

VisualMED Clinical Solutions Corp.
Form 10KSB/A
February 15, 2006

U.S. Securities and Exchange Commission

Washington, D. C. 20549

FORM 10-KSB/A

Amendment No. 1

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended - June 30, 2005
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from

Commission file number 000-33191

VISUALMED CLINICAL SOLUTIONS CORP.

(Name of small business issuer in its charter)

NEVADA

(State or other jurisdiction of incorporation
or organization)

1035 Laurier St. West

Suite 200

Montreal, Quebec

Canada H2V 2L1

(Address of principal executive offices) (Zip Code)

88-0436055

(I.R.S. Employer Identification No.)

(514) 274-1115

Issuer's telephone number

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class:

None

Name of each exchange on which registered:

None

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock

42,381,400 Common Shares

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange

Act.

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

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10KSB/A

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

Yes No

State issuer's revenues for its most recent fiscal year. None

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the average bid and asked price of such common equity as of June 30, 2005 was \$24,664,190.

As of September 28, 2005, the issuer had 44,833,634 outstanding shares of common stock.

Transitional Small Business Disclosure Format (Check one):

Yes No

DOCUMENTS INCORPORATED BY REFERENCE: None

Explanatory Note

This Amendment on Form 10-KSB/A (Amendment No. 1) is being filed to amend and restate in its entirety Part II, Item 6 and Item 7 of the Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005 of VisualMed Clinical Solutions Corp. as initially filed with the Securities and Exchange Commission on filed on September 29, 2005 (the Original 10-KSB). This Amendment No. 1 does not otherwise alter the disclosures set forth in the Original 10-KSB, and does not reflect events occurring after the filing of the Original 10-KSB. This Amendment No. 1 is effective for all purposes as of the date of the filing of the Original 10-KSB.

TABLE OF CONTENTS

	<u>PART II</u>	1
<u>ITEM 6.</u>	<u>MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION</u>	1
<u>ITEM 7.</u>	<u>FINANCIAL STATEMENTS</u>	F-1

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Overview

It is important to note that our business changed dramatically on October 13, 2004, when we ceased our mining and exploration activities and entered the field of developing and marketing clinical information systems. We refer to the twelve month period ended June 30, 2005, as fiscal 2005, and the twelve month period ended June 30, 2004, as fiscal 2004.

We had \$348,410 of cash at June 30, 2005 and no revenue for fiscal 2005. These factors raise substantial doubt about our ability to continue as a going concern without raising significant additional capital.

We incurred losses of \$6,301,451 for fiscal 2005 as compared to losses of \$9,204 in fiscal 2004. The principal component of these losses was the one-time start-up costs that we incurred with respect to our entry to a new field of business following the Acquisition. These costs included the costs associated with the establishment of a world-wide, state-of-the-art service center capable of supporting our customers by remote support technology. Also, as part of the new marketing effort, there was a considerable amount of effort put into presentation and hospital-specific infrastructure configurations in order to respond to major tenders and requests from potential buyers. Significant expenses equally went into hiring marketing employees and consultants. We also incurred professional expenses, depreciation and filing fees.

Operating expenses for fiscal 2005 were \$1,766,026, consisting of customer service expense of \$429,010, depreciation expense of \$4,156, development costs of \$561,356, general and administrative expense of \$687,293 and sales and marketing expenses of \$83,611. We also incurred financing costs of \$4,514,285.

At June 30, 2005, we had pre-paid expenses of \$454,777. This amount consisted of a partial pre-payment of property taxes in the amount of \$5,836, payment of a retainer for legal services to Hovington Pellerin Inc. in the amount of \$21,007 and an advance in the amount of \$427,934 to Medicoool Health Systems Inc., an unaffiliated company and key supplier of technical services to us (Medicoool). The advance to Medicoool was made to ensure that a series of strategic technical services that Medicoool was contracted to provide us would be available in a timely fashion by affording Medicoool the resources to maintain a staff of technical specialists required to make certain modifications to our products. As a result of having the benefit of Medicoool's services, we should be able to better, and more efficiently, customize our products and respond to particular client needs (including at their initial requests for proposals) which may have a positive impact on our financial condition and future result of operations.

Marketing Strategy and Plan of Operations

The main challenges that we will have to meet over the next 12 months will continue to be the funding of our operations, the sales and marketing of our modules and the conclusion of strategic alliances to help us penetrate specific marketplaces in promising geographies. Since the Acquisition, we have developed a comprehensive marketing organization that can handle market survey, develop marketing tools and support the sales funnel we have built which currently includes more than 50 potential client hospitals. We will continue to hire sales and marketing executives and consultants as our customer base continues to grow.

