VisualMED Clinical Solutions Corp.
Form 10KSB
September 28, 2007

U.S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-KSB

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

For the fiscal year ended - June 30, 2007

OR

c 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	**88-0436055**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1035 Laurier St. West
Suite 200
Montreal, Quebec
Canada H2V 2L1
(Address of principal executive offices) (Zip Code)

(514) 274-1115
Issuer□s telephone number

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

Title of each class:	**Name of each exchange on which registered:**
None	**None**

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

Common Stock
52,218,345 Common Shares

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

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 x No c

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. x

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

Yes c No x

State issuer's revenues for its most recent fiscal year: $355,812

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, 2007 was $15,901,667.

As of September 27, 2007, the issuer had 52,218,345 outstanding shares of common stock.

Transitional Small Business Disclosure Format (Check one):

Yes c No x

DOCUMENTS INCORPORATED BY REFERENCE: None

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Forward-Looking Statements and Associated Risk

Certain statements contained in this annual report on Form 10-KSB 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 Consolidated 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.

The words "believe," "expect," "anticipate," "intend" and "plan" and similar expressions identify forward-looking statements. Such 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.

Unless otherwise noted, all currency figures in this filing are in U.S. dollars.

The terms "Company," "we," "us," "our," "VisualMED" and "the Registrant" refer to VisualMED Clinical Solutions Co Nevada corporation, and its subsidiaries.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Company History

We were incorporated in the State of Nevada on September 7, 1999 under the name Ancona Mining Corp. (Ancona) as a mining and exploration company. After initial disappointing results from our mining exploration, we did very little business and showed very limited activity, with no profitability. On September 23, 2004, after receiving advice that our mining properties were not deemed to be economically attractive, we chose to enter the emerging field of clinical information systems and entered into an agreement, in principle, to purchase the distribution rights to a suite of clinical software modules, as well as some minor office equipment and all of the issued and outstanding common shares of VisualMED Marketing Inc., an inactive company with no revenue, from Visual Healthcare Corp. (formerly known as VisualMED Clinical Systems Corp.), a Nevada corporation (VHCC). We refer to this asset purchase transaction as the Acquisition. We consummated the Acquisition on October 13, 2004 and, in consideration for the assets purchased, we issued what then amounted to 80% of our common stock to VHCC. As a result of the Acquisition, we have the right to exploit, commercialize, install, support and upgrade the clinical software modules purchased. Our rights to exploit, commercialize, install, support and upgrade the modules are worldwide, except for that part of the U.S. market, as well as the Chinese and the Japanese language markets, into which VHCC has entered into similar agreements with other non-related companies.

To reflect the nature of our new business, we changed our corporate name in November 2004 from Ancona Mining Corp. to VisualMED Clinical Solutions Corp. Our principal executive offices are located at 1035 Laurier Street West, Suite 200, Montreal, Quebec, Canada H2V 2L1 and our telephone number is (514) 274-1115.

About Our Controlling Stockholder

As of September 27, 2007, VHCC owns approximately 32% of our issued and outstanding common stock. VHCC was formed in 1998 to further develop clinical information products based on Dr. Arthur Gelston□s investigations in the field. These products include software clinical management modules, electronic patient records, electronic charting, dynamic clinical notes and other medical information platforms and clinical tool sets for doctors and nurses.

Field of Operations and Corporate Mission

We are a medical information company that uses technology to assist physicians and nurses streamline the mass of patient information in a coherent and usable manner. Our clinical information systems are designed for use in hospitals, healthcare delivery organizations and regional and national healthcare authorities. Our corporate mission is to help healthcare professionals practice the best possible medicine at the point of care.

We market cutting-edge technology solutions for healthcare institutions and authorities. These solutions are designed to save cost and time, and to reduce adverse drug events (ADE) that kill more than 200,000 patients per year in the United States alone. Our latest generation suite of software modules comprises a fully functional clinical information system (Clinical Information System) that includes the complete electronic medical record (Electronic Medical Record), with a core computerized physician order entry (CPOE) module. Our Clinical Information System, Electronic Medical Record and CPOE work together to reduce the cost of providing medical care, while dramatically improving the quality and efficiency of healthcare services offered by healthcare institutions.

Our Products

The VisualMED System

The VisualMED system is a suite of software modules that constitute a comprehensive, state of the art, fully functional Clinical Information System. VisualMED is an informatics tool that enables the physician to make informed diagnostic and therapeutic decisions at the point of care. The system communicates with existing legacy systems including Admissions (ADT), pharmacy, laboratory, radiology and Picture Archival and Communication Systems (PACS) through Health Language 7 (HL-7) interfaces. Through its interfaces, VisualMED captures all clinical information available on every hospitalized patient at any given moment, representing the totality of data required by the hospital□s clinical staff to perform their duties. Healthcare personnel are able to access information culled from a variety of different sources through this single software solution. The VisualMED system has the following functionality:

