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THEHEALTHCHANNEL COM INC
Form 10QSB
November 19, 2001

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

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended September 30, 2001

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act;

For the transition period from _____ to _____

Commission File Number: 000-29822

THEHEALTHCHANNEL.COM, INC.

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

DELAWARE

33-0728140

(State or other jurisdiction of
incorporation or organization)

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

260 Newport Center Drive, Suite 250, Newport Beach, CA

92660

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code:
(949) 631-8317

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The issuer had 34,303,991 shares outstanding as of September 30, 2001.

Transitional Small Business Disclosure Format (check one):

Yes No

THEHEALTHCHANNEL.COM, INC.

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Balance Sheet as of September 30, 2001 (unaudited).

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Statements of Operations for the 9 months ended September 30, 2001 and 2000, the 3 months ended September 30, 2001 and 2000, and for the period since inception to September 30, 2001 (unaudited).

Statement of Stockholders' Deficit for the period since inception to September 30, 2001 (unaudited).

Statements of Cash Flows for 9 months ended September 30, 2001 and 2000, and for the period since inception to September 30, 2001 (unaudited).

Notes to Condensed Financial Statements (unaudited).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits and Reports of Form 8-K

(a) Exhibits

(b) Reports on Form 8-K

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

thehealthchannel.com, Inc.
(A DEVELOPMENT STAGE ENTERPRISE)

BALANCE SHEET - SEPTEMBER 30, 2001
(Unaudited)

ASSETS

CURRENT ASSETS:

| | | | |
|--|----|--------|--------|
| Cash | \$ | 1,000 | |
| Prepaid expenses and other receivables | | 36,208 | |
| | | ----- | |
| Total current assets | \$ | | 37,208 |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization | | | -- |
| DEPOSITS | | | 9,052 |
| | | | ----- |
| | \$ | | 46,260 |

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LIABILITIES AND STOCKHOLDERS' DEFICIT

| | | |
|---|--------------|--------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 340,829 | |
| Loans payable, stockholders | 175,000 | |
| Accrued Stock-Based Compensation | 1,471,446 | |
| Loans payable, short term, 6% interest, due November 1, 2001 | 230,180 | |
| | ----- | |
| Total current liabilities | | \$ 2,217,455 |
| Subscribed stock | | 229,441 |
| Stockholders' Deficit: | | |
| Common stock; \$.001 par value, 110,000,000 shares authorized, 34,303,991 shares issued and outstanding | 34,304 | |
| Additional paid in capital | 9,267,532 | |
| Deficit accumulated during development stage | (11,702,472) | |
| | ----- | |
| Total stockholders' deficit | | (2,400,636) |
| | | ----- |
| | | \$ 46,260 |
| | | ===== |

thehealthchannel.com, Inc.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF OPERATIONS

| | Nine months ended September 30, 2001 | Nine months ended September 30, 2000 | Three months ended September 30, 2001 |
|----------------------------------|---|---|--|
| | ----- (Unaudited) | ----- (Unaudited) | ----- (Unaudited) |
| NET REVENUES | \$ 107,538 | \$ 10,870 | \$ 59,618 |
| COST OF REVENUES | -- | -- | -- |
| | ----- | ----- | ----- |
| GROSS PROFIT | 107,538 | 10,870 | 59,618 |
| OPERATING EXPENSES: | | | |
| Depreciation | 543,859 | 249,420 | -- |
| Consulting and professional fees | 186,260 | 1,009,554 | 55,128 |
| Website related | 121,229 | 375,003 | 30,252 |
| Interest expense | 736,164 | 92,084 | 361,250 |
| General and administrative | 674,105 | 579,482 | 261,580 |
| | ----- | ----- | ----- |
| Total operating expenses | 2,261,617 | 2,305,543 | 708,210 |
| LOSS FROM CONTINUING OPERATIONS | (2,154,079) | (2,294,673) | (648,592) |

