

VisualMED Clinical Solutions Corp.  
Form 10QSB  
May 14, 2008

---

---

**United States Securities and Exchange Commission**  
Washington, D.C. 20549

**FORM 10-QSB**

- x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended March 31, 2008
- o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
**Commission file number: 000-33191**

**VISUALMED CLINICAL SOLUTIONS CORP.**

(Exact name of small business issuer as specified in its charter)

**NEVADA**

(State or other jurisdiction of incorporation or organization)

**88-0436055**

(I.R.S. Employer Identification Number)

**1035 Laurier W. 2<sup>nd</sup> Floor**

**Montreal, Quebec**

**Canada H2V 2L1**

(Address of principal executive offices)

**(514) 274-1115**

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

---

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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  No

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

### **APPLICABLE ONLY TO CORPORATE ISSUERS**

As of May 13, 2008 the issuer had 57,547,845 outstanding shares of common stock.

Transitional Small Business Disclosure Format (Check one):  
Yes  No

---

---

**PART I**

**ITEM 1 FINANCIAL STATEMENTS**

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)

	<b>Index</b>
<u>Consolidated Balance Sheets</u>	F-1
<u>Consolidated Statements of Operations</u>	F-2
<u>Consolidated Statements of Cash Flows</u>	F-3
<u>Consolidated Notes to the Financial Statements</u>	F-4

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Consolidated Balance Sheets  
(expressed in U.S. dollars)

	March 31, 2008 \$ (Unaudited)	June 30, 2007 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	28,939	123,318
Accounts receivable		130,717
Advances to related parties (Note 3)	50,413	29,231
Prepaid expenses and deposits (Note 4)	26,189	122,250
Inventory	66,148	3,226
Other assets		7,941
<b>Total Current Assets</b>	<b>171,689</b>	<b>416,683</b>
Property and Equipment (Note 5)	29,295	51,190
<b>Total Assets</b>	<b>200,984</b>	<b>467,873</b>
<b>Liabilities and Stockholders Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable	1,723,306	1,387,121
Accrued liabilities (Note 6)	426,347	197,401
Loan payable (Note 7)	92,431	
Due to related party (Note 8)	32,226	42,288
Current portion of capital lease obligation		3,386
Deferred revenue	532,685	298,250
<b>Total Liabilities</b>	<b>2,806,995</b>	<b>1,928,446</b>
<b>Commitments and Contingencies (Notes 1, 14 and 16)</b>		
<b>Stockholders Deficit</b>		
Preferred Stock (Note 9),		
Authorized: 15,000,000 shares, Series A 10% Cumulative; par value \$0.00001;		
Issued and outstanding: no shares		
Authorized: 10,000,000 shares, Undesignated; par value \$0.00001;		
Issued and outstanding: no shares		
Common Stock (Note 10),		
Authorized: 100,000,000 shares, par value \$0.00001;		
Issued and outstanding: 57,422,845 shares (June 30, 2007 49,728,345 shares)	574	497
Additional Paid-in Capital	29,845,089	27,269,830
Common Stock Subscriptions Receivable	(2,450)	(2,450)
Accumulated Other Comprehensive Loss	(253,377)	(254,013)
Deficit Accumulated During the Development Stage	(32,195,847)	(28,474,437)
<b>Total Stockholders Deficit</b>	<b>(2,606,011)</b>	<b>(1,460,573)</b>
<b>Total Liabilities and Stockholders Deficit</b>	<b>200,984</b>	<b>467,873</b>

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

F-1

---

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Consolidated Statements of Operations  
(expressed in U.S. dollars)  
(unaudited)

	Accumulated from September 7, 1999 (Date of Inception) to December 31, 2007 \$	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	1,363,629	186,873	9,418	698,871	27,542
Cost of sales	225,383			36,567	8,298
<b>Gross Profit</b>	<b>1,138,246</b>	<b>186,873</b>	<b>9,418</b>	<b>662,304</b>	<b>19,244</b>
<b>Expenses</b>					
Acquired in-process research	7,920,730		7,920,730		7,920,730
Customer service	2,283,633	186,753	138,887	517,319	580,219
Amortization	87,659	7,422	8,269	26,725	24,743
Development costs	2,591,887	145,668	139,651	421,270	426,193
General and administration	5,524,158	190,273	341,375	684,372	1,913,504
Sales and marketing	10,224,224	100,645	2,112,453	2,689,684	3,830,424
<b>Total Expenses</b>	<b>28,632,291</b>	<b>630,761</b>	<b>10,661,365</b>	<b>4,339,370</b>	<b>14,695,813</b>
<b>Net Loss From Operations</b>	<b>(27,494,045)</b>	<b>(443,888)</b>	<b>(10,651,947)</b>	<b>(3,677,066)</b>	<b>(14,676,569)</b>
<b>Other Income (Expenses)</b>					
Interest	(97,050)	(31,650)	(5,131)	(55,773)	(5,650)
Financing costs	(4,514,285)				
Foreign exchange gain (loss)	291,610	1,057	26,872	11,429	(62,731)
Gain on forgiveness of interest	7,655				
Gain on forgiveness of debt	12,689				
<b>Net Loss Before Discontinued Operations</b>	<b>(31,793,426)</b>	<b>(474,481)</b>	<b>(10,630,206)</b>	<b>(3,721,410)</b>	<b>(14,744,950)</b>
<b>Discontinued Operations</b>	<b>(402,421)</b>				
<b>Net Loss</b>	<b>(32,195,847)</b>	<b>(474,481)</b>	<b>(10,630,206)</b>	<b>(3,721,410)</b>	<b>(14,744,950)</b>
<b>Other Comprehensive Income (Loss)</b>					
Foreign currency translation adjustments	(253,377)	6,621	(24,514)	636	64,114
<b>Comprehensive Loss</b>	<b>(32,449,224)</b>	<b>(467,860)</b>	<b>(10,654,720)</b>	<b>(3,720,774)</b>	<b>(14,680,836)</b>
<b>Net Loss Per Share - Basic and Diluted</b>		<b>(0.01)</b>	<b>(0.23)</b>	<b>(0.07)</b>	<b>(0.31)</b>