- Electronic Medical Record. Our Electronic Medical Record system replaces paper-based activities by doctors and nurses. All patient care is prescribed and documented in an electronic media that may include wireless devices with remote access via an Internet portal. All of a patient□s medical history is securely stored in a central database for easy access by the attending healthcare professionals. The information is accessed through a series of computer workstations placed in every ward, within easy reach of the doctors and nurses responsible for those patients.
- CPOE. The CPOE module is a method of giving patient prescriptions and other medical orders in an electronic mode. This form of automation of medical acts has many advantages, such as, the speedy transmission of orders through the hospital and the elimination of errors due to ineligible handwriting. As a result, a CPOE module is believed to contribute to better patient safety. Furthermore, a CPOE module, when combined with decision support information could eliminate many common medical errors that occur on a daily basis, such as dosage errors and harmful drug interactions.
- Clinical Decision Support. VisualMED decision support helps physicians validate their therapeutic decisions in real time while prescribing medication. Physician activities using this functionality are supported by an extensive knowledge base containing thousands of user cases and thousands of decisional algorithms with 30 levels of decision support.
- ADE Prevention. Our VisualMED system helps prevent ADEs, which often cause prolonged hospitalization and death, by reducing the risk of medication side-effects, avoiding duplication of prescriptions, lab tests and radiology exams, and bringing important clinical information to the attention of the physician in real time at the point of care. Through our system, the availability of medical charts is immediate and can be securely encrypted and transmitted worldwide via the Internet.
- Medical Audits. The implementation of the VisualMED system in a hospital setting allows for a comprehensive audit of medical procedures and their outcomes. The medical audit mechanism also assures that appropriate regulatory standards are being met. In addition, the use of biometric electronic signature provides data security at the highest level.

VisualMED Modules

VisualMED modules come in four broad classes administrative/support, nursing, clinical, and the Electronic Medical Record.

- Administrative module. VisualADMIN is the principal administrative module. VisualADMIN allows users with the appropriate security rights to access screens that may be used to define and modify the basic architectural structure that defines the business rules for the CPOE for the six general order entry types drugs, labs, IV solutions, image tests, nursing orders, and dressings as well as special order entry types, such as sliding scales, drug tapers and transfusions. VisualADMIN creates and modifies decision support algorithms that are called upon at multiple levels in the order entry sequence. These operate as background processes and maintain the ward/bed configuration of the institution, as well as a set of diagnoses, a custom set of system requisitions that may be required by the healthcare institution, a set of system user groups and user group rights and a set of system parameters that are used to determine the system configuration. We supply all of the content required for full function of the system at the time of installation. Our customers may modify any of the content at any time in plain language. VisualADMIN is a required module in the setting of a minimal VisualMED installation.
- Nursing module. The VisualMED nursing module (VisualNURSE) integrates all physician/nursing clinical functions at the order entry and clinical data entry levels. VisualNURSE contains a medication administration record that is automatically generated by the VisualMED system according to a rules engine, which translates the physician's prescription into the date-times for prescription administration. System rules are supplied by VisualMED at the time of installation and may vary for each individual clinical module. VisualNURSE also contains a plan of care and screen sets that allow for the recording and display of clinical information, including vital signs, glucometer-insulin record, input and output, and pain scale. Additional screens exist for the recording of the nursing history. The healthcare institution's system administrator, through VisualADMIN, manages the basic structure of VisualNURSE. All of our clinical modules access VisualNURSE. VisualNURSE is a required module in the setting of a minimal VisualMED installation.
- Clinical module. The VisualMED clinical modules broadly correspond to the individual clinical specialty of medicine of the healthcare institution or a particular division or ward of the institution, such as VisualER, VisualSurgeon, VisualPediatrics and VisualICU. All of the patients in a particular ward may all be linked to a single module or patients in a given ward may each be attached to different modules in accordance with the patient's ailment. Each clinical module may have its own set of available drug listings, its own table of order sets and unique decision support algorithms. The look and feel of each clinical module is constant, though modules may contain unique screens, which may not be available elsewhere in the VisualMED Clinical Information System. For example, VisualER uses unique patient tracking screens; VisualICU, CCU, and ER contain unique results reporting screens. The health care institution's system administrator, through VisualADMIN, manages the seed content of the clinical modules. At least one clinical module is required in the setting of a minimal VisualMED installation. Our system includes, as an option, a DICOM viewer embedded in the clinical signs and results reporting screens so that PACS images may be viewed directly within the clinical context of the VisualMED clinical data display screens.
- Electronic Medical Record. All clinical modules come with a complete Electronic Medical Record which can be used by physicians, consultants, nursing staff and paramedical staff to record their admission and progress notes in a coded, menu-driven or free-text format, depending on the preference of the individual user. Clinicians can access all data related to their patient through the Electronic Medical Record. Clinical data entered into the Electronic Medical Record is available to review for the purposes of quality assurance by the clinical or administration staff and, where law permits, may be consulted by the patient.

During fiscal 2007 we completed our VisualDENTISTRY and VisualANESTHESIOLOGY modules, which are now available to the public. We also began marketing of our VisualONCOLOGY module to oncology departments and cancer clinics, resulting in the current deployment of this module at the Segal Cancer Center in Montreal. We have acquired the technology to create an ambulatory module to support individual physicians in private practice. We have also acquired the technology and rights for the VisualMED technology to support a web-based Personal Health Information System available to subscribers over the internet.

Installation and Implementation

Delivery of a VisualMED system to a customer consists of three broad phases: hardware installation, software implementation and training.

- Hardware installation. Hardware may be installed by us or the customer's technical staff according to our specific configuration. The scope of the hardware is determined by the number of beds and wards in the particular healthcare institution, as well as the institution's physical layout.
- Software implementation. Our VisualMED software is configured based on a healthcare institution's responses to our implementation questionnaire. The information obtained from the questionnaire is used to create the clinical content and populate the production database. Concurrent with managing and preparing this data, HL7 interfaces to other hospital systems such as Pharmacy, Laboratory, ADT and PACS will be designed, developed and tested by VisualMED and the system suppliers.
- Costs. Cost of implementation of a VisualMED system can vary between $2 and $20 million depending on the size of the hospital and the nature, and functionality of the selected technology.
- Training. Training begins well in advance of the installation. VisualMED has specific training programs for physicians, nurses and other hospital staff. In large hospitals, a pre-determined number of wards will go-live every two weeks until the entire hospital is in full production. VisualMED training personnel provide on-site support 24 hours per day until the hospital staff can use the system independently.
- Helpdesk. The VisualMED helpdesk is available to our customers 24 hours per day, seven days per week for technical and functional assistance. VisualMED has the ability to monitor and update the system from a remote location.

