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

United States Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-QSB/A

Amendment No. 1

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2005

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
For the transition period from ____________ to ____________

Commission file number: 000-33191

VISUALMED CLINICAL SOLUTIONS CORP.

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

NEVADA	**88-0436055**
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1035 Laurier Street West

Montreal, Quebec

Canada H2V 2L1

(Address of principal executive offices)

(514) 274-1115

(Issuer s telephone number)

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

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 o

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

APPLICABLE ONLY TO CORPORATE ISSUERS

As of November 7, 2005, the issuer had 43,719,971 outstanding shares of common stock.

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

Explanatory Note

This Amendment on Form 10-QSB/A (Amendment No. 1) is being filed to amend and restate in its entirety Part I, Item 1 and Item 2 of the Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2005 of VisualMed Clinical Solutions Corp. as initially filed with the Securities and Exchange Commission on November 10, 2005 (the Original 10-QSB). This Amendment No. 1 does not otherwise alter the disclosures set forth in the Original 10-QSB, and does not reflect events occurring after the filing of the Original 10-QSB. This Amendment No. 1 is effective for all purposes as of the date of the filing of the Original 10-QSB.

TABLE OF CONTENTS

ITEM 1. FINANCIAL STATEMENTS

VisualMED Clinical Solutions Corp.
(A Development Stage Company)

September 30, 2005

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

	September 30, 2005 $ (unaudited)	June 30, 2005 $ (audited)
Assets		
Current Assets		
Cash	539,843	348,410
Advances to related parties (Notes 4 and 6)	64,910	57,265
Prepaid expenses	452,963	454,777
Inventory	73,936	
Other assets	31,844	14,512
Total Current Assets	1,163,496	874,964
Property and Equipment (Note 3)	45,625	33,390
Total Assets	1,209,121	908,354
Liabilities and Stockholders Equity (Deficit)		
Current Liabilities		
Accounts payable	93,815	96,850
Accrued liabilities	128,278	105,350
Notes payable		651,865
Current portion of capital lease obligation (Note 5)	3,489	3,244
Deferred revenue	114,250	67,000
Total Current Liabilities	339,832	924,309
Capital Lease Obligation (Note 5)	5,757	6,515
Total Liabilities	345,589	930,824
Commitments (Notes 1 and 9)		
Stockholders Equity (Deficit)		
Common Stock, 100,000,000 shares authorized with a par value of $0.00001; 43,514,187 and 42,381,400 shares issued and outstanding, respectively	435	424
Additional Paid-in Capital	8,102,979	6,687,006
Accumulated Other Comprehensive Loss	(5,835)	(7,171)
Deficit Accumulated During the Development Stage	(7,234,047)	(6,702,729)
Total Stockholders Equity (Deficit)	863,532	(22,470)
Total Liabilities and Stockholders Equity (Deficit)	1,209,121	908,354

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

1

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

	Accumulated from September 7, 1999 (Date of Inception) to September 30, 2005 $	For the Three Months Ended September 30, 2005 $	For the Three Months Ended September 30, 2004 $
Revenue			
Expenses			
Customer service	530,463	101,453	
Depreciation	7,748	2,992	
Development costs	778,733	217,377	
General and administration	868,012	180,719	
Sales and marketing	129,811	46,200	
Total Expenses	2,314,767	548,741	
Net Loss From Operations	(2,314,767)	(548,741)	
Other Income (Expenses):			
Interest expense	(39,718)		
Financing costs (Note 7(g) and (h))	(4,514,285)		
Foreign exchange gain	24,455	17,423	
Gain on forgiveness of debt	12,689		
Net Loss Before Discontinued Operations	(6,831,626)	(531,318)	
Discontinued Operations	(402,421)		(1,143)
Net Loss for the Period	(7,234,047)	(531,318)	(1,143)
Other Comprehensive Loss			
Foreign currency translation adjustments	(5,835)	1,136	
Comprehensive Loss	(7,239,882)	(530,182)	(1,143)
Net Loss Per Share Basic and Diluted		(0.01)	
Weighted Average Shares Outstanding (split-adjusted)		42,855,000	45,466,500