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

---

Weighted Average Shares Outstanding	57,423,000	47,164,000	54,649,000	46,852,000
-------------------------------------	------------	------------	------------	------------

---

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

F-2

---

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Consolidated Statements of Cash Flows  
(expressed in U.S. dollars)  
(unaudited)

	Accumulated from September 7, 1999 (Date of Inception) To March 31, 2008 \$	For the Nine Months Ended March 31, 2008 \$	For the Nine Months Ended March 31, 2007 \$
<b>Operating Activities</b>			
Net loss	(32,195,847)	(3,721,410)	(14,744,950)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	89,201	26,725	24,743
Acquired in-process research and development	7,920,730		7,920,730
Stock-based compensation	17,173,643	2,725,337	5,329,106
Common stock issued for interest	32,063		
Common stock issued for services	441,250		
Write-off of assets	3,568		
Gain on forgiveness of interest	(7,655)		
Gain on settlement of debt	(12,689)		
Changes in operating assets and liabilities			
Accounts receivable	134,544	130,717	2,550
Advances receivable	(587,948)		
Prepaid expenses and deposits	70,236	99,838	218,939
Inventory	(66,148)	(62,922)	
Other assets	(3,782)	2,191	7,831
Deferred revenue	962,685	234,435	259,458
Advances to related parties	(12,529)	(25,351)	7,145
Due to related parties			26,022
Accounts payable and accrued liabilities	1,988,080	417,635	884,633
<b>Net Cash Used In Operating Activities</b>	<b>(4,070,598)</b>	<b>(172,805)</b>	<b>(63,793)</b>
<b>Investing Activities</b>			
Purchase of property and equipment	(98,151)	(2,719)	(13,180)
<b>Net Cash Used In Investing Activities</b>	<b>(98,151)</b>	<b>(2,719)</b>	<b>(13,180)</b>
<b>Financing Activities</b>			
Proceeds from the sale of common stock	1,490,213		4,910
Bank indebtedness			161
Proceeds from loan	614,180	92,431	
Proceeds from notes payable	2,326,476		
Repayment of capital lease obligation	(10,895)	(3,584)	(2,850)
Advances to related parties	30,840	(7,716)	
<b>Net Cash Provided By Financing Activities</b>	<b>4,450,814</b>	<b>81,131</b>	<b>2,221</b>



Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

Effect of Exchange Rate Changes on Cash	(253,126)	14	63,776
Increase (Decrease) in Cash	28,939	(94,379)	(10,976)
Cash Beginning of Period		123,318	10,976
Cash End of Period	28,939	28,939	

Supplemental Disclosures

Interest paid

Income taxes paid

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

F-3

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(expressed in U.S. dollars)  
(Unaudited)

### 1. Nature of Operation and Continuance of Business

The Company was incorporated in the State of Nevada on September 7, 1999. The Company changed its name to VisualMed Clinical Solutions Corp. on November 30, 2004. The Company's majority shareholder is Visual Healthcare Corporation, which is a Nevada Corporation, based in Montreal, Canada.

The Company's business plan involves the distribution of medical software. The Company is primarily involved in activities related to the distribution of medical software and is considered to be a development stage company. At March 31, 2008, the Company had a working capital deficiency of \$2,635,306 and has incurred losses of \$32,195,847 since inception. The ability of the Company to emerge from the development stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and then attain profitable operations. There is no guarantee that the Company will be able to complete any of the above objectives. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

As at March 31, 2008, the Company had cash balance of \$28,939, and for the next twelve months, management anticipates that the minimum cash requirements to fund its continued operations will be \$2,160,000. Accordingly, the Company does not have sufficient funds to meet planned expenditures over the next twelve months. Management plans to seek additional capital through equity and/or debt offerings and has asked for the continued financial support of related parties. There is no assurance that the Company will be able to raise sufficient cash to fund its future distribution programs and operational expenditures.

### 2. Summary of Significant Accounting Principles

#### a) Basis of Presentation and Fiscal Year

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company has not produced any revenues from its principal business and is a development stage company as defined by Statement of Financial Accounting Standard ( SFAS ) No. 7

*Accounting and Reporting by Development Stage Enterprises* . These financial statements include the accounts of the Company and its wholly-owned subsidiary, VisualMed Clinical Systems Marketing Inc., a company incorporated and based in the province of Quebec, Canada. All intercompany transactions and balances have been eliminated. The Company's fiscal year-end is June 30.