Independent Evaluation

The technology platform on which VisualMED modules and some of its applications are based has been evaluated by independent agencies, such as the Leapfrog Group and Five Rights Consulting. These agencies have consistently ranked our technology as one of the more complete and efficacious set of solutions in its field. The VisualMED technology was also positively evaluated after an in-depth audit for the benefit of a Canadian governmental agency by Dr. Antoine Geisbuhler, formerly of Vanderbilt University medical school and holder of the chair of medical informatics, Faculty of Medicine, University of Geneva, Switzerland.

Advertising and Brand Recognition

VisualMED attends all key industry trade shows, with a dedicated booth that provides demonstrations of the VisualMED system as it currently operates in a live hospital environment. We do not advertise in tradition print or television media. We rely heavily on the quality of the VisualMED system, its high rating by industry analysts and the building of a successful implementation track record with our existing customers, to attract potential new customers.

Marketing

A significant part of our marketing effort is conducted in conjunction with strategic partners who often have a geographical concentration or who offer particular services within the healthcare industry where we are present, including management consultants, systems integrators, major engineering firms and outsourcing companies. Our strategic partnerships include alliances with Oracle, IBM, Stratus, Citrix Systems, Hewlett Packard, mTuitive Inc., Chartware Inc., Rutherford Marketing LLC, ITS of the Kingdom of Saudi Arabia, Sonotec S.A.R.L. of Tunis, Post Logic Inc. of Paris, and First Consulting Group. We are also working closely with Medical.MD of Montreal, our authorized reseller, and with elements of the Italian and French healthcare authorities and health services industry, with regard to the implementation of our system over a broad range of hospitals, clinics and pharmacies in those countries.

Intellectual Property and Research and Development

We continue to improve and upgrade our system for better performance and to answer our customers specific needs. Our development activities are often subcontracted to technical companies that specialize in these fields. All of our research and development work is proprietary to our company. In fiscal 2006, we spent approximately $1,093,096 on research and development. In fiscal 2007, we spent approximately $516,165 on research and development. All of our research and development activities are outsourced and absorbed entirely by us.

We do not have any patents on our system or modules. We rely on trade secrets laws, confidentiality agreements and other contractual commitments to protect our proprietary research and development efforts and intellectual property. These protections may not be adequate to protect our proprietary interests. We cannot assure you that third party competitors will not obtain access of our technical information and exploit it for their own benefit. In such event, we may not have adequate funds available to prosecute actions to protect or to defend our proprietary rights. If our proprietary interests are divulged to the public and we do not have adequate funds to prevent third parties from using these interests for their own use, we may lose our competitive advantage, which may adversely affect our financial condition.

Our Industry

Industry Overview

There are over 15,000 hospitals in the United States and Canada, and more than 10,000 hospitals in Europe, which make up most of the potential market for VisualMED systems and other products derived from the VisualMED proprietary technology platform. According to the Leapfrog Group, relatively few American hospitals have experimented with physician-based clinical support order entry. Fewer than 10% of hospitals have some form of CPOE with decision support, or other similar Clinical Information System. However new federal legislation in the United States and abroad, reflecting a shift in public policy with regard to healthcare information technology (IT), has begun to favor the widespread deployment of IT solutions in the healthcare field.

The Healthcare Information Technology Industry Recent Developments

Modern hospitals are under increasing pressure to address mounting evidence of major increases in hospital death due to medical errors and ADEs. According to the benchmark March 2000 report, To Err is Human, released by the Washington-based Institute of Medicine, up to 100,000 Americans die each year from adverse drug reactions, half of which it considered preventable. Since 2000, evaluations of deaths from ADEs have been as high as 200,000 in the United States, 85,000 in England and 23,000 in Canada.

Medical literature and recent publications from the HIMSS indicate that the introduction of Electronic Medical Record technology that would replace paper-based medical records could significantly reduce the incidence of ADEs and help to contain rising medical costs by increasing the productivity of caregivers.

A coalition of some of Americas largest employers and healthcare purchasers helped to create the Leapfrog Group, a nonprofit organization dedicated to promoting information solutions for hospitals. According to the Leapfrog Group, CPOE systems with clinical decision support are deemed to be the core component of an effective clinical information system to replace paper-based records. To date, more than 500 hospitals in the United States have registered with the Leapfrog Group, pledging to move towards the new standards set by the organization for managing healthcare through information technology.

Modernization of the healthcare system is a major part of the national agenda of most western countries. In 2004, the U.S. Department of Health and Human Services appointed its first National Health Information Technology Coordinator, Dr. David Brailer. Mr. Brailers duties include the execution of actions ordered by President Bush, who has called for widespread deployment of health information technology within the next ten years to realize substantial improvements in healthcare safety and efficiency.

