Transfer Agreement to sell JTY's 95% equity interest in one of its Chinese subsidiaries, Jilin Yi Cao Tang Pharmacy Co., Ltd ("YCT"), to Mr. Daojun Wang for a price of RMB9,000,000 (approximately $1,197,000) The following table details the payment schedule for the sale:

Due Date	Amount Due (in RMB)
3 days after signing this agreement	500,000 (approximately $66,500)
May 30, 2007	500,000 (approximately $66,500)
November 30, 2007	1,000,000 (approximately $133,000)
May 30, 2008	1,000,000 (approximately $133,000)
November 30, 2008	1,000,000 (approximately $133,000)
May 30, 2009	1,000,000 (approximately $133,000)
November 30, 2009	1,000,000 (approximately $133,000)
May 30, 2010	1,000,000 (approximately $133,000)
November 30, 2010	1,000,000 (approximately $133,000)
May 30, 2011	1,000,000 (approximately $133,000)

The Company has converted the receivable to present value using a 5% discount rate. The total discounted amount is $60,778, and this will be amortized over the life of payment schedule. As of June 30, 2008, the Company has established a reserve for bad debt for the full amount of this receivable because the amounts due are not being collected on time.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation and Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and include the accounts of Global and its majority owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements as of June 30, 2008 and for the six and three months periods ended June 30, 2008 and 2007 have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Regulation S-X applicable to small business issuers. In the opinion of management, these unaudited consolidated interim financial statements include all adjustments considered necessary to make the financial statements not misleading. The results of operations for the six months ended June 30, 2008 are not necessarily indicative of the results for the full fiscal year ending December 31, 2008. The unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007 as reported in Form 10-KSB.

b. Inventory

Inventories are stated at the lower of cost or market. Substantially all inventory costs are determined using the first-in, first-out (FIFO) method. Certain inventory goods purchased are subject to spoilage within a short period of time while in possession of the Company. Inventory costs do not exceed net realizable value.

c. Revenue Recognition

Contract revenues earned from the transfer of technology are recognized in accordance with contract terms. Such revenues are $306,922 and $252,584 for the six months ended June 30, 2008 and 2007, respectively. The contract revenues are $266,438 and $106,551 for the three months ended June 30, 2008 and 2007, respectively.

Revenue derived from experiments, research and related ancillary services is recognized when the customer accepts the service. Such revenues are $8,510 and $33,341 for the six months ended June 30, 2008 and 2007, respectively. Such revenues are $126 and $33,341 for the three months ended June 30, 2008 and 2007, respectively.

Revenue from goods sold is recognized when title has passed to the purchaser, which generally is at the time of delivery. The revenues earned are $1,115,185 and $784,273 for the six months ended June 30, 2008 and 2007, respectively. The revenues earned are $461,631 and $459,347 for the three months ended June 30, 2008 and 2007, respectively.

Government grants are recognized as other income upon receipt. These revenues are $ 85,020 and $25,906 for the six months ended June 30, 2008 and 2007, respectively. These revenues are $0 and $25,906 for the three months ended June 30, 2008 and 2007, respectively. This revenue is included in Miscellaneous income (expense) on the statement of operations.

d. Foreign Currency Translation

The functional currency of Natural Pharmatech China and its subsidiaries is the Chinese Yuan (RMB) and their reporting currency is the US dollar. Natural Pharmatech China's consolidated balance sheet accounts are translated into U.S. dollars at the year-end exchange rates and all revenue and expenses are translated into U.S. dollars at the average exchange rates prevailing during the periods in which these items arise. Translation gains and losses are deferred and accumulated as a component of other comprehensive income in stockholders' equity. Transaction gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are included in the statement of operations as incurred. The transaction gains and losses were immaterial for the periods ended June 30, 2008 and 2007.

The Chinese government imposes significant exchange restrictions on fund transfers out of China that are not related to business operations. These restrictions have not had a material impact on the Company because it has not engaged in any significant transactions that are subject to the restrictions.

e. Appropriated retained earnings

In accordance with Chinese regulations, the Company's Chinese subsidiaries must appropriate ten percent of their annual profits as computed under Chinese generally accepted accounting principles, which is reflected in the consolidated balance sheet as appropriated retained earnings and which, at June 30, 2008, had a balance of $259,781.

3. Inventory

Inventory is comprised of the following:

	June 30, 2008	December 31,2007
Raw materials	$ 199,429	$ 298,403
Work in progress	$ 612,576	$ 401,145
Finished goods	$ 216,067	$ 158,477
Total	$1,028,072	$ 858,025

4. Other Current Assets

Other Current Assets is comprised of the following:

	June 30, 2008	December 31,2007
Other Receivables		

and Prepayments, net	$ 553,448	$ 645,399
Prepaid Expenses	$ 0	$ 12,255
Total	$ 553,448	$ 657,654

5. Property and Equipment

Property and equipment is comprised of the following:

	June 30, 2008	December 31,2007
Office equipment	$ 168,277	$ 157,622
Machinery and equipment	2,626,734	2,451,611
Furniture and fixtures	5,803	5,216
Computer equipment	66,001	58,612
Vehicles	187,945	151,830
Buildings and improvements	1,761,050	1,579,340
Buildings pledged as security to creditor	2,173,140	2,040,486
TOTAL AT COST	6,988,950	6,444,717
ACCUMULATED DEPRECIATION AND AMORTIZATION	2,105,324	1,773,414
NET	$4,883,626	$4,671,303

Depreciation and amortization expense for each of the six months ended June 30, 2008 and 2007 was approximately $210,000 and $162,000, respectively.

Depreciation and amortization expense for each of the three months ended June 30, 2008 and 2007 was approximately $110,000 and $72,000, respectively.

6. Income Taxes

The Company and each of its subsidiaries file separate income tax returns. JTY qualifies as a "high-technology foreign joint venture" which entitles it to an exemption from PRC income tax for two years beginning with its first profitable year. Since its first profitable year was 2005, JTY was entitled to an exemption from PRC tax for the years 2005 and 2006. Because JTY qualifies as a "high-technology joint venture" and is located in an economic development zone, it is entitled to a reduced tax rate of 10% for the three years beginning in 2007 through 2009. Thereafter, it will be taxed at the standard income tax rate of 15%.