#### b) Interim Consolidated Financial Statements

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Securities and Exchange Commission ( SEC ) Form 10-QSB. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended June 30, 2007, included in the Company's Annual Report on Form 10-KSB filed on September 28, 2007 with the SEC.

The consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company's consolidated financial position at March 31, 2008 and June 30, 2007, and the consolidated results of its operations and consolidated cash flows for the nine months ended March 31, 2008 and 2007. The results of operations for the nine months ended March 31, 2008 are not necessarily indicative of the results to be expected for future quarters or the full year.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(expressed in U.S. dollars)  
(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### c) Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. The Company regularly evaluates estimates and assumptions related to useful life and recoverability of long-lived assets, allowances for doubtful accounts, sales returns and allowances, inventory reserves, stock-based compensation expense, warranty liabilities and deferred income tax asset valuations. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

#### d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

#### e) Allowance for Doubtful Accounts

The Company evaluates the collectability of accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations subsequent to the original sale, the Company will record an allowance against amounts due, and thereby reduce the net recognized receivable to the amount the Company reasonably believes will be collected. For all other customers, the Company recognizes allowances for doubtful accounts based on the length of time the receivables are past due, industry and geographic concentrations, the current business environment and the Company's historical experience. The allowance for doubtful accounts as of March 31, 2008 was \$nil (June 30, 2007 - \$nil).

#### f) Property and Equipment

Property and equipment is stated at cost, less accumulated amortization, and consists of office furniture, computer hardware and software, leasehold improvements and assets under capital lease. Amortization of office furniture is computed using the straight-line method over five years. Amortization of computer hardware and software is computed using the straight-line method over three years. Amortization of leasehold improvements is computed using the straight-line method over five years. Amortization of assets under capital lease is computed using the straight-line method over the term of the lease.

#### g) Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(expressed in U.S. dollars)  
(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### h) Foreign Currency Transactions

The Company's functional and reporting currency is the United States dollar. The functional currency of the Company's subsidiary is the Canadian dollar. The financial statements of the subsidiary are translated to United States dollars in accordance with SFAS No. 52 *Foreign Currency Translation* using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues and expenses. Translation gains (losses) are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity. Foreign currency transaction gains and losses are included in current operations.

#### i) Development Costs

Costs related to the enhancement of existing medical software modules are expensed as incurred until technological feasibility in the form of a working model has been established. The time period between the establishment of technological feasibility and completion of product development is expected to be short, therefore the Company has not capitalized any product development costs during the period.

#### j) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, *Earnings per Share* which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS and the weighted average number of common shares exclude all dilutive potential shares since their effect is anti dilutive. Shares underlying these securities totaled approximately 12,000,000 as of March 31, 2008.

#### k) Financial Instruments and Concentrations

The carrying value of cash, accounts receivable, advances to related parties, accounts payable, accrued liabilities, advances from related parties and capital lease obligation approximate fair value due to the relatively short maturity of these instruments. Financial instruments which potentially subject the Company to a concentration of credit risk consist primarily of accounts receivable. For the nine-month period ended March 31, 2008, revenue from one customer represented 63% (2007 57%) of total revenue and from a second customer represented 21% (2007 43%) of total revenue.

#### l) Inventory

Inventory consists of computer hardware and software acquired for specific revenue contracts. Inventory is stated at the lower of cost or net realizable value.

#### m) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. For the nine-month periods ended March 31, 2008 and 2007, the Company's only component of comprehensive loss was foreign currency translation adjustments.

#### n) Advertising Costs

Advertising costs are charged to operations as incurred.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(expressed in U.S. dollars)  
(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### o) Revenue Recognition

The Company recognizes revenue related to sales and licensing of medical software in accordance with Statement of Position No. 97-2, *Software Revenue Recognition* (SOP 97-2), as amended by Statement of Position No. 98-9, *Software Revenue Recognition with Respect to Certain Arrangements*. Pursuant to SOP 97-2 and Staff Accounting Bulletin No. 104 *Revenue Recognition*, revenue will only be recognized when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability is reasonably assured. The Company's revenue contracts are accounted for in conformity with Accounting Research Bulletin No. 45 *Long-Term Construction-Type Contracts* (ARB 45), using the relevant guidance in SOP 81-1 *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*, unless specified criteria for separate accounting for any service element are met. The Company uses the completed contract method to recognize revenue from long term service contracts. Licensing revenue is recognized if all revenue recognition criteria pursuant to SAB 104 are met. The Company also follows the guidance in Emerging Issues Task Force (EITF) Issue No. 00-21 *Revenue Arrangements with Multiple Deliverables* relating to the separability of deliverables included in an arrangement into different units of accounting and the allocation of an arrangement's consideration to those units of accounting. It does not address when revenue should be recognized for the units of accounting.

Incremental direct costs related to contract acquisition and origination, which result in deferred revenue, are expensed as incurred. Any significant customer accounts that are not reasonably assured to be collected are excluded from revenues. During the year ended June 30, 2007, the Company licensed technology to a customer for \$1,410,600 (\$1,500,000 CAD). At March 31, 2008, \$986,865 (\$1,013,000 CAD) has been excluded from revenues as collectability was considered by management to not be reasonably assured. During the nine month period ended March 31, 2008, the Company recognized revenue of \$441,541 related to a \$2,200,000 contract with customer. Revenue was recognized since customer acceptance or the work completed was obtained and the Company has no further obligations related to this portion of the contract. During the three month period ended March 31, 2008, revenue consisted of annual license fees from existing contracts.