The current presidential administration continues to place a high priority on making electronic health records available to most Americans, a goal set by the President in 2004. According to the Department of Health and Human Services, widespread use of electronic health records will help ensure Americans receive high quality medical care by providing doctors access to patients medical history at the time of care. The Administration

supports the adoption of IT as a normal cost of doing business to ensure patients receive high-quality care. To encourage doctors and patients to adopt electronic health records, the

Administration's goal is to promote conditions for a thriving free market. Identifying national standards will help focus development efforts, increase demand for the technology, and ultimately create affordable technology. The creation of the American Health Information Community in the Fall of 2005 was one step toward this goal. This organization will help ensure that there are certified technology products and nationwide interoperability standards, which should help purchasers of IT gain confidence in the investments they make. The 2007 national budget included $169 million to accelerate progress for this effort, including $116 million for the Office of the National Coordinator for Health Information Technology; $50 million for the Agency for Healthcare Research and Quality; and $3 million for the Office of the Assistant Secretary for Planning and Evaluation. The United States government's continuing and new activities include efforts to:

- Promote nationwide interoperability of health IT systems through an industry-wide process to harmonize standard development, maintenance, and refinements;
- Define the key elements of basic electronic health records for use in clinical settings, develop working prototypes for the use of electronic health data in such priority areas as coordinated chronic disease management and improved ambulatory care, and capture laboratory test data in a standardized way;
- Pursue breakthroughs in health systems architecture, such as rapidly collecting and disseminating public health surveillance data electronically and encouraging the use by patients of their own computer-readable personal health records, containing their complete medical history;
- Work closely with the Centers for Medicare and Medicaid Services (CMS) to advance the use of electronic prescriptions nationally; and
- Continue to address key privacy and security issues to encourage the exchange of health information nationwide.

Competition

There are several large companies that develop and bring to market other forms of Electronic Medical Record and CPOE systems in the United States, such as: Cerner Corporation, Eclipsys Corporation, IDX System Corporation, HBOC-McKesson Corporation, Epic Systems Corporation, Medical Information Technology Incorporated, Misys Healthcare Systems, and more recently such global giants as General Electric, Siemens, IBM and Bell. Management believes that our VisualMED technology offers customers a far richer integrated medical and clinical content delivered to the healthcare provider at point of care, than any other system. In terms of high-priority functionality, VisualMED is consistently rated among the leaders in all systems of its kind, offering us a significant quality advantage when competing for customer contracts. In addition, VisualMED's Clinical Information System is flexible enough that it can be installed in smaller hospitals that are far less attractive to our major competitors, and tailored to the specific needs and policies of that institution. The VisualMED system also provides a multi-lingual platform which gives us a competitive advantage in the international markets.

Due to the relatively lengthy sales cycle involved in the healthcare information technology industry, and the fact that we are significantly smaller and have less financial resources than our competitors, we face an initial disadvantage in the U.S. market. We will have to continue developing new, dynamic and flexible marketing strategies to remain competitive.

Diversification of Product Lines

The healthcare technology industry is undergoing rapid changes, with major software companies, information technology consulting service providers and system integrators, Internet start-ups, and other software companies having the potential to develop specialized healthcare systems to compete with our product. Management feels our success will hinge upon our ability to continue upgrading and improving our system in a timely fashion, using the success of existing implementations to build a steady customer base and revenue stream, while continuing to offer new product lines that meet the technology needs of the market. Significantly, we concluded an agreement this year for use of our technology platform to be used by Medical.MD Inc. of Montreal to support a web-based Personal Health Information System (PHIS) available to subscribers online.

Our Suppliers

We depend on a limited number of third parties to manufacture and supply critical components for our products and services. The infrastructure configuration required to run the VisualMED application in a hospital setting includes products from Microsoft, Oracle, HP, Stratus, Citrix Systems, Verinex Technologies, Digital Persona, IBM, APC Software, NEC and Veritas Software. If any of these third party manufacturers should cease operations or refuse to sell components to us, we may have to suspend or cease operations. We do not have long-term contracts with our suppliers. Supplier commitments are arranged on a project-by-project basis. If our suppliers do not fulfill their obligations, if they stop manufacturing and supplying components critical for our clinical solutions or if the terms for supply, including price, become commercially unreasonable, we may need to search for alternative sources for components. Our search for additional or alternate suppliers could result in significant delays to our system implementation process, added expense and hinder our ability to maintain or expand our business. Any of these events could require us to take unforeseen actions or devote additional resources to provide our products and services and could harm our ability to compete effectively and adversely affect our financial condition.

Government Regulation and Legislation

VisualMED is not required to obtain any governmental approvals to operate in the healthcare technology market. However, the current climate of healthcare information technology legislation requires that companies active in the field be constantly vigilant as new industry norms and standards are tabled and finalized. It is important that governments and healthcare authorities continue to recognize the importance of healthcare reform and the use of information systems, since there rests the impetus for change, hence a healthy, growing market. VisualMED□s products are fully compliant with industry norms established by HIPAA and federal and industry policy makers concerning functionality, programming language, transaction code set, privacy, security and medical content.

Employees

As of June 30, 2007, we had fourteen full-time employees, and retained one full-time and thirty-five part-time consultants. Our employees are not unionized. We believe that our relationship with our employees and consultants is good.

Risk Factors Associated With Our Business

You should carefully consider the risks and uncertainties described below and the other information in this annual report. These are not the only risks we face. Additional risks and uncertainties that we are not aware of or that we currently deem immaterial may also impair our business. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected.

We have a limited operating history.

We have a limited operating history upon which an evaluation of our future prospects can be made. Our business history has been limited to mining exploration and recently to the emerging field of healthcare IT. Since inception, our operation has been generating losses and we cannot give assurances that we will be successful in generating profits in the future. We are regarded as a new or start-up venture with all of the unforeseen costs, expenses, problems, and difficulties to which such ventures are subject. We cannot give assurances that we will be able to raise the financing necessary to maintain our current operation. Therefore, you may lose your entire investment in us.

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.

At this time, we cannot be sure that we will be successful in our operations. Furthermore, as at June 30, 2007, our independent public accountants issued an opinion that there is substantial doubt about our ability to continue in business as a going concern without additional financing and/or generating profits. We cannot assure you that we will be able to raise the requisite amount of additional financing or generate sufficient profit to sustain operations.