Jilin BCT Pharmacy Company, Ltd ("BCT") is a "wholly-owned foreign venture" which entitles it to an exemption from PRC income tax for two years beginning with its first profitable year. After these two years, it is entitled to a reduced income tax rate of 10% for three additional years. After these three years, it will be taxed at the standard income tax rate for a "wholly-owned foreign venture" of 15%.

Jilin Tian Yao Drug Safety Evaluation Co., Ltd ("JDE") is a "high technology joint venture" and is exempt from income taxes for two years beginning with its first profitable year. It is thereafter taxed at a standard income tax rate of 15%.

Changchun Xiandi Technology Inc. ("XD") is considered a "high technology joint venture" and so is entitled to full exemptions from income tax for two years, beginning with its first profitable year. Thereafter, it is assessed at the standard income tax rate for joint ventures of 15%.

BIO is a "foreign joint venture" which entitles it to an exemption from PRC income tax for two years beginning with its first profitable year. After these two years, it is entitled to a tax rate of 15% for three additional years.

The Company is also subject to value added tax (VAT), business tax and surtax totaling 5.5 percent of gross sales.

The Company is still in the full-tax-exemption period for the Chinese subsidiaries which reported positive net income for the year ended December 31, 2007, and therefore no tax was due for the period. Pursuant to the new Enterprise Income Tax Law of PRC, the Company will enjoy a five-year transition period starting from January 1, 2008. In these 5 years, the Company will be taxed in the rate prescribed in the previous law, after the five-year transition period, the enterprise tax of 25% shall be applied to any enterprise.

7. Concentrations and Credit Risk

The Company operates principally in China and grants credit to its customers in this geographic region. Although China is considered economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

At June 30, 2008, the Company has a credit risk exposure of uninsured cash in banks of $5,436,580. The Company does not require collateral or other securities to support financial instruments that are subject to credit risk.

For the six months ended June 30, 2008, one customer accounted for $145,800 (10.19%) of total sales.

For the six months ended June 30, 2007, two customers accounted for $191,347 (41%) of total sales as follows: Customer A at $126,755 (27%), and Customer B at $64,592 (14%).

8. Debt

The Company has one long-term loan from one financial institutions totaling approximately $2,624,400 at June 30, 2008 (2007: $2,464,200). The weighted average interest rate of this loan at June 30, 2008 was approximately 9.83% (2007: 9.13%). The loan is secured by Natural Pharmatech China's office building, and matures in one lump sum payment on November 15, 2008. As of June 30, 2008, the Company has no short-term borrowing.

	Amounts Due
2008	$2,624,400
Total	$2,624,400

As of December 31, 2007, the Company has one short-term borrowing of $273,800 with an APR of 8.54%. The term of the borrowing is from June 2, 2007 to June 3, 2008, and the lender is Bank of Jilin, Tongguang Branch. As of June 30, 2008, the loan has been paid off.

Interest expense and related service charges were approximately $130,000 and $84,000 for the six months ended June 30, 2008 and 2007, respectively Interest expense and related service charges were approximately $66,000 and $40,000 for the three months ended June 30, 2008 and 2007, respectively.

9. Related Party Transactions

As of June 30, 2008, the Company has the following amounts due from and to related parties:

Advances Due From Related Parties

	June 30, 2008	December 31,2007
Stockholders		
Yun Peng Min	$ 7,332	$ 5,460
Ben Ji Wang	$ 422	$ --
Dong Hai Zhang	$ 4,374	$ 4,107
Yu Ming Li	$ 27,698	$ 36,960
Quan Cheng Zhao	$ 16,312	$ --
Yu Qi Li	$ 8,432	$ --
Total	$ 64,570	$ 46,527

Payable Due To Related Parties:

	June 30, 2008	December 31,2007
Stockholders		
Lian Zhen Xia	$ 12,827	$ --
Total	$ 12,827	$ --

Dong Hai Zhang is employed by Natural Pharmatech China, and owns more than 5% of the Company's issued shares.

Yu Ming Li, Ben Ji Wang and Quan Cheng Zhao are the Company's senior managers; Lian Zhen Xia, Yun Peng Min and Yu Qi Li are shareholders of the Company.

These balances have no stated terms for repayment and are not interest bearing.

10. Other Current Liabilities

The account principally comprises salaries and benefits payable to employees.

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

FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the unaudited Consolidated Financial Statements and Notes thereto set forth in Item 1of this Form 10-Q. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business strategy and expectations, including but not limited to the following:

* our ability to raise funds in the future through public or private financings;
* our ability to develop marketable products through our research and development efforts;
* our ability to protect our patents and technologies and related intellectual properties;
* customers' acceptance of our products;
* our ability to compete against new companies entering the Chinese pharmaceutical market and larger, more established companies which have more resources than our company;
* our business expenses being greater than anticipated due to competitive factors or unanticipated developments;
* changes in political and economic conditions in China;
* changes in Chinese laws and regulations applicable to our business, including the Administration of Pharmaceuticals, the rules and regulations of the State Food and Drug Administration, the Good Supply Practice standards, and the inclusion of our products in the insurance catalogue of the Ministry of Industry and Social Security;
* our ability to retain management and key personnel;
* our ability to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including our good faith assumptions being incorrect, our business expenses being greater than anticipated due to competitive factors or unanticipated development or sales costs; revenues not resulting in the manner anticipated due to a continued slow down in technology spending, particularly in the telecommunications market; our failure to generate investor interest or to sell certain of our assets or business segments. The forward-looking statements may also be impacted by the additional risks faced by us as described in this Report and in our filings with the Securities and Exchange Commission (the "SEC"). All forward-looking statements included in this Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements.

BACKGROUND

Global Pharmatech, Inc. ("Global Pharmatech," the "Company", "we", "us" or "ours") was incorporated under the laws of the State of Delaware in 2001 under the name Autocarbon.com, Inc. On November 1, 2002, we filed a Certificate of Ownership with the Secretary of State of the State of Delaware whereby we merged with our wholly-owned subsidiary and amended our Certificate of Incorporation, changing our name to Autocarbon, Inc.