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

2

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

	Accumulated from September 7, 1999 (Date of Inception) to September 30, 2005 $	**For the Three Months Ended September 30, 2005 $**	**For the Three Months Ended September 30, 2004 $**
Operating Activities			
Net loss	(7,234,047)	(531,318)	(1,143)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	9,290	2,992	123
Stock-based compensation	4,786,508		
Common stock issued for interest	32,063		
Common stock issued for services	81,250		
Write off of assets	3,568		
Gain on foreign exchange	(15,196)	(15,196)	
Gain on settlement of debt	(12,689)		
Changes in operating assets and liabilities			
(Increase) in prepaid expenses	(452,625)	2,152	
(Increase) in inventory	(73,936)	(73,936)	
(Increase) in other assets	(31,171)	(16,659)	
Increase in deferred revenue	114,250	47,250	
Decrease in due to related party	12,822		750
(Increase) in advances and receivables	(63,249)	(5,984)	
Increase in accounts payable and accrued liabilities	221,705	14,044	200
Net Used In Operating Activities	(2,621,457)	(576,655)	(70)
Investing Activities			
Purchase of property and equipment	(41,097)	(13,110)	
Net Cash Used In Investing Activities	(41,097)	(13,110)	
Financing Activities			
Proceeds from the sale of common stock	356,245	250,025	
Proceeds from notes payable	2,850,306	529,290	
Net Cash Provided By Financing Activities	3,206,551	779,315	
Effect of Exchange Rate Changes on Cash	(4,154)	1,883	
Increase (Decrease) in Cash	539,843	191,433	(70)
Cash Beginning of Period		348,410	692
Cash End of Period	539,843	539,843	622

Non-Cash Financing Activities		
Common stock issued in settlement of advances	133	
Common stock issued for mining claims	2,644	
Common stock issued for services	372,223	
Common stock issued for settlement of notes payable and accrued interest, net	2,853,884	1,165,959
Common stock issued for property & equipment	4,000	
Warrants issued for financing services	662,440	
Capital lease obligation recognized for assets under capital lease	10,520	

Supplemental Disclosures		
Interest paid		
Income taxes paid		

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

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

1. Development Stage Company

The Company was incorporated in the State of Nevada on September 7, 1999. The Company changed its name to VisualMed Clinical Solutions Corporation on November 30, 2004. In September 1999 the Company purchased three mineral claims representing forty-four units, situated in the Greenwood Mining Division in the Province of British Columbia, Canada. The Company s principal business plan was to acquire, explore and develop mineral properties and to ultimately seek earnings by exploiting the mineral claims. Pursuant to an Agreement dated September 23, 2004 (the Agreement), which closed on October 13, 2004, the Company agreed to issue 31,866,000 split-adjusted restricted shares of common stock to Visual Healthcare Corporation (VHCC) in exchange for certain assets of VHCC consisting of property and equipment and a suite of clinical software modules (the modules) that are the key components of a Clinical Information System for healthcare facilities. VHCC is a Nevada corporation, based in Montreal, Canada, involved in developing software solutions targeting clinical medicine and related areas of the healthcare market. The Company will have the right to exploit, commercialize, install, support and upgrade the modules purchased. The rights to exploit, commercialize, install, support and upgrade 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. As a result of the transaction, VHCC controlled 80% of the Company.

The Company s new business plan involves the distribution of medical software, therefore the Company, pursuant to the Agreement discussed above, decided to discontinue its mineral exploration efforts. These mineral interests will be allowed to lapse. The Company is primarily involved in activities related to the distribution of medical software and is considered to be a development stage company. Planned principal activities have not yet begun. At September 30, 2005, the Company had working capital of $823,664 and has incurred losses of $7,234,047 since inception. The ability of the Company to emerge from the development stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and then attain profitable operations. Management has plans to seek additional capital through equity and/or debt offerings. There is no guarantee that the Company will be able to complete any of the above objectives. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the Company s ability to continue as a going concern.