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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 never been profitable. At June 30, 2007 we had working capital deficit of $1,511,763. If we do not obtain additional financing or begin generating profit within the next year, we may have to reduce or suspend our operations. In order to become profitable, we will need to generate significant revenues to offset our cost of revenues, sales and marketing, research and development and general and administrative expenses. We may not achieve or sustain our revenue or profit objectives and our losses may continue or increase in the future in which case you might lose your entire investment in our company.

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

We have recorded $664,758 in revenue from operations to date, and we have incurred a cumulative loss of $28,728,450 through June 30, 2007. Our losses have resulted principally from costs incurred in marketing, sales, research and development activities related to our efforts to develop our technologies, the associated administrative costs related to these activities, and costs related to discontinued operations. We expect to incur significant operating losses a/nd negative cash flows over the next several quarters due to the costs of expanded research and development of our products. We will need to generate significant revenues in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. Even if we do achieve profitability, we may not be able to sustain or increase profitability. We are a development stage company focused on developing and implementing our VisualMED systems. We have generated negative revenue to date. Consequently, we must raise money from investors to maintain our operations. If we can□t fund our operations through product sales or investments by third parties, we will have to cease operations.

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. As a result, you may lose your investment. As a result, you may lose your entire investment in our company.

If our suppliers do not fulfill their obligations, or if they stop manufacturing and supplying components critical for our VisualMED systems, we may not be capable of finding other suppliers to operate our business. We rely on limited suppliers for a number of key components and do not have long-term agreements with any of our suppliers. If our agreements with these suppliers were terminated or expire, if we were unable to obtain adequate quantities of components critical for our products and services, if the quality of these components was inadequate, or if the terms for supply of these components became commercially unreasonable, our search for additional or alternate suppliers could result in significant delays, added expense and our inability to maintain or expand our business. Any of these events could require us to take unforeseen actions or devote additional resources to provide our products and services and could harm our ability to compete effectively. As a result, you could lose your entire investment in our company.

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

Current and potential competitors have longer operating histories, larger customer bases, greater brand name recognition and significantly greater financial, marketing and other resources than we have. Certain of our competitors may be able to secure product from vendors on more favorable terms, devote greater resources to marketing and promotional campaigns and adopt more aggressive pricing or inventory availability policies than we will. Given our limited financial resources, we cannot assure you that we will be able to compete successfully against our current and future competitors.

Our parent company has significant influence over our corporate decisions.

As of September 27, 2007, our parent company, VHCC, owns approximately 32% of our issued and outstanding common stock. As a result, VHCC is able to significantly influence matters requiring approval of stockholders, including the election of directors and the determination of significant corporate actions.

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, we may lose our competitive edge and have to cease operations.

We have not obtained patents or copyrights for our solutions. There is no assurance that third party competitors will not obtain access to our technical information and exploit it for their own benefit. In order to protect our propriety rights, we will have to obtain patents or file lawsuits and obtain injunctions. If we do that, we will have to spend large sums of money for attorney□s fees in order to obtain the injunctions. Even if we obtain the injunctions, there is no assurance that the parties enjoined would comply with the injunctions. Further, we may not have adequate funds available to prosecute actions to protect or to defend our proprietary rights, in which case those using our proprietary rights may continue to do so in the future.

We may be exposed to liability claims for which we have limited insurance coverage.

If we are sued for any reason, including, without limitation, intellectual property infringement, we will have to rely on our limited capital resources and liability insurance to pay any judgment rendered against us. If a judgment is rendered against us for any amount of money over our coverage limit of $1,000,000, 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.

As the number of entrants into our market increases, the possibility of an intellectual property or other claim against us grows. Any intellectual property or other claim, with or without merit, would be time-consuming and expensive to litigate or settle and could divert management attention from focusing on our core business. Any successful claim against us would result in our having to pay costs and damages resulting from such claim, develop costly non-infringing technology, if possible, or enter into license agreements, which may not be available on terms acceptable to us, if at all.

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

We have suppliers that are located outside Canada and the United States Our functional and reporting currency is the U.S. dollar. The functional currency of our subsidiary is the Canadian dollar. Fluctuations in the value of the Canadian and U.S. dollars are difficult to predict and can cause us to incur currency exchange costs which will adversely affect our financial condition. We have not engaged in any hedging activities to minimize this risk.

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

Management feels our success will hinge upon our ability to continue upgrading and improving our system in a timely fashion, using the success of existing implementations to build a steady customer base and revenue stream, while continuing to offer new product lines that meet the technology needs of the market. We cannot assure you that our efforts to continually upgrade and improve our systems will be successful. Furthermore, we cannot predict the effect new emerging technology will have on our financial condition and results of operations.

Because the market for our common stock is limited, you may not be able to resell your shares of common stock.

There is currently a limited trading market for our common stock. Our common stock trades on the OTC Bulletin Board operated by the National Association of Securities Dealers, Inc. under the symbol "VMCS." As a result, you may not be able to resell your securities in open market transactions.

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

Our common stock is now, and may continue to be in the future, subject to the penny stock rules under the Exchange Act. These rules regulate broker/dealer practices for transactions in "penny stocks." Penny stocks generally are equity securities with a price of less than $5.00. The penny stock rules require broker/dealers to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations and the broker/dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction, the broker and/or dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These additional penny stock disclosure requirements are burdensome and may reduce the trading activity in the market for our common stock. As long as the common stock is subject to the penny stock rules, holders of our common stock may find it more difficult to sell their securities.

ITEM 2. DESCRIPTION OF PROPERTY.