#### p) Reclassifications

Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation.

#### q) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted SFAS No. 109 *Accounting for Income Taxes* as of its inception. Pursuant to SFAS No. 109 the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

#### r) Warranty

Some of the Company's software or hardware products carry a warranty for the duration of the license term. The Company's liability is limited to the repair or replacement of the defective product and the refund of amounts paid for defective products. The Company establishes reserves for estimated product warranty costs at the time revenue is recognized based upon its historical experience and additionally for any known product warranty issues. At March 31, 2008, management has deemed that no reserve should be accrued. As of March 31, 2008, the Company has not experienced a significant amount of warranty expense.

#### s) Stock-based Compensation

The Company records stock-based compensation in accordance with SFAS No. 123R *Share Based Payments*, using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.



## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
(expressed in U.S. dollars)  
(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### t) Recently Adopted Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a two-step method of first evaluating whether a tax position has met a more likely than not recognition threshold and second, measuring that tax position to determine the amount of benefit to be recognized in the financial statements. FIN 48 provides guidance on the presentation of such positions within a classified statement of financial position as well as on derecognition, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this statement did not have a material effect on the Company's financial statements.

#### u) Recently Issued Accounting Pronouncements

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment to FASB Statement No. 133*. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The Company is currently evaluating the impact of SFAS No. 161 on its financial statements, and the adoption of this statement is not expected to have a material effect on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations*. This statement replaces SFAS 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements - Liabilities - an Amendment of ARB No. 51*. This statement amends ARB 51 to establish accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115*. This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 *Accounting for Certain Investments in Debt and Equity Securities* applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, *Fair Value Measurements*. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

#### u) Recently Issued Accounting Pronouncements (continued)

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

### 3. Advances to Related Parties

	March 31, 2008 \$	June 30, 2007 \$
Advances to employees	50,413	29,231

Advances to employees represent amounts advanced towards travel expenses to be incurred and are non-interest bearing and unsecured.

### 4. Prepaid Expenses and Deposits

	March 31, 2008 \$	June 30, 2007 \$
Directors and officers insurance		14,568
Rent	12,467	91,419
Security deposit	4,384	4,232
Other	9,338	12,031
	26,189	122,250

### 5. Property and Equipment

	Cost \$	Accumulated Amortization \$	March 31, 2008 Net carrying value \$	June 30, 2007 Net carrying value \$
Computer hardware	68,434	53,227	15,207	27,622
Computer software	30,391	25,071	5,320	11,611
Office furniture	13,628	8,491	5,137	6,932
Leasehold improvements	10,494	6,863	3,631	5,025



Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

122,947	93,652	29,295	51,190
---------	--------	--------	--------

---

Assets under capital lease with a cost of \$12,588 are included in office furniture. During the nine month period ended March 31, 2008, the Company recognized amortization of assets under capital lease of \$1,947 (March 31, 2007 - \$2,503).

F-9

---

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

6. Accrued Liabilities

	March 31, 2008 \$	June 30, 2007 \$
Salaries, wages and vacation pay	273,092	197,401
Finder s fees	150,000	
Other	3,255	
	426,347	197,401

7. Loan payable

	March 31, 2008 \$	June 30, 2007 \$
Advances from shareholders:		
- 10% per annum, unsecured, no fixed terms of repayment	48,710	
- non-interest bearing, unsecured, no fixed terms of repayment	43,721	
	92,431	

8. Advances From Related Parties

	March 31, 2008 \$	June 30, 2007 \$
Advances from officers, 15% per annum, unsecured, no fixed terms of repayment	32,226	42,288
	32,226	42,288

9. Preferred Stock

On January 12, 2006, the Company restated its Articles of Incorporation to increase the authorized share capital to 125,000,000 shares consisting of 100,000,000 shares of common stock, and 25,000,000 shares of preferred stock, of which 15,000,000 have been designated as Series A 10% Cumulative Preferred Stock.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

The Series A 10% Cumulative Preferred Stock has a par value of \$0.00001 per share, a stated value of \$1.00 per share and are non-voting. The holders of the Series A Preferred Stock will be entitled to receive an annual dividend equal to 10% per annum of the stated value of \$1.00 per share payable, at the option of the Board of Directors, in either cash or in shares of Series A Preferred Stock.

F-10

---

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

### 10. Common Stock

For the nine-month period ended March 31, 2008:

- a) On August 1, 2007, the Company issued 1,405,000 shares of common stock upon the exercise of 1,405,000 options at an exercise price of \$0.00001 per share.
- b) On August 15, 2007, the Company issued 985,000 shares of common stock upon the exercise of 985,000 options at an exercise price of \$0.00001 per share.
- c) On September 7, 2007, the Company issued 100,000 shares of common stock upon the exercise of 100,000 options at an exercise price of \$0.00001 per share.
- d) On October 9, 2007, the Company issued 2,070,000 shares of common stock upon the exercise of 2,070,000 options at an exercise price of \$0.00001 per share.
- e) On October 17, 2007, the Company issued 25,000 shares of common stock upon the exercise of 25,000 options at an exercise price of \$0.00001 per share.
- f) On November 1, 2007, the Company issued 250,000 shares of common stock upon the exercise of 250,000 options at an exercise price of \$0.00001 per share.
- g) On November 6, 2007, the Company issued 1,025,000 shares of common stock upon the exercise of 1,025,000 options at an exercise price of \$0.00001 per share.
- h) On November 20, 2007, the Company issued 1,700,000 shares of common stock upon the exercise of 1,700,000 options at an exercise price of \$0.00001 per share.
- i) On November 21, 2007, the Company issued 70,000 shares of common stock upon the exercise of 70,000 options at an exercise price of \$0.00001 per share.
- j) On December 4, 2007, the Company issued 64,500 shares of common stock upon the exercise of 64,500 options at an exercise price of \$0.00001 per share.