The Company will not be able to meet its funding commitments under the Agreement without acquiring substantial additional funding in the near future. The Company currently does not have sufficient financing arrangements in place to meet its funding obligations to VHCC and there is no assurance that the Company will be able to acquire the required financing on acceptable terms or at all. The Company expects to fund itself by the issue of short-term debt or the sale of common shares. Refer to Note 7.

2. Summary of Significant Accounting Principles

a) Basis of Presentation

These consolidated financials statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company has not produced any revenues from its principal business and is a development stage company as defined by Statement of Financial Accounting Standard (SFAS) No. 7 *Accounting and Reporting by Development Stage Enterprises* . These financial statements include the accounts of the Company and its wholly-owned subsidiary, VisualMed Clinical Systems Marketing Inc., a company incorporated and based in Quebec, Canada. All intercompany transactions and balances have been eliminated. The Company s fiscal year-end is June 30.

b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

2. Summary of Significant Accounting Principles (continued)

c) Cash and Cash Equivalents

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

d) Property and Equipment

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

e) Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

f) Foreign Currency Transactions

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

g) 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.

h) Basic and Diluted Net Income (Loss) Per Share

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

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

2. Summary of Significant Accounting Principles (continued)

i) Financial Instruments

The carrying value of cash, accounts payable, advances to related parties, and notes payable approximate fair value due to the relatively short maturity of these instruments.

j) Inventory

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

k) Revenue Recognition

The Company has not earned any revenues from inception to September 30, 2005. The Company will recognize any revenue related to sales 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. Any allowance for doubtful accounts will be based on the Company s detailed assessment of the collectibility of specific customer accounts. Any significant customer accounts that are not expected to be collected are excluded from revenues. 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. The Company received deposits of $114,250 on contracts entered into to provide product and services, which has been recorded as deferred revenue at September 30, 2005. Incremental direct costs related to contract acquisition and origination, which result in deferred revenue, are expensed as incurred.

l) Comprehensive Loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at September 30, 2005, the Company s only component of comprehensive loss was foreign currency translation adjustments.

m) Income Taxes

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

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

2. Summary of Significant Accounting Principles (continued)

n) Recent Accounting Pronouncements(continued)

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, *Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and SFAS No. 3* . SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29* . The guidance in APB Opinion No. 29, *Accounting for Nonmonetary Transactions* , is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In December 2004, the FASB issued Statement of Financial Accounting Standard (SFAS) No. 123R, *Share Based Payment* . SFAS 123R is a revision of SFAS No. 123 *Accounting for Stock-Based Compensation* , and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* and its related implementation guidance. SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS 123R in the first interim or annual reporting period that begins after December 15, 2005. The adoption of this standard is not expected to have a material effect on the Company s results of operations or financial position.

In March 2005, the SEC staff issued Staff Accounting Bulletin No. 107 (SAB 107) to give guidance on the implementation of SFAS 123R. The Company will consider SAB 107 during implementation of SFAS 123R.

o) Interim Financial Statements

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company s financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

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

3. Property and Equipment

	Cost $	Accumulated Amortization $	September 30, 2005 Net carrying value $ (unaudited)	June 30, 2005 Net carrying value $ (unaudited)
Computer hardware	21,847	2,818	19,029	8,414
Computer software	10,666	2,371	8,295	6,523
Office furniture	12,049	1,483	10,566	10,654
Leasehold improvements	9,175	1,440	7,735	7,799
	53,737	8,112	45,625	33,390

Assets under capital lease are included in office furniture with a cost of $11,129. During the period ended September 30, 2005, the Company recognized amortization of assets under capital lease of $686 (June 30, 2005 $649).