We do not own real property. On November 1, 2004, we entered into a lease agreement for our corporate office. We lease 1,200 square feet of office space at 1035 Laurier St. West, Suite 200, Montreal, Quebec Canada H2V 2L1. The office is leased from 4120345 Canada Inc., for an initial term of five years, which automatically renews for additional five year periods. The rent is $11,500 per month.

ITEM 3. LEGAL PROCEEDINGS.

From time to time we may be involved in litigation incidental to the conduct of our business, such as contractual matters and employee-related matters. Currently, we are not a party to any material legal proceeding or litigation, whether current or threatened, nor are any of our officers, directors, affiliates or security holders, a party adverse to us in any legal proceeding or litigation.

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

No matters were submitted to a vote of shareholders during fiscal 2007.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock is traded on the OTC Bulletin Board operated by the National Association of Securities Dealers, Inc. under the symbol "VMCS." Our common stock is also listed for trading on the Frankfurt and Munich Stock Exchanges and the XETRA Stock Exchange, each located in Germany.

On June 30, 2007, the closing price of our common stock, as reported by the OTC Bulletin Board, was $0.46. As of June 30, 2007, there were a total of 49,728,345 shares of common stock issued and outstanding. Of these shares, 23,697,618 shares are freely tradable and 26,030,727 shares are restricted securities as defined in Rule 144 of the Securities Act of 1933, as amended. As of June 30, 2007, we had 56 holders of record of our common stock.

The following table sets forth the quarterly high and low bid prices per share for the common stock, as reported by the OTC Bulletin Board for the fiscal years indicated. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

Fiscal Quarter		High Bid	Low Bid
2006			
	Fourth Quarter	$4.08	$1.82
	Third Quarter	$2.37	$1.81
	Second Quarter	$2.68	$1.66
	First Quarter	$3.10	$2.55
2007			
	Fourth Quarter	$0.82	$0.46
	Third Quarter	$1.52	$0.77
	Second Quarter	$2.00	$1.33
	First Quarter	$2.80	$1.56

Securities authorized for issuance under equity compensation plans

Our Board of Directors adopted the 2006 Nonqualified Stock Option Plan (Plan) in March, 2006, October Nonqualified Stock Option Plan in October 2006 and March Nonqualified Stock Option Plan in March 2007. The Plan was adopted to attract and maintain employees, officers, directors and advisors whose services are important to the success of our company. The Board of Directors is responsible for the administration of the Plan, the granting of options under the Plan and the establishment of the terms and conditions the options, including the exercise price and vesting schedule of options. Under the Plan, options may be granted by the Board of Directors for five years following the adoption of the Plan. All unexercised options will terminate five years following the date such options were granted. As of June 30, 2007, options to purchase 1,340,000 shares of our common stock were outstanding.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance (c)
Equity compensation plans			

approved by security holders	□	□	□
Equity compensation plans not approved by security holders	1,340,000	$1.29	0
Total	1,340,000	$1.29	0

Dividends

We have not declared any cash dividends in the last two fiscal years. We intend to retain future earnings for use in our business and do not anticipate declaring or paying any cash or stock dividends on shares of our common stock in the near future. In addition, any determination to declare and pay dividends will be made by our Board of Directors in light of our earnings, financial position, capital requirements, limitations under the corporate law of the State of Nevada and other factors that our Board of Directors deems relevant.

Transfer Agent

Our transfer agent is Olde Monmouth Stock Transfer Co., Inc., 200 Memorial Parkway, Atlantic Highlands, New Jersey 07716, Tel: (732) 872-2727

Recent Sales of Unregistered Securities

We commenced a private placement on March 15, 2005 offering a minimum of 2,000,000 units and a maximum of 5,333,333 units at a price of $0.75 per unit. A unit consisted of one share of common stock and a warrant to purchase one share of common stock at a price of $1.25 per share for a period up to two years. In March 2005, we completed the private placement and issued 2,275,567 units at $0.75 per unit. We used the proceeds of this offering to repay outstanding notes payable of $1,674,612 and accrued interest of $32,063. In connection with the private placement, we issued:

- 1,321,759 common shares and 1,321,759 warrants to Capex Investments Ltd. in consideration of $991,319.25;
- 553,370 common shares and 553,370 warrants to Aton Select Fund Ltd. in consideration of $415,027.50;
- 400,438 common shares and 400,438 warrants to Asset Protection Fund Ltd. in consideration of $300,328.50;

In consideration for professional services rendered to us in connection with the private placement, we issued:

- 233,333 warrants to purchase common stock at an exercise price of $0.001 per share to Stephane Solis as a finder□s fee;
- 25,000 common shares to Claude Pellerin for professional services rendered to us; and
- 15,000 common shares to the legal firm of HPS Inc., in consideration of legal services rendered to us.

On March 23, 2005, we issued Mr. Solis 160,000 shares of common stock upon his exercise of a portion of the warrant issued to him in connection with the private placement discussed above.

On April 15, 2005, we issued Mr. Solis 73,333 shares of common stock upon his exercise of a portion of the warrant issued to him in connection with the private placement discussed above.

On July 19, 2005, we issued 752,230 shares of common stock upon the exercise of 752,230 warrants at $1.25 per share for proceeds of $940,288 (296,138 shares of common stock to Capex Investments Ltd., 214,742 shares of common stock to Aton Select Fund Ltd. and 241,350 shares of common stock to Asset Protection Fund Ltd).

On August 26, 2005, we issued to Capex Investments Ltd. 180,537 shares of common stock upon the exercise of 180,537 warrants at $1.25 per share for proceeds of $225,671.

On September 6, 2005, we issued to Capex Investments Ltd. 200,020 shares of common stock upon the exercise of 200,020 warrants at $1.25 per share for proceeds of $250,025.