### 11. Share Purchase Warrants

The following table summarizes the continuity of the Company's warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Outstanding, June 30, 2007	10,000,000	0.01
Issued		
Expired		
Outstanding, March 31, 2008	10,000,000	0.01

At March 31, 2008, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
-----------------------	-------------------	----------------

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

10,000,000    \$ 0.01    March 30,  
2012

F-11

---

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

### 12. Stock Options

Effective October 4, 2006, the Company filed a Form S-8 Registration Statement in connection with its October 2006 Non-Qualified Stock Option Plan (the October 2006 Plan ) allowing for the direct award of stock or granting of stock options to directors, officers, employees and consultants to acquire up to a total of 2,000,000 shares of common stock. At March 31, 2008, the Company had no shares of common stock unissued pursuant to the plan.

Effective March 22, 2007, the Company filed a Form S-8 Registration Statement in connection with its March 2007 Non-Qualified Stock Option Plan (the March 2007 Plan ) allowing for the direct award of stock or granting of stock options to directors, officers, employees and consultants to acquire up to a total of 2,000,000 shares of common stock. At March 31, 2008, the Company had no shares of common stock unissued pursuant to the plan.

Effective July 24, 2007, the Company filed a Form S-8 Registration Statement in connection with its July 2007 Non-Qualified Stock Option Plan (the July 2007 Plan ) allowing for the direct award of stock or granting of stock options to directors, officers, employees and consultants to acquire up to a total of 6,500,000 shares of common stock. At March 31, 2008, the Company had no shares of common stock unissued pursuant to the plan.

Effective November 20, 2007, the Company filed a Form S-8 Registration Statement in connection with its November 2007 Non-Qualified Stock Option Plan (the November 2007 Plan ) allowing for the direct award of stock or granting of stock options to directors, officers, employees and consultants to acquire up to a total of 1,900,000 shares of common stock. At March 31, 2008, the Company had 30,000 shares of common stock unissued pursuant to the plan.

Effective February 27, 2008, the Company filed a Form S-8 Registration Statement in connection with its February 2008 Non-Qualified Stock Option Plan (the February 2008 Plan ) allowing for the direct award of stock or granting of stock options to directors, officers, employees and consultants to acquire up to a total of 2,300,000 shares of common stock. At March 31, 2008, the Company had 2,300,000 shares of common stock unissued pursuant to the plan.

The weighted average grant date fair value of stock options granted during the nine months ended March 31, 2008 and 2007 was \$0.32 and \$1.21, respectively. During the nine months ended March 31, 2008, the Company charged to operations stock-based compensation relating to the granting of options of \$2,725,337 (2007 - \$4,429,089).

A summary of the Company's stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price \$	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, June 30, 2007	1,340,000	1.29		
Granted	8,414,500	0.02		
Exercised	(7,694,500)	0.00001		
Cancelled				
Expired	(60,000)			
<hr/>				
Outstanding, March 31, 2008	2,000,000	0.88	3.74	\$ 21,825
<hr/>				
Exercisable, March 31, 2008	2,000,000	0.88	3.74	\$ 21,825

During the nine months ended March 31, 2008, the Company granted 8,414,500 stock options to purchase shares of common stock at a price below market of \$0.00001 per share with an intrinsic value of \$2,619,953.

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

	<b>Nine Months Ended March 31, 2008</b>	<b>Nine Months Ended March 31, 2007</b>
Expected dividend yield	0%	0%
Expected volatility	123.34%	82%
Expected life (in years)	2.0	5.0
Risk-free interest rate	3.86%	4.39%

F-12

---

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

### 12. Stock Options (continued)

A summary of the status of the Company's nonvested shares as of March 31, 2008, and changes during the nine months ended March 31, 2008, is presented below:

Nonvested Shares	Number of Shares	Weighted Average Grant Date Fair Value \$
Nonvested at July 1, 2007		
Granted	8,414,500	0.32
Vested	(8,414,500)	(0.32)
Nonvested at March 31, 2008		

### 13. Segment Disclosures

The Company operates as one operating segment which is the sale of its suite of clinical software modules. The Chief Executive Officer is the Company's Chief Operating Decision Maker (CODM) as defined by SFAS 131, *Disclosure about Segments of an Enterprise and Related Information*. The CODM allocates resources and assesses the performance of the Company based on the results of operations.