4. Advances to Related Parties

		September 30, 2005 $ (unaudited)	June 30, 2005 $ (unaudited)
Advances to employees	(a)	5,385	
Due from Visual Healthcare Corporation, an affiliated company	(b)	688	664
Due from VisualMED Clinical Systems Inc., an affiliated company	(c)	58,837	56,601
		64,910	57,265

a) Advances to employees of $5,385 represent amounts advanced towards travel expenses to be incurred. These amounts are non-interest bearing.

b) The Company is owed $688 from its parent company, Visual Healthcare Corporation (VHCC). This amount represents cash advances, is unsecured, non-interest bearing and has no specific terms of repayment.

c) The Company is owed $58,837 from VisualMED Clinical Systems Inc., a wholly-owned subsidiary of VHCC. This amount represents cash advances, is unsecured, non-interest bearing and has no specific terms of repayment.

5. Capital Lease Obligation

During the year ended June 30, 2005, the Company entered into a leasing arrangement involving office furniture and equipment. The lease is for a three year term and requires monthly payments of $360 (CDN $417) per month.

The following represents future minimum lease payments under capital leases and the present value of the minimum lease payments as of September 30, 2005.

	$
2006	3,314
2007	4,073
2008	3,055
Total minimum lease payments	10,442
Less: Amounts representing interest	(1,196)
Present value of net minimum lease payments	9,246
Current portion of obligations under capital leases	(3,489)
Long-term obligations under capital leases	5,757

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

6. Related Party Transactions/Balances

The Company is indebted to a director and officers for $28,612, representing expenses incurred on behalf of the Company. These amounts are included in accounts payable and are unsecured, non-interest bearing and have no specific terms of repayment.

7. Common Stock

a) On September 6, 2005, the Company issued 200,020 shares of common stock upon the exercise of 200,020 warrants at $1.25 per share for proceeds of $250,025.

b) On August 26, 2005, the Company issued 180,537 shares of common stock upon the exercise of 180,537 warrants at $1.25 per share for proceeds of $225,671, which was offset against notes payable.

c) On July 19, 2005, the Company issued 752,230 shares of common stock upon the exercise of 752,230 warrants at $1.25 per share for proceeds of $940,288, which was offset against notes payable.

d) On April 15, 2005, the Company issued 73,333 split-adjusted shares of common stock upon the exercise of 73,333 warrants at $0.001 per share.

e) On March 24, 2005, the Company issued 15,000 split-adjusted shares of common stock at a fair value of $37,500 for professional services rendered.

f) On March 23, 2005, the Company issued 25,000 split-adjusted shares of common stock at a fair value of $62,500 for consulting services rendered.

g) On March 23, 2005, the Company issued 160,000 split-adjusted shares of common stock by the exercise of 160,000 warrants at $0.001 per share.

h) On March 23, 2005, the Company issued 2,275,567 units at $0.75 per unit for proceeds of $1,706,675, consisting of settlement of notes payable of $1,674,612 and accrued interest of $32,063, pursuant to a private placement offering. The Company incurred financing costs of $18,750 associated with this offering. Each unit consisted of one split-adjusted share of common stock and one share purchase warrant. Each warrant entitles the holder to acquire one split-adjusted share of common stock at $1.25 per share for a period of two years. The fair value of the warrants was estimated at $3,851,845 using the Black-Scholes pricing model and is included as financing costs on the statement of operations. The following assumptions were used: average risk-free interest rate of 3.34%; expected life of one year; dividend yield of 0%; and expected volatility of 68%.

i) On March 23, 2005, the Company issued 233,333 warrants as a finder s fee pursuant to a Finder s Fee Agreement dated March 21, 2005. Each warrant entitles the holder to acquire one split-adjusted share of common stock at $0.001 per share for a period of two years. The fair value of the warrants was estimated at $662,440 using the Black-Scholes pricing model and is included as financing costs on the statement of operations. The following assumptions were used: average risk-free interest rate of 3.34%; expected life of one year; dividend yield of 0%; and expected volatility of 68%.

j) On October 25, 2004, the Company declared a stock dividend of one additional share of common stock for each two shares of common stock outstanding. All per share amounts have been retroactively adjusted to reflect the stock dividend.