The services of Mr. Andre G. Nadeau, a leading marketing consultant, were retained in fiscal 2005 in order to manage our marketing operations, and to build a dynamic marketing department with the following significant early results: the full VisualMED system is slated to go live at Southwest Regional Rehabilitation Center of Battle Creek, MI, in October 2005. Southwest Regional is a small healthcare facility specializing in rehabilitation, and the contract calls for hospital-wide implementation of the VisualMED system by September 2006. Additionally, our sales funnel has expanded rapidly as the market prepares for a large scale move to information technology solutions to healthcare issues.

A new board of advisors was created in April 2005 to help us create a better marketing strategy and to help tailor our sales approach to evolving market realities. We expect this initiative will help support our sales and marketing department, bringing together experts from the medical and international business community. Among key members of the board of advisers are Mr. Andre G. Nadeau, Mr. Christian Chagnon of I.U.G.O. Ventures, one of Canada's largest private venture capital funds, Mr. Jean Rouleau, Dean of the University of Montreal's Faculty of Medicine, and Dr. Todd McConnell, Physician in Chief at St. Mary's Hospital of Montreal.

In March 2005, we have also signed a cooperative agreement with engineering firm SNC Lavalin of Montreal, Canada. One of the world's largest publicly traded engineering firms; SNC Lavalin brings expertise in project management, hospital construction and management, as well as automation. The arrangement is designed to expand the scope of our delivery capabilities.

Our general corporate strategy will be to build on recent successful implementation contracts in North America, and to work toward our short-term goal of having the full VisualMED system deployed in at least 12 hospitals by calendar year end 2006. Management is confident that a 12-hospital base would constitute a threshold for both market credibility and long-term profitability.

We intend to target markets where current legal regulations encourage the adoption of our clinical management modules. We will aggressively pursue these markets through the creation of sales consortiums that bring together local healthcare consultants, hardware vendors and local systems integrators. We are significantly advanced in creating one such consortium in France that will pursue opportunities offered by new French legislation that has mandated the implementation throughout the French healthcare system of a universal Electronic Medical Record. An agreement has been reached for a first pilot implementation in one of the country's largest hospitals. In Italy, we have begun to leverage some of our local relationships into creating a sales funnel of more than six hospitals. In the Netherlands, we are in negotiations with a Dutch medical supply company for a distributorship agreement. Despite typically long sales cycle, we expect concrete results before the calendar year end. We are continuing to build alliances in other European markets. We will make a special effort in the Canadian market, where the federal government is preparing to legalize e-Prescriptions in an effort to contain the rising cost of prescription drugs. Finally, we will take advantage of the construction of new state of the art hospital facilities in developing countries such as Tunisia that provide elective surgery to European patients.

In order to continue financing our operations, we are currently negotiating a private placement. The proceeds of this financing, if consummated, are expected to provide sufficient liquidity for the next 12 months. We cannot assure you that we will complete a private placement on favorable terms or at all or whether financing will be available to us from other sources in the future.

Subsequent Events

Since June 30, 2005, we have concluded an agreement to implement the full VisualMED system at Kansas Surgery Hospital of Wichita, Kansas. The implementation has begun, the hardware has been purchased and is currently being installed.

Financial Condition, Liquidity and Capital Resources

At June 30, 2005, all of our principal capital resources have been acquired through the issuance of our common stock and advances from our investors. Cash used in operations was \$1,947,200 for fiscal 2005.

At June 30, 2005, we had a negative working capital of \$49,345 compared to a deficiency of \$20,982 at June 30, 2004. We had cash on hand of \$348,410 at June 30, 2005. We had a net loss of \$6,301,451 for fiscal 2005 and \$9,204 for fiscal 2004. At June 30, 2005, our total assets were \$908,354 as compared to \$1,616 at June 30, 2004. At June 30, 2005, our total liabilities increased to \$930,824 from \$21,674 at June 30, 2004.

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.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations are based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of 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 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 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.

Foreign Currency Transactions/Balances

Our functional and reporting currency is the United States dollar. The functional currency of our 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.

Stock-Based Compensation

We have elected to apply the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Under the intrinsic value method of accounting, compensation expense is recognized if the exercise price of the our employee stock options is less than the market price of the underlying common stock on the date of grant. Stock-based compensation for employees is recognized on the straight-line basis over the vesting period of the individual options. Stock options granted to non-employees are accounted for under Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based Compensation (SFAS 123), which establishes a fair value based method of accounting for stock-based awards, and recognizes compensation expense based on the fair value of the stock award or fair value of the goods and services received, whichever is more reliably measurable. Under the provisions of SFAS 123, companies that elect to account for stock-based awards in accordance with the provisions of APB 25 are required to disclose the pro forma net income (loss) that would have resulted from the use of the fair value based method under SFAS 123.

Revenue Recognition

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104 (SAB 104), Revenue Recognition in Financial Statements. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed, and collectibility is reasonably assured.