On January 24, 2005, our company entered into a Share Purchase Agreement with Natural, a British Virgin Islands corporation, and the shareholders of Natural. Under the terms of the Share Purchase Agreement, we agreed to acquire 100% of Natural's shares in exchange for 80% of our common stock, to be issued to the Natural shareholders. Our acquisition of Natural was completed on February 9, 2005. In connection with this transaction, we amended our Certificate of Incorporation on January 31, 2005, changing our name to Global Pharmatech, Inc.

Through our subsidiaries, we develop, manufacture and market proprietary drugs and nutritional supplements that are based on traditional Chinese medicine. We also offer a full range of "start to finish" biotechnology services, including research and development, testing, manufacturing drugs in liquid and solid dose forms, sales and marketing. We utilize unique extraction methods and innovative techniques that have been developed by our research and development team. Our core business is to leverage our patents and scientific expertise for botanical/biological drug and nutritional supplements and to manufacture and market the products to China and the globe. Our operations are currently conducted in the People's Republic of China with sales distribution in China and other areas in South East Asia. Sales outside China are made either directly to foreign distributors by our subsidiary, Jilin Bencaotang Pharmaceuticals Co., Ltd. ("BCT"), or through China BCT Global Development Ltd. ("BCT HK"), which sells on to those areas indicated above.

Natural was formed on February 2, 2004 under the laws of the British Virgin Islands. Natural was formed as a holding company to own the five subsidiaries that made up Natural's business operations. JTY is a wholly owned subsidiary of Natural located in Changchun in Jilin Province of China. JTY originated as a research department within the Affiliated Hospital of Changchun Traditional Chinese Medicine College. It was organized as a separate private for-profit entity in February 2001.

JTY has four subsidiaries: BCT, Jilin Tian Yao Drug Safety Evaluation Co., Ltd. ("JDE"), Jilin Biotech Co., Ltd. ("BIO") and Changchun Xiandi Technology Inc. (`XD"). JTY owns 75% of the shares of BCT, which was established in September 2002 as a Sino-foreign joint venture with BCT HK, a Hong Kong distributor of natural drugs. BCT is principally engaged in the manufacture and sale of Chinese

medicine of the solid dose type, and is capable of manufacturing 20 drugs in three forms. Our solid dose and capsule manufacturing, pre-manufacturing and extraction plants received a national GMP (Good Manufacturing Practice) certificate in April 2004.

JTY owns 99.5% of the shares of JDE, which was established in April 2003. It is engaged in pharmacology, safety pharmacology, and short- and long-term toxicology studies. JDE obtained a national GLP (Good Laboratory Practice) certificate in December 2004.

During the first quarter of 2007, JTY and Natural purchased 50% and 25%, respectively, of the equity interest in BIO, a Chinese company, for 3,000,000 Hong Kong dollars (approximately $385,000). The 25% owner of BIO invested 1,000,000 Hong Kong dollars. The US$ equivalent of approximately $125,000 is included with contributions from minority interest in financing activities in the March 31, 2007 statement of cash flows.

JTY owns 80% of the interest of XD. XD's main business is drug development, transfer of technology and providing drug technology related services.

Since inception, most of our revenues historically have been derived from transfer of technology, however, more and more revenues are derived from product sales in recent years; this is consistent with our current strategy. We plan to shift more percentage of revenue to product sales by increasing our product sales in the future years.

RESULTS OF OPERATIONS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2008 AND JUNE 30, 2007.

REVENUE

Revenues for the six months ended June 30, 2008 were $1,430,617, an increase of 34% from $1,070,198 for the same period of 2007. The main reason for the increase is due to BCT's marketing development, which generated increased sales compared to the same period last year.

Contract revenues earned from the transfer of technology are recognized in accordance with contract terms. Such revenues are $306,922 and $252,584 in 2008 and 2007, respectively. The increase was due to the transfer of Naotongning technology, which generated revenue of $145,800, whereas there were no such transfer in the same period in 2007.

Revenue derived from experiments, research and related ancillary services is recognized when the customer accepts the service. Such revenues are $8,510 and $33,341 in 2008 and 2007, respectively. The decrease was due to the services accepted by the customers in the current period were less than that of the same period in 2007.

Revenue from goods sold is recognized when title has passed to the purchaser, which generally is at the time of delivery. The revenues earned are $1,115,185 and $784,273 in 2008 and 2007, respectively. The main reason for the increase is that BCT put more effort into its marketing during 2008, which resulted in an increase in sales.

GOVERNMENT GRANTS

Government Grants were $85,020 and $25,906 for the six months ended June 30 in 2008 and 2007. Government grants are opportunistically granted and therefore will fluctuate widely from quarter to quarter.

RESEARCH AND DEVELOPMENT ("R&D") EXPENSES

R&D expenses were $394,734 for 2008, an increase of 2.5% from the $385,387 for last year. This increase was due to the general inflation in China, which resulted in an increase in the costs of our research equipment and materials.

GROSS PROFIT

Gross profit for 2008 was $857,456, an increase of 22% from the $703,494 reported in the same period last year. The main reason for the increase is that the Company's sales increased 34% compared to the same quarter last year.

GROSS PROFIT PERCENTAGE

Gross profit percentage decreased from 66% in the first half of 2007 to 60% in the first half of 2008. The main reason is that we had less income from transfer of technology in the first half of 2008 compared to the same period last year. Although we realized an increase in the sale of goods compared to the same period last year, the gross profit percentage for the sale of goods is much smaller than it is from the transfer of technology. This brings down the overall gross profit percentage.

OPERATING EXPENSES

Operating expenses decreased to $1,100,925 for 2008 compared to $1,132,185 in the same period last year. The main reasons for the decrease are:1) selling expense decreased $41,184 as a result of a change in selling strategy by BIO and
2) advertising decreased $4,870 .