### 14. Commitments

- a) In November 2004, the Company entered into a lease agreement for office premises at a rate of \$86,000 (CDN\$88,265) per annum including property taxes, insurance and other operating expenses, for a five year term expiring on September 30, 2009, with an option to renew for an additional five years. During the nine-month period ended March 31, 2008, the Company incurred rent expense of \$44,300. Future payments for the next five fiscal years are as follows:

	\$
2008	21,500
2009	86,000
2010	28,700
2011	
2012	
	136,200

- b) On June 5, 2006, the Company entered into an automobile lease for a term of 48 months. The monthly payments are \$654 (CAD\$651) ending May 5, 2010.
- c) On November 13, 2006, the Company entered into an investor relations agreement with a consultant and issued 200,000 shares of common stock with a fair value of \$360,000 which was included in general and administrative expense during the year ended June 30, 2007. The Company has also agreed to issue the following: 100,000 shares of common stock when the Company's stock trades at \$2.50 per share, 100,000 shares of common stock when the Company's stock trades at \$3.25 per share, and 100,000 shares of common stock when the Company's stock trades at \$3.75 per share. The contingently issuable shares have been recorded in general and administrative expense at a fair value of \$540,000 and in additional paid-in capital in accordance with EITF 96-18,



Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

*Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction With Selling, Goods or Services* and EITF 00-19 *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* .

F-13

---

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

VisualMED Clinical Solutions Corp.  
 (A Development Stage Company)  
 Notes to the Consolidated Financial Statements  
 (expressed in U.S. dollars)  
 (Unaudited)

### 15. Geographic Information and Major Customers

	<b>Nine Months Ended March 31, 2008 \$</b>	<b>Nine Months Ended March 31, 2007 \$</b>
	<u>          </u>	<u>          </u>
Revenues from external customers:		
United States	81,207	27,542
Canada	617,664	
	<u>          </u>	<u>          </u>
Total revenues from external customers	<u>698,871</u>	<u>27,542</u>

All long-lived assets are domiciled in Canada. During the nine months ended March 31, 2008, the Company recognized \$698,871 (2007 - \$27,542) of revenue from the licensing of software and technology. For the nine months ended March, 31, 2008, revenue from one customer represented 63% (2007 - 57%) of total revenue and from a second customer represented 21% (2007 - 43%) of total revenue.

### 16. Contingency

On March 20, 2008, a legal action was commenced in Quebec, Canada against the Company seeking payment in the amount of \$150,000 and 140,941 common shares of the Company pursuant to a finder fees agreement. The Company has accrued \$150,000 and believes the claim to the 140,941 shares are without merit and will defend its position.

### 17. Subsequent Events

- (a) The Company issued 125,000 shares of common stock upon the exercise of stock options at an exercise price of \$0.00001 per share.
- (b) The Company granted 125,000 stock options to acquire common shares exercisable at \$0.00001 per share for 3 months. These grants were made pursuant to the February 2008 Plan.
- (c) The Company received unsecured loans totalling \$48,710 (Cdn\$50,000) from third parties which are non-interest bearing and due on demand.

**ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS**

**Overview**

Our major focus remains the diversification and expansion of the application of our technology into new areas of the healthcare industry. Target markets remain independent clinics, including specialized corporate healthcare providers, and oncology specialty facilities such as the Segal Cancer Center. These system deployments are rapid, cost-effective and have a much shorter sales cycle than when dealing with hospitals regarding the fully integrated VisualMED Clinical Information System.

Due to our efforts to adapt the existing technology and the opening of these new markets, we have begun to reduce our operating expenses.

At March 31, 2008, the Company had a working capital deficiency of \$2,635,306 and had incurred losses of \$32,195,847 since inception. These factors raise substantial doubt about our ability to continue as a going concern without raising significant additional capital or generating significant revenue in the upcoming fiscal year.

We incurred losses of \$474,481 for the three months ending March 31 2008. This compares to \$10,630,206 in the comparable prior year period. The components of these losses were costs associated with sales and marketing, research and development, customer service and general administration. We also incurred professional expenses, depreciation and filing fees.

Operating expenses for the three months ending March 31, 2008 were \$630,761.

**Marketing Strategy and Recent Developments**

We continue to work closely with Plexo group and Medical.MD on the first subscriber-based internet health record for private healthcare clinics. VisualONCOLOGY, our stand alone oncology module, is successfully operating at the Segal Cancer Center in Montreal. It remains the only fully integrated clinical cancer module on the market.

Our current association with the Segal Cancer Center and the McGill University Department of Oncology has started to result in further contracts of our VisualONCOLOGY module. These contracts include St. Mary's Hospital and the Ville Marie Breast Clinic, both of Montreal.

As of the date of filing, we expect our installed base to have reached 7 sites by the end of calendar 2008, with oncology leading the way. We continue to move away from concentrating on full-hospital deployments, with the inherent delays and long sales cycles associated with large healthcare bureaucracies, and focus on smaller, faster implementations in the private sector. We continue to pursue the opportunities that our growing client base provides, and management is confident our client base will continue to grow at an accelerated pace, with a fully diversified revenue stream fuelled by the activities of Medical.MD's subscriber-based internet health record, VisualONCOLOGY, and our installed sites in Texas, Michigan and Kansas. We now expect our developing oncology activities to help create a coordinated market for VisualANESTHESIOLOGY, as these two modules are complimentary.

A further revenue branch is being explored, as we have begun to market parts of the VisualMED's diverse abilities to help large pharmaceutical companies better control data and results from the clinical trial process used in developing and monitoring new drugs.