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

7. Common Stock (continued)

k) On October 13, 2004, the Company issued 31,866,000 split-adjusted shares of common stock at a fair value of $4,000 for the acquisition of certain assets acquired from VHCC.

l) On October 13, 2004, 37,500,000 split-adjusted shares previously issued to two directors of the Company were returned to treasury and cancelled for no consideration.

m) Share Purchase Warrants:
The following table summarizes the continuity of the Company s warrants:

	Number of Shares	**Weighted average exercise price $**
Balance, June 30, 2005	2,275,567	1.25
Issued		
Exercised	(1,132,787)	1.25
Outstanding, September 30, 2005	1,142,780	1.25

At September 30, 2005, the following share purchase warrants were outstanding:

Number of Warrants	**Exercise Price**	**Expiry Date**
1,142,780	$1.25	March 23, 2007

8. Segment Disclosures

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

9. Commitments

a) In November 2004, the Company entered into a lease agreement for office premises at a rate of $67,800 (CDN$78,700) per annum including property taxes, insurance and other operating expenses, for a five year term expiring on September 30, 2009, with an option to renew for an additional five years. During the period ended September 30, 2005, the Company incurred rent expense of $12,348. Future payments for the next five fiscal years are as follows:

2006	$	52,400
2007	$	64,100
2008	$	64,100
2009	$	62,100
2010	$	17,500

	$ 260,200

b) The Company entered into a Finder s Fee agreement dated March 21, 2005, for a term of 90 days. The Company agreed to issue 233,333 warrants as a finder s fee in payment for the closing of the private placement offering of 2,275,567 units described in Note 7(h). The warrants have an exercise price of $0.001 per share and expire on March 24, 2007. Upon the exercise of warrants by the private placement investors (the Investors), the Company will pay a cash fee of 5% of the proceeds to the Finder. Upon the exercise of the warrants by the Investors, the Company will issue a further 166,667 warrants to the Finder, or a pro rata amount if less than all warrants issued to the Investors are exercised. The Finder s warrants are exercisable at $0.001 per share and expire on March 24, 2007. The Finder exercised 233,333 warrants to acquire 233,333 shares of common stock.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

We incurred losses of $531,318 for the three months ending September 30, 2005. This compares to $1,143 in the comparable prior year period. We discontinued our operations in mineral exploration in the previous year. The principal components of the loss involved the following:

continuing development of our expanding marketing and customer support facilities;

operating and maintaining our world-wide state-of-the-art service center capable of supporting client hospitals by remote support technology;

newly hired employees and consultants, and increased travel expenses as our business grows in the United States and overseas, and as we continue to pursue contracts and attend industry conferences;

software licenses;

costs related to the implementation of the VisualMED system at the Southwest Regional Rehabilitation Center in Battle Creek, Michigan;

expenses related to presentations and hospital-specific infrastructure configurations in order to respond to major tenders and requests for proposals from potential buyers; and

costs related to direct sales approach and first contact with potential client hospitals, from a growing sales funnel comprising over 70 hospitals worldwide.

Finally, a small amount was devoted to professional expenses, depreciation, and filing fees.

On March 23, 2005, we issued 2,275,567 units at $0.75 per unit for proceeds of $1,706,675, pursuant to a private placement offering. Each unit consisted of one split-adjusted share of common stock and one share purchase warrant. Each warrant entitles the holder to acquire one share of common stock at $1.25 per share for a period of two years. The fair value of the warrants was estimated at $3,851,845 using the Black-Scholes pricing model. The following assumptions were used: average risk-free interest rate of 3.34%; expected life of one year; dividend yield of 0%; and expected volatility of 68%.

Pursuant to the above-mentioned private placement, we received proceeds from warrants exercised from time to time. For the period ending September 30, 2005, 1,132,787 warrants were exercised for total proceeds of $1,415,984.

Operating expenses for the three months ending September 30, 2005 were $548,741.