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2008, we have cash of $5,436,580. For the six months then ended, we provided cash of $36,099 in our operating activities. The significant reasons for the provision of cash are:

1) net loss of $306,093, including no use of cash for the depreciation allowance of $205,457;
2) a decrease in notes receivable of $35,416;
3) a decrease in other current assets (other receivables and prepayment, net) of $264,934;
4) a decrease in other payables and accruals of $191,624.

We anticipate steady revenue growth over time, as drugs currently under development come to market. Additionally, we are also instituting procedures to create a more effective credit policy, and reduce our accounts receivable and shorten the aging of them. Additionally, the Company anticipates it will engage in certain merger and/or acquisition later in 2008 that may require substantial liquidity.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

While our reporting currency is the U.S. dollar, 100% of our consolidated revenues and majority of consolidated costs and expenses are denominated in Renminbi ("RMB"), with the balance denominated in U.S. dollars. Substantially all of our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between U.S. dollars and RMB. If the RMB depreciates against the U.S. dollar, the value of our RMB revenues, earnings and assets as expressed in our U.S. dollar financial statements will decline. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

We maintain "disclosure controls and procedures," as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2008. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2008 our disclosure controls and procedures were effective at the reasonable assurance level in ensuring that material information relating to us, is made known to the Chief Executive Officer and Chief Financial Officer by others within our company during the period in which this report was being prepared.

There were no changes in our internal controls or in other factors during the most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any pending material legal proceeding.

ITEM 1A. RISK FACTORS

Our business, financial condition, operating results and prospects are subject to the following risks. Additional risks and uncertainties not presently foreseeable to us may also impair our business operations. If any of the following risks actually occurs, our business, financial condition or operating results could be materially adversely affected. In such case, the trading price of our common stock could decline, and our stockholders may lose all or part of their investment in the shares of our common stock.

RISKS RELATED TO OUR BUSINESS

WE HAVE A LIMITED OPERATING HISTORY. We were founded and commenced operations in 2001. Our operating history may be insufficient for you to evaluate our business and future prospects. We have sustained losses in the past and cannot assure you that we will become profitable or that we will not incur more losses in the future. We expect that our operating expenses will increase as we expand. We will have significant operating losses if we fail to realize anticipated revenue growth. We will continue to encounter risks and difficulties frequently experienced by companies at a similar stage of development, including that we may fail to implement successfully our business model and strategy, or prudently adapt and modify them as needed; increase awareness of our brands, protect our reputation and develop customer loyalty; competently manage our expanding operations and service offerings, including integration of any future acquisitions; maintain adequate control of our expenses; and anticipate and adapt to changing conditions in our markets, government regulation, our competition and relevant technology.

If we are not successful in addressing any or all of these risks, our business may be materially and adversely affected.

WE HAVE HAD LOSSES IN THE PAST AND MAY HAVE FUTURE LOSSES. WE MAKE NO ASSURANCES THAT WE WILL BE ABLE TO ACHIEVE SUSTAINABLE PROFITABILITY. We have had operating losses since completing our reverse merger in 2005. We will not be profitable unless we materially increase our sales. The burden of our debt and current interest liabilities makes it prudent to attract equity investment rather than further debt to help us grow. Our new product development and management's ability to successfully manage the business will be essential to achieving consistent profitability. Although our revenues have grown in recent quarters, this growth may not be sustained and we may never become consistently profitable. As sales of goods grow and become a larger part of our total revenues, we may experience smaller overall margins, as sales of our products have higher costs of sales than our other revenue streams.

WE HAVE NEVER PAID CASH DIVIDENDS AND ARE NOT LIKELY TO DO SO IN THE FORESEEABLE FUTURE. We currently intend to retain any future earnings for use in the operation and expansion of our business. We do not expect to pay any cash dividends in the foreseeable future but will review this policy as circumstances dictate.

THE MARKET IN WHICH WE COMPETE IS HIGHLY COMPETITIVE, FAST-PACED AND FRAGMENTED, AND WE MAY NOT BE ABLE TO MAINTAIN MARKET SHARE. We expect competition to persist and intensify in the future. Our principal competitors are Tongrentang and Guangzhou Pharmaceutical, and we also compete with a number of other, smaller firms. Both Tongrentang and Guangzhou Pharmaceutical are publicly-traded companies that are substantially larger and have greater resources than Global. We face the risk that new competitors with greater resources than ours will enter our market, and that increasing competition will result in lower prices. If we must significantly reduce our prices, the decrease in revenues could adversely affect our profitability.

Our products must keep pace with developments in our industry or they may be displaced by competitors' products. Our industry is characterized by rapid product development, with significant competitive advantages gained by companies that introduce products that are first to market, deliver constant innovation in products and techniques, offer frequent new product introductions and have competitive prices. Our future growth partially depends on our ability to develop products that are more effective in meeting consumer needs. In addition, we must be able to manufacture and effectively market those products. The sales of our existing products may decline if a competing product is introduced by other companies.

The success of our new product offerings depends upon a number of factors, including our ability to accurately anticipate consumer needs, innovate and develop new products, successfully commercialize new products in a timely manner, price our products competitively, manufacture and deliver our products in sufficient volumes and in a timely manner and differentiate our product offerings from those of our competitors. If we fail to make sufficient investments in research and pay close attention to consumer needs or we focus on technologies that do not lead to more effective products, our current and future products could be surpassed by more effective or advanced products of others.

We have limited control over the activities of our distributors, which generally are not employed or otherwise controlled by us, are free to conduct their business at their own discretion and may be dedicated more to establishing their own reputations and business relationships than to promoting our products. By the same token, the simultaneous loss of a number of our distributors could have a material adverse effect on our business, financial condition and results of operations.

KEY EMPLOYEES ARE ESSENTIAL TO OUR BUSINESS. Our senior management is essential to executing our strategy. We will need to retain these people and attract others to succeed. We require specialized professionals in a variety of areas, some of which are addressed by relatively few companies. As a result, depending

upon how our business grows, we may experience difficulty in hiring and retaining highly skilled employees.

We compete for qualified professionals with a number of Chinese research institutions, some of which are more established than we are and have the ability to pay more cash and other compensation than we do. Competition for qualified individuals is intense, and we cannot be certain that our search for them will be successful. If we are unable to hire and retain skilled professionals, our business, financial condition, operating results and future prospects could be materially adversely affected. We do not have key-person insurance for any of our senior managers or employees.