On October 7, 2005, we issued to Capex Investments Ltd. 137,800 shares of common stock upon the exercise of 137,800 warrants at $1.25 per share for proceeds of $172,250.

On November 4, 2005, we issued to Capex Investments Ltd. 67,984 shares of common stock upon the exercise of 67,984 warrants at $1.25 per share for proceeds of $84,980.

On November 14, 2005, we issued to Capex Investments Ltd. 100,332 shares of common stock upon the exercise of 100,332 warrants at $1.25 per share for proceeds of $125,415.

On December 14, 2005, we issued to Capex Investments Ltd. 138,240 shares of common stock upon the exercise of 138,240 warrants at $1.25 per share for proceeds of $172,800.

On January 18, 2006, we issued to Aton Select Fund Ltd. 136,448 shares of common stock upon the exercise of 136,448 warrants at $1.25 per share for proceeds of $170,560.

On March 6, 2006, we issued to Asset Protection Fund Ltd. 52,482 shares of common stock upon the exercise of 52,482 warrants at $1.25 per share for proceeds of $65,603.

On March 6, 2006, we issued to Asset Protection Fund Ltd. 70,229 shares of common stock upon the exercise of 70,229 warrants at $1.25 per share for proceeds of $87,786.

On March 6, 2006, we issued to Aton Select Fund Ltd. 55,320 shares of common stock upon the exercise of 55,320 warrants at $1.25 per share for proceeds of $69,150.

On March 9, 2006, we issued to Aton Select Fund Ltd. 53,207 shares of common stock upon the exercise of 53,207 warrants at $1.25 per share for proceeds of $66,509.

On March 23, 2006, we issued to Aton Select Fund Ltd. 68,616 shares of common stock upon the exercise of 68,616 warrants at $1.25 per share for proceeds of $85,770.

On March 30, 2007, the Company issued 10,000,000 warrants to acquire 10,000,000 shares of common stock at an exercise price of $0.01 per share for a period of five years. If the Company issues warrants during the five years after March 30, 2007 the Company must issue additional warrants so that the percentage of warrants held remain constant. During the year ended June 30, 2007, the Company recognized the fair value of the warrants of $7,920,730 as a charge to operations as acquired in-process research and development costs. We currently have 10,000,000 warrants outstanding at a price of $0.01.

ITEM 6. MANAGEMENT□S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

It is important to note that we have expanded the application of our technology into new areas of the healthcare industry during 2007. In particular we are focusing the marketing of our technology to private healthcare providers. We refer to the twelve month period ended June 30, 2007, as fiscal 2007, and the twelve month period ended June 30, 2006, as fiscal 2006.

At June 30, 2007, the Company had a working capital deficiency of $1,511,763 and has incurred losses of $28,474,437 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 $14,692,602 for fiscal 2007 as compared to losses of $7,079,106 in fiscal 2006. The principal component of these losses was costs associated with research and development, sales and marketing,, customer service and general administration. We also incurred professional expenses, depreciation and filing fees.

Operating expenses for fiscal 2007 were $15,174,536 consisting of in-process research and development expenses of $7,920,730, sales and marketing expenses of $3,891,069, general and administrative expense of $2,093,993, development costs of $516,165, customer service expense of $719,159 and depreciation expense of $33,420.

Marketing Strategy and Recent Developments

During 2007, VisualMED continued toward meeting the strategic objectives of diversifying our revenue stream, through the marketing of stand alone modules and the application of our fully scaleable technology to a broader base of healthcare facilities, which include doctors offices, pharmacies, smaller surgery clinics, rehabilitation facilities and the recent development of a market for our software in dialysis clinics and long-term acute care hospitals. This new marketing activity has resulted in several key contracts. We also continue to sign strategic agreements that will generate future revenues. New consulting agreements were signed that have expanded our sales and marketing reach further into the US, Europe, the Middle East, and Latin America.

The most important activity during fiscal 2007 has been the acquisition of technology to support a subscription-based Personal Health Information System (PHIS) available over the internet and currently being developed by our authorized reseller, Medical.MD of Montreal. Medical.MD completed a first round of financing to develop the web-based technology to support the internet application, which is in the final phases of completion. VisualMED and Medical.MD are involved in advanced negotiations for the mass distribution of yearly subscriptions to the PHIS, which promotes access to the potential market for hundreds of thousands of subscribers in the near-term.

An agreement was concluded to implement our VisualONCOLOGY module at the Segal Cancer Center of the Montreal Jewish General Hospital. Installation of machines, software and interfaces were completed in late September 2007 and the final go-live date is set for November 26, 2007. VisualMED will shortly be operating in the Oncology, and in the Colorectal Surgery Departments at this hospital.

Given that our technology is set to run in 6 healthcare facilities we still need to deploy in six more facilities in order to reach our strategic threshold of 12 installed sites. We continue to pursue opportunities in order to build our base of client hospitals and healthcare facilities toward reaching a critical mass of 12. Once this threshold is reached this should open the way to an acceleration in the rate of additional acquisitions by potential customers. 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. We recently released our new VisualANESTHESIOLOGY module and signed our first contract for VisualDENTISTRY. These new modules are much faster to implement and reduce integration time to one of the most efficient in the industry. These systems are fully scalable, helping us to target the small and medium-sized clients that form the bulk of our current and potential market .

VisualDENTISTRY has been positively reviewed by dentists and we expect the success of VisualDENTISTRY to open the private dental clinic market to us. This is a field in which few of our competitors are active.

The selection by the Segal Cancer Center of the Montreal Jewish General Hospital to implement VisualONCOLOGY, has focused considerable market attention to our system capabilities. The ASCO (American Society of Clinical Oncology) conference in Chicago was a key opportunity to show market the comprehensive clinical functionalities of this module.