At September 30, 2005, we had pre-paid expenses of $452,963. This amount consisted of a partial pre-payment of property taxes in the amount of $3,086, payment of a retainer for legal services to Kaye Scholer LLP in the amount of $15,000, payment of a retainer for legal services to Hovington Pellerin Inc. in the amount of $20,833 and an advance in the amount of $414,044 to Medicool Health Systems Inc., an unaffiliated company and key supplier of technical services to us (Medicool). The advance to Medicool was made to ensure that a series of strategic technical services that Medicool was contracted to provide us would be available in a timely fashion by affording Medicool 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 Medicool 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.

The main challenges that we may have over the next year will be to continue financing operations; continue building our base of client hospitals and healthcare facilities, marketing of our modules; and concluding strategic alliances to help us penetrate specific marketplaces in promising geographies. We are in the process forming a fully staffed, 24-7 help desk for customer support. We expect to hire project managers to handle the anticipated growing need for implementation and on-site technical support. The continued exercise of warrants, combined with anticipated initial and recurring revenue from current clients, will provide some liquidity. We are exploring numerous options with respect to further financing.

We continue to implement our marketing and sales strategy for the VisualMED system, and other product lines in development. We intend to continue to hire sales and marketing executives and consultants as our business grows. Our sales effort will continue targeting regions where current legal regulations encourage the adoption of our clinical management modules. We are aggressively pursuing these markets through the creation of sales consortiums that bring together local healthcare consultants, hardware vendors and local systems integrators.

We are currently involved in full system implementations at hospitals in Michigan and Kansas, and departmental implementations at the Montreal Jewish General Hospital. We are also in negotiations with several hospital management groups in Italy and France for the implementation of our clinical management modules, and are responding to requests for proposals from hospitals in Canada, France and the United States.

Financial Condition, Liquidity and Capital Resources

At September 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 $576,655 during the three months ended September 30, 2005.

At September 30, 2005, we had a positive working capital of $823,664 compared to a working capital deficiency of $22,002 at September 30, 2004, and working capital deficiency of $49,345 at June 30, 2005. We had cash on hand of $539,843 at September 30, 2005.

We had a net loss of $531,318 and $1,143 for the three month periods ended September 30, 2005 and 2004, respectively.

At September 30, 2005, our total assets were $1,209,121, as compared to total assets of $1,423 at September 30, 2004, and $908,354 at June 30, 2005.

At September 30, 2005, our total liabilities were $345,589, as compared to total liabilities of $22,624 at September 30, 2004, and $930,824 at June 30, 2005.

We will need to raise additional equity and/or debt financing to sustain operations over the next twelve months. Our auditors have expressed substantial doubt about our ability to continue as a going concern in their audit report that was included in our Form 10-KSB for the fiscal year ended June 30, 2005.

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

Revenue Recognition

We have not generated any revenues from inception to September 30, 2005. We will recognize revenue related to sales 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, 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. Any allowance for doubtful accounts will be based on the Company s detailed assessment of the collectibility of specific customer accounts. Any significant customer accounts that are not expected to be collected are excluded from revenues.

Disclosure Regarding Forward-Looking Statements

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

- Our limited operating history;
- Our auditors have issued a going concern opinion. Therefore we may not be able to achieve our objectives and may have to suspend or cease operations;
- Because we have historically incurred losses and these losses may increase in the future, we must begin generating a profit from our operations. If we do not begin generating a profit we may have to suspend or cease operations;
- We have experienced a history of losses and expect to incur future losses. Therefore, we must continue to raise money from investors to fund our operations. If we are unable to fund our operations, we will cease doing business;

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

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

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

Our parent company has significant influence over our corporate decisions;

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

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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this amendment to its quarterly report on Form 10-QSB/A to be signed on its behalf by the undersigned, thereunto duly authorized, on this 14th day of February 2006.

VISUALMED CLINICAL SOLUTIONS CORP.
(Registrant)

By: /s/ Gerard Dab
Gerard Dab
Principal Executive Officer, Secretary and
a member of the Board of Directors

Exhibits	Description
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-15(e) and Rule 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-15(e) and Rule 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Financial Officer).