ESTABLISHING AND EXPANDING INTERNATIONAL OPERATIONS REQUIRES SIGNIFICANT MANAGEMENT ATTENTION. Substantially all of our current revenues are derived from China. We intend to expand our international operations in Southeast Asia and the United States, which, if not planned and managed properly, could materially adversely affect our business, financial condition and operating results. Expanding internationally exposes us to legal uncertainties, new regulatory requirements, liability, export and import restrictions, tariffs and other trade barriers, difficulties in managing operations across disparate geographic areas, foreign currency fluctuations, dependence on local distributors and potential disruptions in sales or manufacturing due to military or terrorist acts, as well as longer customer payment cycles and greater difficulties in collecting accounts receivable. We may also face challenges in protecting our intellectual property or avoiding infringement of others' rights, and in complying with potentially uncertain or adverse tax laws.

We do not currently enter into forward exchange rate contracts to hedge some of the financial risks of international operations, but expect to do so in the future.

FLUCTUATIONS IN THE VALUE OF THE RMB RELATIVE TO FOREIGN CURRENCIES COULD AFFECT OUR OPERATING RESULTS. Most of our operations are conducted in Hong Kong dollars and Chinese Renminbi. To the extent future revenue is denominated in foreign currencies, such as the U.S. dollar, we would be subject to increased risks of foreign currency exchange rate fluctuations that could have a material adverse affect on our business, financial condition and operating results. The value of Hong Kong dollars and Chinese Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. As our operations are primarily in Asia, any significant revaluation of Hong Kong dollars or the Chinese Renminbi may materially and adversely affect our cash flows, revenues and financial condition. For example, to the extent that we need to convert U.S. dollars into Hong Kong dollars or Chinese Renminbi for our operations, appreciation of either currency against the U.S. dollar could have a material adverse effect on our business, financial condition and results of operations. Conversely, if we decide to convert our Hong Kong dollars or Chinese Renminbi into U.S. dollars for other business purposes and the U.S. dollar appreciates against either currency, the U.S. dollar equivalent of the currency we convert would be reduced. To date, we have not engaged in any hedging transactions in connection with our international operations.

CHINESE FOREIGN EXCHANGE CONTROLS MAY LIMIT OUR ABILITY TO UTILIZE REVENUES EFFECTIVELY AND RECEIVE DIVIDENDS AND OTHER PAYMENTS FROM OUR CHINESE SUBSIDIARIES. Our Chinese subsidiaries are subject to Chinese rules and regulations on currency conversion. The Chinese government regulates the conversion of the Chinese RMB into foreign currencies. Currently, foreign investment enterprises are required to apply for authority (renewed annually) to open foreign currency accounts governing conversion for payment of dividends, limited capital items such as direct investments, loans, and issuances of securities, some of which may be effected with governmental approval, while others require authorization.

Our subsidiaries' ability to remit funds to us may be limited by these restrictions. There can be no assurance that the relevant regulations in China will not be amended so as to adversely affect our ability to obtain funds from our subsidiaries.

OUR OPERATIONS COULD BE CURTAILED IF WE ARE UNABLE TO OBTAIN REQUIRED ADDITIONAL FINANCING. ADDITIONAL FINANCING COULD ALSO RESULT IN DILUTION TO OUR EXISTING STOCKHOLDERS OR RESTRICTIONS ON OUR FINANCIAL DISCRETION. Since inception our investments and operations primarily have been financed through sales of our common stock and proceeds from our current sales. In the future we may need to raise additional funds through public or private financing, which may include the sale of equity securities or equity or debt securities convertible into or exchangeable for our common stock. The issuance of these securities could result in dilution to our stockholders. To the extent that we raise additional capital by issuing debt securities, we would incur substantial interest obligations, may be required to pledge assets as security for the debt and may be constrained by restrictive financial and/or operational covenants. Debt financing would also be superior to your interest in bankruptcy or liquidation. To the extent we raise additional funds through licensing or other arrangements, it may be necessary to relinquish some rights to our technologies or products, or grant licenses on unfavorable terms.

If we are unable to raise capital when needed, our business growth strategy may slow, which could severely limit our ability to increase revenue, and we may be unable to take advantage of business opportunities or respond to competition.

OUR COMPLIANCE WITH THE SARBANES-OXLEY ACT AND SECURITIES AND EXCHANGE COMMISSION ("SEC") RULES CONCERNING INTERNAL CONTROLS MAY BE TIME CONSUMING, DIFFICULT AND COSTLY. Although individual members of our management team have experience as officers of publicly-traded companies, much of that experience came prior to the adoption of the Sarbanes-Oxley Act of 2002. We have only recently become a publicly-traded company. It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by Sarbanes-Oxley. We may need to hire additional financial reporting, internal controls and other finance staff in order to develop and implement appropriate internal controls and reporting procedures. If we are

unable to comply with Sarbanes-Oxley's internal controls requirements, we may not be able to obtain the independent accountant certifications that Sarbanes-Oxley Act requires publicly-traded companies to obtain.

RISKS OF DOING BUSINESS IN CHINA

OUR OPERATIONS AND ASSETS ARE SUBJECT TO SIGNIFICANT POLITICAL AND ECONOMIC UNCERTAINTIES. Changes in laws and regulations, or their interpretation, or the imposition of confiscatory taxation, restrictions on currency conversion, imports and sources of supply, devaluations of currency or the nationalization or other expropriation of private enterprises could have a material adverse effect on our business, results of operations and financial condition. Under its current leadership, the Chinese government has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the Chinese government will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice.

As China changes its economy from planned to more market-oriented, uncertainties arise regarding governmental policies and measures. Although, in recent years, the Chinese government has implemented measures emphasizing the use of market forces for economic reform, reduction of state ownership of productive assets, and establishment of sound corporate governance practices, a substantial portion of productive assets in China are still owned by the Chinese government. For example, all lands are state owned and leased to business entities or individuals through governmental grants of state-owned land use rights. The grant process is typically based on government policies at the time of grant, which can be lengthy and complex and may adversely affect any expansion of our operations. The Chinese government also exercises significant control over China's economic growth through allocation of resources, foreign currency control and providing preferential treatment to particular industries or companies.