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

In the interim, our new stand alone modules are more easily affordable to prospective clients, including small practices, clinics and private specialty facilities whose decision making timeframe is much shorter than regular hospitals: typically months instead of years.

Management remains confident that the VisualMED brand, with its highly rated clinical functionality and rich content, is by now well known within the medical community. When healthcare institutions are prepared to fully comply with recent and active legislation, and adhere to federally mandated operational reform programs, VisualMED's traditional software solutions will find no shortage of customers.

Negotiations with several hospital management groups in Europe continue to make progress. Our brand and market presence with some decision-making bodies are now well established in France and Italy. We have rekindled some of our key relationships with major French teaching hospitals, and are preparing for another major marketing effort in France. Another Italian change of government will now delay once again our ongoing efforts to obtain a national contract, however our key relationships with Italian medical leaders remains intact and we remain hopeful for a multi-hospital implementation to conclude our 2-year sales drive.

VisualMED has been selected as a participant in the upcoming Oncology EHR Workshop being presented as part of the 2008 meeting of the American Society of Clinical Oncology (ASCO) in Chicago, May 30 - June 3. Twenty-five vendors were invited to the pre-selection evaluation, of whom ten were selected to present. Vendors were required to meet a number of rigorous criteria appropriate to oncology electronic patient records and prescriptions. Such records are used by health care providers to manage cancer patient care over timeframes ranging from months to years. Of note, VisualMED is the only new vendor added to the list of last year's participants. It is anticipated that each vendor will do between 50 and 100 presentations over the course of the 3-day event, making this event an extremely time- and cost-efficient marketing and sales opportunity.

### **Financial Condition, Liquidity and Capital Resources**

During the three months ending March 31 2008, we recognized revenue of \$186,873 from licensing of our product.

At March 31, 2008, we had a working capital deficiency of \$2,635,306, compared to a working capital deficiency of \$1,511,763 at June 30, 2007.

We had a net loss of \$474,481 and \$10,630,206 for the three month periods ending March 31, 2008 and 2007 respectively.

At March 31, 2008 our total assets were \$200,984, as compared to total assets of \$467,873 at June 30, 2007.

At March 31, 2008 we had pre-paid expenses of \$26,189. This amount consists of Rent and Property Taxes of \$14,805, a Trade Show for \$7,000 and security deposit on an automobile lease of \$4,384.

At March 31 2008, our total liabilities were \$2,806,995, as compared to total liabilities of \$1,928,446 at June 30, 2007.

We will need to raise additional equity/debt financing to sustain operations over the next 12 months. Our auditors have expressed substantial doubt about our ability to continue as a going concern in their audit report that was included in Form 10-KSB for the fiscal year ended June 30, 2007.

### **Critical Accounting Policies**

Our discussion and analysis of financial condition and results of operations are based upon the Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of Consolidated Financial Statements require management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures on the date of the Consolidated Financial Statements. On an on-going basis, we evaluate our estimates, including, but not limited to, those related to revenue recognition.

We use authoritative pronouncements, historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimates. Critical accounting policies identified are as follows:

#### **Long-Lived Assets**

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, we test long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

#### **Foreign Currency Transactions/Balances**

Our functional and reporting currency is the United States dollar. The functional currency of the Company's subsidiary is the Canadian dollar. The financial statements of this subsidiary are translated to United States dollars in accordance with SFAS No. 52, *Foreign Currency Translation*, using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues and expenses. Translation gains (losses) are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity. Foreign currency transaction gains and losses are included in current operations.

#### **Revenue Recognition**

The Company recognizes revenue related to sales and licensing of medical software in accordance with Statement of Position No. 97-2, *Software Revenue Recognition* (SOP 97-2), as amended by Statement of Position No. 98-9, *Software Revenue Recognition with Respect to Certain Arrangements*. Pursuant to SOP 97-2 and Staff Accounting Bulletin No. 104 *Revenue Recognition*, revenue will only be recognized when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability is reasonably assured. The Company's revenue contracts are accounted for in conformity with Accounting Research Bulletin No. 45 *Long-Term Construction-Type Contracts* (ARB 45), using the relevant guidance in SOP 81-1 *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*, unless specified criteria for separate accounting for any service element are met. The Company uses the completed contract method to recognize revenue from long term service contracts. Licensing revenue is recognized if all revenue

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

recognition criteria pursuant to SAB 104 are met. The Company also follows the guidance in Emerging Issues Task Force ( EITF ) Issue No. 00-21 Revenue Arrangements with Multiple Deliverables relating to the separability of deliverables included in an arrangement into different units of accounting and the allocation of an arrangement's consideration to those units of accounting. It does not address when revenue should be recognized for the units of accounting.

Incremental direct costs related to contract acquisition and origination, which result in deferred revenue, are expensed as incurred. Any significant customer accounts that are not reasonably assured to be collected are excluded from revenues. During the year ended June 30, 2007, the Company licensed technology to a customer for \$1,410,600 (\$1,500,000 CAD). At March 31, 2008, \$986,865 (\$1,013,000 CAD) has been excluded from revenues as collectability was considered by management to not be reasonably assured. During the nine month period ended March 31, 2008, the Company recognized revenue of \$441,541 related to a \$2,200,000 contract with a customer. Revenue was recognized since customer acceptance or the work completed was obtained and the Company has no further obligations related to this portion of the contract.