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| | | | | |
|---|----------------|----------------|--------------|----|
| Loss on discontinued operations | -- | -- | -- | |
| Loss on disposal of segment | -- | -- | -- | |
| | ----- | ----- | ----- | |
| TOTAL DISCONTINUED OPERATIONS | -- | -- | -- | |
| | ----- | ----- | ----- | |
| NET LOSS | \$ (2,154,079) | \$ (2,294,673) | \$ (648,592) | \$ |
| | ===== | ===== | ===== | |
| NET LOSS PER SHARE, BASIC AND DILUTED: | | | | |
| Continuing operations | \$ (0.07) | \$ (0.09) | \$ (0.02) | \$ |
| | ===== | ===== | ===== | |
| Discontinued operations | \$ -- | \$ -- | \$ -- | \$ |
| | ===== | ===== | ===== | |
| Net loss per share | \$ (0.07) | \$ (0.09) | \$ (0.02) | \$ |
| | ===== | ===== | ===== | |
| Weighted average number of common equivalent shares outstanding - basic and diluted | 29,776,892 | 24,715,990 | 34,303,990 | |
| | ===== | ===== | ===== | |

thehealthchannel.com, Inc.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF STOCKHOLDERS' DEFICIT

| DESCRIPTION | Common Stock | | Additional paid-in Capital | Stock subscrip Receiva |
|---|--------------|-----------|----------------------------------|------------------------------|
| | Shares | Amount | | |
| | ----- | ----- | ----- | ----- |
| Balance at December 31, 1997, restated for 1:3 stock split on October 12, 2000 | 11,388,007 | \$ 11,388 | \$ 379,859 | \$ |
| Shares sold for cash | 3,334,252 | 3,334 | 473,130 | |
| Shares issued in exchange for services | 6,998,481 | 6,999 | 1,054,540 | |
| Common stock subscription | 184,413 | 184 | 59,816 | (60 |
| Net loss for the year ended December 31, 1998 | ----- | ----- | ----- | ----- |
| Balance at December 31, 1998 | 21,905,153 | 21,905 | 1,967,345 | (60 |
| IVTX | | | | |
| Issuance of common stock from IVTX private placement offering (Note 4) | 113,043 | 113 | 112,086 | 60 |
| Issuance of shares for services rendered on | | | | |

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| | | | | |
|--|------------|--------|-----------|-----|
| behalf of the Company (Note 4) | 34,800 | 35 | 52,165 | |
| THEHEALTHCHANNEL.COM (FORMERLY IVTX) | | | | |
| Contribution of asset from Biologix International, Ltd. (Note 3) | | | 947,835 | |
| Issuance of common stock from private placement offering (Note 4) | 405,934 | 406 | 510,134 | (25 |
| Issuance of common stock related to settlement agreements (Note 4) | 501,667 | 502 | 1,796,843 | |
| Shares given directly by shareholders for services rendered on the Company's behalf (Note 4) | | | 860,100 | |
| Net loss for the year ended December 31, 1999 | | | | |
| Balance at December 31, 1999 | 22,960,597 | 22,961 | 6,246,508 | (25 |
| Shares exchanged from pools (See Note 4) | 1,528,369 | 1,528 | (1,528) | |
| Private placement offering, net | 1,524,651 | 1,525 | 898,715 | |
| Proceeds received from stock subscriptions | | | | 25 |
| Shares issued in settlement of debt (Alphabet Media) | 53,333 | 53 | 46,987 | |
| Shares issued for services - consultants | 22,105 | 22 | 25,978 | |
| Shares issued for services (National Securities) | 5,170 | 5 | 7,333 | |
| Shares issued for services (Quinn Emanuel) | 27,633 | 27 | 30,645 | |
| Shares issued in settlement of legal matter (Benning and Fields) | 21,365 | 21 | 23,310 | |
| Shares issued in settlement (Marshall Redding) | 274,508 | 275 | 172,666 | |
| Shares issued for bridge loan (Les Dube) | 526,556 | 527 | 251,973 | |
| Warrants issuable for bridge loan (Laguna Pacific) | | | 250,000 | |
| Shares issued to Larry Horwitz for consulting services | 666,667 | 667 | 499,333 | |
| Net loss for the year ended December 31, 2000 | | | | |
| Balance at December 31, 2000 | 27,610,954 | 27,611 | 8,451,920 | |
| Conversion of debt to equity, related Party, including conversion feature expense | 4,000,000 | 4,000 | 388,001 | |
| Shares issued in exchange for consulting services | 334,704 | 335 | 21,136 | |