Products distributed outside China are subject to government regulations of different jurisdictions, which could be stricter than in China. In some developed countries, the government regulations for product approval could be stricter than in China, while in developing countries, government regulation could be uncertain.

WE ARE REQUIRED TO OBTAIN LICENSES TO EXPAND OUR BUSINESS IN MAINLAND CHINA. Our activities must be reviewed and approved by various national and local agencies of the Chinese government before they will issue business licenses to us. There can be no assurance that Chinese authorities will continue to approve and renew our licenses. If we are unable to obtain licenses or renewals we will not be able to continue our business operations in China, which would have a material adverse effect on our business, financial condition and results of operations.

WEAKENED POLITICAL RELATIONS BETWEEN THE U.S. AND CHINA COULD MAKE US LESS ATTRACTIVE. Sino-U.S. relations are subject to sudden fluctuation and periodic tension. Changes in political conditions in China and the U.S. are difficult to predict and could adversely affect our operations, and its future business plans and profitability.

OUR OPERATIONS MAY NOT DEVELOP IN THE SAME WAY OR AT THE SAME RATE AS MIGHT BE EXPECTED IF THE PRC ECONOMY WERE SIMILAR TO THE MARKET-ORIENTED ECONOMIES OF OECD MEMBER COUNTRIES. The economy of the PRC has historically been a nationalistic, "planned economy," meaning it functions and produces according to governmental plans and pre-set targets or quotas. In certain aspects, the PRC's economy has been transitioning to a more market-oriented economy. However, there can be no assurance of the future direction of these economic reforms or the effects these measures may have. The PRC economy also differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, an international group of member countries sharing a commitment to democratic government and market economy. For instance:

* the number and importance of state-owned enterprises in the PRC is greater than in most OECD countries;
* the level of capital reinvestment is lower in the PRC than in most OECD countries; and
* Chinese policies make it more difficult for foreign firms to obtain local currency in China than in OECD jurisdictions.

As a result of these differences, the combined company's operations may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of OECD member countries.

THE ECONOMY OF CHINA HAS BEEN EXPERIENCING UNPRECEDENTED GROWTH, WHICH COULD BE CURTAILED IF THE GOVERNMENT TRIES TO CONTROL INFLATION BY TRADITIONAL MEANS OF MONETARY POLICY OR ITS RETURN TO PLANNED-ECONOMY POLICIES, ANY OF WHICH WOULD HAVE AN ADVERSE EFFECT ON US. The Chinese economy's rapid growth has led to higher levels of inflation. Government attempts to control inflation may adversely affect the business climate and growth of private enterprise in China, and may create a more challenging revenue and expense environment for our business, which could have an adverse effect on our profitability.

CHINESE BUSINESS AND COMMERCIAL LAW IS RELATIVELY RECENT AND REMAINS IN FLUX, AND WE MAY HAVE LIMITED LEGAL RECOURSE UNDER CHINESE LAW IF DISPUTES ARISE UNDER OUR CONTRACTS WITH THIRD PARTIES. The Chinese government has enacted some laws and regulations dealing with matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. Its experience in implementing, interpreting and enforcing these laws and regulations, however, is limited, and our ability to enforce commercial claims or to resolve commercial disputes is unpredictable. If our business is unsuccessful, or other adverse circumstances arise from our business transactions, we face the risk that our counterparties may seek ways to terminate the transactions, or, may hinder or prevent us from accessing important information regarding their financial and business operations. The resolution of these matters may be subject to the

exercise of considerable discretion by agencies of the Chinese government, and forces unrelated to the legal merits of a particular matter or dispute may influence their determination. Any rights we may have to specific performance, or to seek an injunction under Chinese law, may be limited. Without a means of recourse by virtue of the Chinese legal system, we may be unable to prevent these situations from occurring. The occurrence of any such events could have a material adverse effect on our business, financial condition and results of operations.

YOU MAY EXPERIENCE DIFFICULTIES IN EFFECTING SERVICE OF LEGAL PROCESS, ENFORCING FOREIGN JUDGMENTS OR BRINGING ORIGINAL ACTIONS IN CHINA BASED ON UNITED STATES JUDGMENTS AGAINST US, OUR SUBSIDIARIES, OFFICERS AND DIRECTORS AND OTHERS. Substantially all of our assets are located in the PRC, and our management principally reside and have their assets there. As a result, it may not be possible for U.S. investors to effect service of process within the U.S. or elsewhere outside the PRC on our directors or executive officers, including with respect to matters arising under U.S. federal or state securities laws. The PRC does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the U.S. or many other countries. As a result, recognition and enforcement in the PRC of such judgments in relation to any matter, including U.S. securities laws, may be difficult or impossible. An original action may be brought in the PRC against our subsidiaries' assets, directors and executive officers only if the actions are not required to be arbitrated by PRC law and the facts alleged in the complaint give rise to a cause of action under PRC law. In connection with such an original action, a PRC court may award civil liability, including monetary damages.

WE MUST COMPLY WITH U.S. LAWS PROHIBITING CORRUPT BUSINESS PRACTICES OUTSIDE THE UNITED STATES, WHICH MAY PUT US AT A COMPETITIVE DISADVANTAGE. We are required to comply with the U.S. Foreign Corrupt Practices Act, which prohibits U.S. companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some of our competitors, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time-to-time in mainland China. If our competitors engage in these practices they may receive preferential treatment from personnel of some companies, giving our competitors an advantage in securing business, or from government officials who might give them priority in obtaining new licenses, which would put us at a disadvantage. Although we inform our personnel that such practices are illegal, we can not assure you 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.