Our marketing and sales strategy continues for the VisualMED system, and other product lines. We have hired, and intend to continue hiring, sales and marketing executives and consultants as our business grows. Our relationship with Maximum Health has opened the door for our company into a large market of doctor-owned hospitals and surgery centers. At the time of this filing we have an agreement to support a service center for a private medical practice in Southern California.

The sales effort will continue to target regions where current legal regulations encourage the adoption of our clinical management modules. As well our efforts remain in areas that are in close proximity to our existing sites in Wichita, Kansas, Battle Creek, Michigan, El Paso, Texas and Montreal. These markets are being aggressively pursued through the creation of sales consortiums that bring together local healthcare consultants, hardware vendors and local systems integrators. We are proud to report that current installations continue to operate at full capacity with zero downtime at all of our client facilities.

Negotiations are still on going with several hospital management groups in Europe. We have begun the slow process of establishing a relationship with the new Italian government, and physicians and local authorities of two Italian provinces. We remain confident that a first VisualMED implementation is imminent. The French healthcare shareable Electronic Medical Record initiative has been put on hold during the political transition in

that country, however we hope to form new relationships with the new government.

Most significantly, we have begun to negotiate with the medical department of a major French Corporation which would pay for employees to sign on to a web-based PHIS that would be offered in a joint venture with Medical.MD.

System-wide improvements were made to our technology platform to make VisualMED compatible with ASP and internet distribution. In order to support our commitment to the internet- and clinics-based ASP market, we have had to acquire additional rights to technology and specialized applications from Visual Healthcare Corp. Even though this acquisition was costly, at more than $7 million, the potential for revenue growth amply justifies this strategic acquisition. As the "hospital market" decision making process is extremely slow the company requires this type of technology to enter markets that are governed by a faster turnaround timeframe. These new technologies and applications allow for extremely low integration costs, executed over a matter of days. We expect these factors to significantly boost our market presence in the short term.

Management believes that the diversification of our revenue sources into markets other than those governed by institutions and governments represents a watershed change in orientation intended to offset the disappointing revenue growth from the hospital sector. We are now offering our tools to a growing segment of the private healthcare sector which views embracing new technology as a necessary tool to compete against the much slower reacting public sector.

Financial Condition, Liquidity and Capital Resources

At June 30, 2007, all of our principal capital resources have been acquired through the issuance of our common stock, loans from officers of the Company, and revenue from sales. Cash generated from operations was $228,109 for fiscal 2007.

At June 30, 2007, we had a negative working capital of $1,511,763, as compared to a deficiency of $74,429 at June 30, 2006. We had cash on hand of $123,318 at June 30, 2007. We had a net loss of $14,692,602 for fiscal 2007 and $7,079,106 for fiscal 2006. At June 30, 2007, our total assets were $467,873, as compared to $392,878 at June 30, 2006. At June 30, 2007, our total liabilities increased to $1,928,446 from $400,785 at June 30, 2006.

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 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 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 Consolidated 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.

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 collectibility 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 revenues from long-term service contracts. Licensing revenue is recognized if all 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.

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.

ITEM 7. CONSOLIDATED FINANCIAL STATEMENTS

PART I.

ITEM 1. - Financial Statements

VisualMED Clinical Solutions Corp.
(A Development Stage Company)

Exhibit 5.1

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of VisualMED Clinical Solutions Corp. (A Development Stage Company) as of June 30, 2007 and 2006 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, 2007 and for each of the years in the two year period ended June 30, 2007. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated 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, 2007 and 2006, and the results of its operations and its cash flows for the period from September 7, 1999 (Date of Inception) to June 30, 2007 and for each of the years in the two year period ended June 30, 2007, 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 consolidated financial statements, the Company has a working capital deficiency and 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 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/MANNING ELLIOTT LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada

September 26, 2007

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

	June 30, 2007 $	June 30, 2006 $
Assets		
Current Assets		
Cash	123,318	10,976
Accounts receivable	130,717	2,550
Advances to related parties (Note 3)	29,231	30,175
Prepaid expenses (Note 4)	122,250	249,517
Inventory	3,226	13,587
Other assets	7,941	16,319
Total Current Assets	416,683	323,124
Property and Equipment (Note 5)	51,190	69,754
Total Assets	467,873	392,878
Liabilities and Stockholders Deficit		
Current Liabilities		
Accounts payable	1,387,121	220,785
Accrued liabilities (Note 6)	197,401	155,526
Advances from related parties (Note 7)	42,288	
Current portion of capital lease obligation	3,386	3,951
Deferred revenue (Note 2(l))	298,250	17,291
Total Current Liabilities	1,928,446	397,553
Capital Lease Obligation		3,232
Total Liabilities	1,928,446	400,785
Contingencies and Commitments (Notes 1 and 14)		
Subsequent Events (Note 17)		
Stockholders Deficit		
Preferred Stock, (Note 8)		
Authorized: 15,000,000 shares, Series A 10% Cumulative; par value $0.00001;		
No shares issued and outstanding		
Authorized:10,000,000 shares, Undesignated; par value $0.00001;		
No shares issued and outstanding		
Common Stock, (Note 9)		
Authorized: 100,000,000 shares, par value $0.00001;		
Issued and outstanding: 49,728,345 shares (2006 - 46,028,345 shares)	497	460
Additional Paid-in Capital	27,269,830	13,887,221
Common Stock Subscriptions Receivable	(2,450)	
Accumulated Other Comprehensive Loss	(254,013)	(113,753)
Deficit Accumulated During the Development Stage	(28,474,437)	