### Disclosure Regarding Forward-Looking Statements

Certain statements contained in this quarterly report on Form 10-QSB/A constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause deviations in actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied. Such factors include but are not limited to: market and customer acceptance of and satisfaction with our products, market demand for our products; fluctuations in foreign currency markets; the use of estimates in the preparation of our financial statements; the impact of competitive products and pricing in our field; the ability to develop and launch new products in a timely fashion; government and industry regulatory environment; fluctuations in operating results, including, but not limited to, spending on research and development, spending on sales and marketing activities, spending on technical and product support; and other risks outlined in previous filings with the Securities and Exchange Commission, and in this quarterly report on Form 10-QSB/A. The words believe, expect, may, anticipate, intend and plan and similar expressions identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that cannot be quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. The terms Company, we, us, our, VisualMED and the Registrant refer to VisualMED Clinical Solutions Corp., a Nevada corporation, and its subsidiaries.

Factors that could cause actual results to differ from those expressed in forward-looking statements include, but are not limited to:

Our limited operating history;

Our auditors have issued a going concern opinion. Therefore we may not be able to achieve our objectives and may have to suspend or cease operations;

Because we have historically incurred losses and these losses may increase in the future, we must begin generating a profit from our operations. If we do not begin generating a profit we may have to suspend or cease operations;

We have experienced a history of losses and expect to incur future losses. Therefore, we must continue to raise money from investors to fund our operations. If we are unable to fund our operations, we will cease doing business;

Because we depend on a limited number of third parties to manufacture and supply critical components for our products and services, if a third party manufacturer should cease operations or refuse to sell components to us, we may have to suspend or cease operations;

If we cannot deliver the VisualMED systems our customers demand, we will be unable to attract customers, which would likely result in a loss of income and eventually a termination of our operations;

Competition from companies with already established marketing links to our potential customers may adversely affect our ability to market our products;

Our parent company has significant influence over our corporate decisions;

Because we do not have any patents, we rely on trade secrets, confidentiality agreements and contractual agreements, which may not be adequate to protect our proprietary interests. If our proprietary interests are divulged to the public, our operations may be adversely impacted and we may have to cease operations;

Third parties may claim that our current or future products or services infringe their proprietary rights or assert other claims against us;

Fluctuations in the value of foreign currencies could result in increased product costs and operating expenses;

We must be able to respond to rapidly changing technology, services and standards in order to remain competitive;

Because the market for our common stock is limited, our investors may not be able to resell their shares of common stock;

Because our common stock is subject to penny stock rules, the liquidity of investments may be restricted.

**ITEM 3            CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, under the supervision and with the participation of our management, including Gerard Dab, our Chief Executive Officer, and Larry Kurlender, our Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934 (Exchange Act)). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed in our annual reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities Exchange Commission rules and forms. There were no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our officers believe that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that VisualMED files or submits under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer in order to allow timely decisions regarding required disclosure. There are frequent daily communications among all of our executives, including Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President and our Vice President for Finance. All of our budgetary decisions and all of our billing and other expenditures require the written, signed approval of at least three of our executives. All issues regarding disclosures and procedures are discussed in a timely fashion, including all financial and other key operational information. Current disclosure controls and procedures are governed by the Board of Directors, and any changes to such controls and procedures must be made with the Board's approval.



**PART II**

**ITEM 1 LEGAL PROCEEDINGS**

On March 20, 2008, a legal action was commenced in Quebec, Canada against the Company seeking payment in the amount of \$150,000 and 140,941 common shares of the Company pursuant to a finder fees agreement. The Company has accrued \$150,000 and believes the claim to the 140,941 shares are without merit and will defend its position.

**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 6 EXHIBITS AND REPORTS ON FORM 8-K**

(a)

Exhibits	Description
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form SB-2 (Registration No. 333-94835) filed with the SEC on January 18, 2001).
3.2	Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-QSB filed with the SEC on February 22, 2005).
3.3	By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form SB-2 (Registration No. 333-94835) filed with the SEC on January 18, 2001
3.4	VisualMED Clinical Solutions Corp. November 2007 Nonqualified Stock Option Plan (incorporated by reference to the Company's Registration Statement on Form S-8 filed with the SEC on November 20, 2007).
3.5	VisualMED Clinical Solutions Corp. July 2007 Nonqualified Stock Option Plan (incorporated by reference to the Company's Registration Statement on Form S-8 filed with

## Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10QSB

the SEC on July 24, 2007).

- 3.6 Regulation FD Disclosure (incorporated by reference to Form 8-K filed with the SEC on November 8, 2007)
- 3.7 VisualMED Clinical Solutions Corp. February 2008 Nonqualified Stock Option Plan (incorporated by reference to the Company's Registration Statement on Form S-8 filed with the SEC on March 6, 2008).
- 31.1 Certification of Principal Executive Officer pursuant to Rule 13a-15(e) and Rule 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended.
- 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-15(e) and Rule 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended.
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer).
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Financial Officer).

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 13<sup>th</sup> day of May, 2008.

**VISUALMED CLINICAL SOLUTIONS CORP.  
(Registrant)**

By: /s/ Gerard Dab

---

Gerard Dab  
Principal Executive Officer, Secretary and a  
member of the Board of Directors

10

---