WE MAY NOT BE GUARANTEED OF A CONTINUANCE TO RECEIVE THE PREFERENTIAL TAX TREATMENT WE CURRENTLY ENJOY UNDER PRC LAW, AND DIVIDENDS PAID TO US FROM OUR OPERATIONS IN CHINA MAY BECOME SUBJECT TO INCOME TAX UNDER PRC LAW. The PRC government promulgated on March 16, 2007 the new Enterprise Income Tax Law that was effective as of January 1, 2008. Pursuant to the new law, the enterprise income tax of 25% shall be apply to any enterprise. Although we were approved by the local tax authority to be exempted from the enterprise income tax for two years beginning with the first profitable year and be entitled to a reduced income tax rate, we do not know whether such new law may change the preferential treatment that was granted to us. Any loss or substantial reduction of the tax benefits enjoyed by us would reduce our net profit.

RISKS RELATED TO OUR PRODUCTS

WE MAY INCUR SUBSTANTIAL UNINSURED LIABILITIES AND BE REQUIRED TO LIMIT COMMERCIALIZATION OF OUR PRODUCTS IN RESPONSE TO PRODUCT LIABILITY LAWSUITS. The manufacture, marketing and sale of our products entail inherent risks of product liability. As a manufacturer of products designed for human consumption, we are subject to product liability claims that use of our products has resulted in injury. Some of our products contain vitamins, minerals, herbs and other ingredients that are not subject to pre-market regulatory approval. Our products could contain contaminated substances, and some of our products contain innovative ingredients that do not have long histories of human consumption. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur.

We may be held liable if serious adverse reactions from the use of our products occur. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities and damage to our commercial reputation, or be required to limit commercialization of our products.

Our inability to obtain sufficient product liability insurance at acceptable cost against claims could prevent or inhibit commercialization of our products. We currently do not carry product liability insurance. We may not be able to obtain insurance at reasonable cost, if at all. If we obtain insurance in the future, it may not adequately compensate us for all losses that we may incur, which could have a material adverse effect on our business.

CONSUMERS MAY NOT ACCEPT AND USE OUR PRODUCTS. Even if regulatory bodies approve our products, consumers may not accept and use them. Acceptance and use will depend upon a number of factors, including perceptions by the health and nutrition community about their safety and effectiveness, changing consumer preferences and trends, our products' cost-effectiveness relative to competing products and the effectiveness of marketing and distribution efforts by us, our licensees and distributors, if any. Reimbursement for our products from government or other healthcare payors is generally minimal, and any such reimbursement is problematic, in that payors routinely challenge prices charged, limit coverage and provide inadequate reimbursement, which would diminish market acceptance of our products.

Our success depends in part on our ability to anticipate and respond to changes in consumer trends, and we may not respond in a timely or commercially appropriate manner to them. Because markets for our products differentiate geographically, we must accurately assess demand in each specific market into which we wish to make sales. If we fail to invest in extensive market research on consumer health needs in each market we target, we may face limited market acceptance of our products, which could have a material adverse effect on our

sales and earnings. If we cannot compete successfully for market share against other drug companies, we may not achieve sufficient product revenues, and our business will suffer.

OBTAINING AND MAINTAINING NECESSARY REGULATORY APPROVALS FOR OUR PRODUCTS MAY BE TIME CONSUMING, DIFFICULT AND COSTLY. IF WE FAIL TO DO SO, WE WILL BE UNABLE TO SELL OUR PRODUCTS IN SOME AREAS. Our current products require and have obtained regulatory review and approval for sale. We anticipate that future product candidates we develop will also require such review and approval. Government regulation includes inspection of and controls over testing, manufacturing, safety and environmental standards, efficacy, labeling, advertising, promotion, record keeping and sale and distribution generally. The required effort to achieve approval may be time consuming, difficult and costly, and we cannot predict whether such approvals would be obtained in particular cases. Regulators have substantial discretion in approving products such as ours, and may either decline to do so or require us to spend considerable effort to achieve a different result. That process may also be delayed by changes in government regulation, future legislation, administrative action or changes in policy that occur prior to or during regulatory review. Delays in obtaining regulatory approvals may delay commercialization of, and our ability to derive product revenues from, the affected products, impose costly procedures on us, and diminish any competitive advantages we may otherwise enjoy.

In addition, even after approval, regulated products are subject to continuing review, reporting requirements and other compliance obligations. The discovery of previously unknown problems with our products, our own manufacturing or manufacturing by third parties, may result in restrictions on our products or in their manufacture, including withdrawal of the product from the market.

Internationally, our products are subject to regulatory requirements that vary by country. Obtaining approval to sell our products internationally involves complexities of dealing with a variety of governmental regulations. We have limited experience in dealing with the specific regulations that may be required to sell our products in certain international markets, which could delay our ability to obtain relevant regulatory approval for our products. In addition, our product sales in other countries are subject to product regulatory regimes of various degrees and direct marketing or distribution regulations. There can be no assurance that our current operations will not be adversely affected by compliance issues and changes in applicable laws and regulations in relevant jurisdictions.

WE RELY ON A LIMITED NUMBER OF VENDORS TO SUPPLY RAW MATERIALS AND FINISHED GOODS FOR OUR PRODUCTS. Regulatory authorities also periodically inspect manufacturing facilities, including third parties who manufacture our products or our active ingredients for us, and may challenge their qualifications or competence. Pharmaceutical manufacturing facilities must comply with applicable good manufacturing practice standards, and manufacturers usually must invest substantial funds, time and effort to ensure full compliance with these standards and make quality products. We do not have control over our contract manufacturers' compliance with these requirements. Failure to comply with regulatory requirements can result in sanctions, fines, delays, suspension of approvals, seizures or recalls of products, operating restrictions, manufacturing interruptions, costly corrective actions, injunctions, adverse publicity against us and our products and criminal prosecutions.

If we are unable to obtain sufficient supplies of raw materials, if climatic or environmental conditions adversely affect them or if they increase significantly in price, our business would be seriously harmed. If any of our current or future third-party suppliers cease to supply products in the quantity and quality we need to manufacture our products, or if they are unable to comply with applicable regulations, the qualification of other suppliers could be a lengthy process, and there may not be adequate alternatives to meet our needs. As a result, we may not be able to obtain the necessary ingredients used in our products in the future on a timely basis, if at all. This would negatively affect our business.