We continually monitor timely payments and assess any collection issues. The allowance for doubtful accounts is based on our detailed assessment of the collectibility of specific customer accounts. Any significant customer accounts that are not expected to be collected are excluded from revenues.

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.

Disclosure Regarding Forward-Looking Statements

Certain statements contained in this annual report on Form 10 KSB/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 annual report on Form 10-KSB/A. The words believe, expect, anticipate, may, 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 the 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;

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10KSB/A

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;

We may be exposed to liability claims if products based on our technologies are marketed and sold. We have liability insurance coverage in the amount of \$1,000,000, however, if a judgment is rendered against us in excess of the amount of our coverage, 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.

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10KSB/A

VisualMED Clinical Solutions Corp.
(formerly Ancona Mining Corporation)
(A Development Stage Company)

June 30, 2005

	Index
<u>Report of Independent Registered Public Accounting Firm</u>	F 1
<u>Consolidated Balance Sheets</u>	F 2
<u>Consolidated Statements of Operations</u>	F 3
<u>Consolidated Statements of Cash Flows</u>	F 4
<u>Consolidated Statement of Stockholders' Equity (Deficit)</u>	F 5
<u>Consolidated Notes to the Financial Statements</u>	F 6

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Phone: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

Report of Independent Registered Public Accounting Firm

To the Stockholders and Directors
of VisualMED Clinical Solutions Corp.
(formerly Ancona Mining Corporation)
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of VisualMED Clinical Solutions Corp. (formerly Ancona Mining Corporation) (A Development Stage Company) as of June 30, 2005 and 2004 and the related consolidated statements of operations, cash flows and stockholders' deficit for the period from September 7, 1999 (Date of Inception) to June 30, 2005 and for each of the years in the two year period ended June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of VisualMED Clinical Solutions Corp. (A Development Stage Company) as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the period from September 1, 1999 (Date of Inception) to June 30, 2005 and for each of the years in the two year period ended June 30, 2005, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenue and has accumulated operating losses. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Manning Elliott

CHARTERED ACCOUNTANTS

Vancouver, Canada

August 26, 2005

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10KSB/A

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

	June 30, 2005 \$	June 30, 2004 \$
Assets		
Current Assets		
Cash	348,410	692
Advances to related parties (Notes 3 and 8)	57,265	
Prepaid expenses	454,777	
Other assets	14,512	
Total Current Assets	874,964	692
Property and Equipment (Note 4)	33,390	924
Total Assets	908,354	1,616
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	96,850	3,655
Accrued liabilities	105,350	5,800
Notes payable (Note 6)	651,865	
Advances from related party (Note 8)		12,219
Current portion of capital lease obligation (Note 7)	3,244	
Deferred revenue	67,000	
Total Current Liabilities	924,309	21,674
Capital Lease Obligation (Note 7)	6,515	
Total Liabilities	930,824	21,674
Commitments (Notes 1 and 11)		
Stockholders' Equity (Deficit)		
Common Stock, 100,000,000 shares authorized with a par value of \$0.00001; 42,381,400 and 45,466,500 shares issued and outstanding, respectively		
	424	455
Additional Paid-in Capital	6,687,006	380,765
Accumulated Other Comprehensive Loss	(7,171)	
Deficit Accumulated During the Development Stage	(6,702,729)	(401,278)
Total Stockholders' Equity (Deficit)	(22,470)	(20,058)
Total Liabilities and Stockholders' Equity (Deficit)	908,354	1,616

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

Edgar Filing: VisualMED Clinical Solutions Corp. - Form 10KSB/A

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

	Accumulated from September 7, 1999 (Date of Inception) to June 30, 2005 \$	For the Year Ended June 30, 2005 \$	For the Year Ended June 30, 2004 \$
Revenue			
<hr/>			
Expenses			
Customer service	429,010	429,010	
Depreciation	4,756	4,756	
Development costs	561,356	561,356	
General and administration	687,293	687,293	
Sales and marketing	83,611	83,611	
<hr/>			
Total Expenses	1,766,026	1,766,026	
<hr/>			
Net Loss From Operations	(1,766,026)	(1,766,026)	
<hr/>			
Other Income (Expenses):			
Interest expense	(39,718)	(39,718)	
Financing costs (Note 9(d) and (e))	(4,514,285)	(4,514,285)	
Foreign exchange gain	7,032	7,032	
Gain on forgiveness of debt	12,689	12,689	
<hr/>			
Net Loss Before Discontinued Operations	(6,300,308)	(6,300,308)	
<hr/>			
Discontinued Operations	(402,421)	(1,143)	(9,204)
<hr/>			
Net Loss for the Period	(6,702,729)	(6,301,451)	(9,204)
<hr/>			
Other Comprehensive Loss			
Foreign currency translation adjustments	(7,171)	(7,171)	
<hr/>			
Comprehensive Loss	(6,709,900)	(6,308,622)	(9,204)