MANUFACTURING RISKS. There are risks associated with ingredients mixing and production processes and techniques. Our manufacturing process requires a significant degree of technical expertise. If we fail to manufacture our products to specifications or inadvertently use defective materials in the manufacturing process, the reliability and performance of our products will be compromised.

Any significant disruption in our manufacturing operations for any reason, such as regulatory requirements and loss of certifications, power interruptions, fires, hurricanes, war or other force majeure, could adversely affect our sales and customer relationships.

IF WE FAIL TO PROTECT ADEQUATELY OR ENFORCE OUR INTELLECTUAL PROPERTY RIGHTS, OR TO SECURE RIGHTS TO PATENTS OF OTHERS, THE VALUE OF OUR INTELLECTUAL PROPERTY RIGHTS COULD DIMINISH. Our success, competitive position and revenues will depend in part on our ability, and the ability of our licensors, to obtain and maintain patent or other intellectual property protection for our products, methods, processes and other technologies, to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties.

Our patents, trade secrets, trademarks, service marks and similar intellectual property are critical to our success. We rely on patent, trademark and trade secret law, as well as confidentiality and license agreements with our employees, customers, partners and others, to protect our proprietary rights. We have received patent protection for certain of our products in the People's Republic of China. We have not applied for any patent or other protection in countries other than China. We cannot predict the degree and range of protection patents or other intellectual property rights will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent our patents, if and when patents will issue, whether or not others will obtain patents claiming aspects similar to ours, or if we will need to initiate litigation or administrative proceedings, which may be costly whether we win or lose.

Our success also depends on the skills, knowledge and experience of our employees, consultants, advisors, licensors and contractors. To help protect our proprietary know-how and inventions for which patents may be unobtainable or difficult to obtain, we rely on trade secret protection and confidentiality agreements. To this end, we require all of our employees, consultants, advisors

and contractors to enter into confidentiality and, where applicable, grant-back agreements. These agreements may not provide adequate protection in the event of unauthorized use or disclosure or the lawful development by others of such information. If any of our intellectual property is disclosed, its value would be significantly impaired, and our business and competitive position would suffer.

IF WE INFRINGE THE RIGHTS OF THIRD PARTIES, WE COULD BE PREVENTED FROM SELLING PRODUCTS, FORCED TO PAY DAMAGES, AND COMPELLED TO DEFEND AGAINST LITIGATION. We could also incur substantial costs, and have to obtain licenses, which may not be available on commercially reasonable terms (if at all), redesign our products or processes, stop using the subject matter claimed in the asserted patents, pay damages or defend litigation or administrative proceedings. All these may be costly, whether we win or lose, and could result in a substantial diversion of valuable management resources.

We believe we do not infringe others' proprietary rights. However, we cannot guarantee that no third party will claim infringement in the future. Resolving such issues traditionally has resulted, and could in our case result, in lengthy and costly legal proceedings, the outcome of which cannot be predicted accurately.

RISK RELATED TO MANAGEMENT

THE CONCENTRATED OWNERSHIP OF OUR CAPITAL STOCK MAY BE AT ODDS WITH YOUR INTERESTS, AND HAVE THE EFFECT OF DELAYING OR PREVENTING A CHANGE IN CONTROL OF OUR COMPANY. Our directors, officers, key personnel and their affiliates as a group beneficially own or control the vote of approximately 69% of our outstanding capital stock, and control the Company. They will be able to continue to exercise significant influence over all matters affecting the Company, including the election of directors, formation and execution of business strategy and approval of mergers, acquisitions and other significant corporate transactions, which may have an adverse effect on the stock price. They may have conflicts of interest and interests that are not aligned with yours in all respects.

MANAGEMENT IS INEXPERIENCED IN RUNNING A U.S. PUBLIC COMPANY. We are managed by a management team that is relatively unfamiliar with the capital market and the processes by which a U.S. public company should be managed and operated. Management is currently making efforts to familiarize itself with the relevant laws, rules and regulations and market practice, but there can be no assurance that it can master the relevant knowledge and skills and set up the required systems in time to prevent mistakes and to meet shareholder and market expectations.

WE MAY NOT SUCCESSFULLY MANAGE OUR GROWTH. Our success will depend upon the expansion of our operations and the effective management of our growth, which will place a significant strain on our management and administrative, operational, and financial resources. To manage this growth, we must expand our facilities, augment our operational, financial and management systems, and hire and train additional qualified personnel. If we are unable to manage our growth effectively, our business would be harmed.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Description
31.1	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)or 15d-14(a). **
31.2	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a). **

32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **

** Filed herewith

SIGNATURES

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

GLOBAL PHARMATECH, INC.

Date: August 14, 2008

By: /s/ Lianqin Qu
Name: Lianqin Qu
Title: President and Chief Executive Officer

Date: August 14, 2008

By: /s/ Zongsheng Zhang
Name: Zongsheng Zhang
Title: Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Lianqin Qu, President and Chief Executive Officer of Global Pharmatech, Inc. (f/k/a Autocarbon, Inc., the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2008, of the Company.

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 under which such statements were made, not misleading with respect to the period covered by this report.

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

4. The Company's other certifying officer 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control 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 Company'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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company'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 Company's internal control over financial reporting.

Dated: August 14, 2008

/s/ Lianqin Qu

Lianqin Qu
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Zongsheng Zhang, Chief Financial Officer of Global Pharmatech, Inc. (f/k/a Autocarbon, Inc., the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2008, of the Company.

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 under which such statements were made, not misleading with respect to the period covered by this report.

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

4. The other certifying officer 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 control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control 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 Company'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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company'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 Company's internal control over financial reporting.

Dated: August 14, 2008

/s/ Zongsheng Zhang

Zongsheng Zhang
Chief Financial Officer

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report of Global Pharmatech, Inc. (f/k/a Autocarbon, Inc., the "Company") on Form 10-Q for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Pursuant to the rules and regulations of the Securities and Exchange Commission, this certification is being furnished and is not deemed filed.

Dated: August 14, 2008

/s/ Lianqin Qu

Lianqin Qu
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2008

/s/ Zongsheng Zhang

Zongsheng Zhang
Chief Financial Officer
(Principal Financial Officer)