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| | | | |
|---|------------|-----------|--------------|
| Shares issued to Laguna Pacific for loan extension | 1,625,000 | 1,625 | 355,875 |
| Shares issued in settlement (Grandon) | 733,333 | 733 | 50,600 |
| Net loss for the nine months ended September 30, 2001 | | | |
| Balance at September 30, 2001 (unaudited) | 34,303,991 | \$ 34,304 | \$ 9,267,532 |

thehealthchannel.com, Inc.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF CASH FLOWS

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | For the nine months ended September 30, | |
|---|---|-------------|
| | 2001 | 2000 |
| | (Unaudited) | (Unaudited) |
| NET LOSS | \$ (2,154,079) | (2,294,673) |
| ITEMS RECONCILING NET LOSS TO CASH USED BY OPERATING ACTIVITIES: | | |
| Depreciation | 543,859 | 339,003 |
| Loss on disposal of segment | | |
| Interest expense | 549,501 | -- |
| Noncash expenses from stock issuances | 710,901 | 874,656 |
| Settlement of litigation | | |
| CHANGES IN OPERATING ASSETS AND LIABILITIES: | | |
| Accounts receivable | -- | -- |
| Inventory | -- | -- |
| Software development costs | -- | (34,500) |
| Loan Interest | | (537,500) |
| Prepaid expenses | (15,353) | (1,388) |
| Deposits | (5,200) | (3,852) |
| Accounts payable and accrued expenses | (159,843) | 602,091 |
| Total adjustments | 1,623,865 | 1,238,510 |
| Net cash used by operating activities | (530,214) | (1,056,163) |
| CASH FLOWS FROM INVESTING ACTIVITIES - payments to acquire property and equipment | -- | (39,265) |
| Net cash used for investing activities | -- | (39,265) |

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| | | |
|--|--------------|------------|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payment for asset transfer | -- | -- |
| Deferred offering cost | -- | -- |
| Stock subscribed | 229,441 | 25,000 |
| Loans receivable | -- | (42,000) |
| Proceeds from loans, including related parties | 150,000 | 400,000 |
| Loans payable | (100,656) | -- |
| Proceeds from issuance of capital stock, net | 250,000 | 900,240 |
| | -- | -- |
| Net cash provided by (used for) financing activities | 528,785 | 1,283,240 |
| NET INCREASE (DECREASE) IN CASH | (1,429) | 187,812 |
| CASH, beginning of period | 2,429 | 92,237 |
| CASH, end of period | \$ 1,000 | \$ 280,049 |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES: | | |
| Non-cash consideration from debt and equity transactions | \$ 1,260,402 | \$ 874,656 |
| Proceeds from loan payable paid directly to Horwitz and Beam from Laguna Pacific on behalf of the Company | \$ -- | \$ 100,000 |
| Acquisition of website technology and related assets | \$ -- | \$ -- |

THEHEALTHCHANNEL.COM, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(1) BASIS OF PREPARATION

GENERAL

With headquarters in Newport Beach, California, thehealthchannel.com (formerly Innovative Tracking Solutions Corporation or "IVTX") is a comprehensive health information Internet portal that offers a one-step access point for consumers and professionals who want to explore a broad array of health topics. The portal currently indexes other Internet health and health-related sites, has direct links with online health-care information service centers and provides detailed coverage of medical conditions. Consumers may access a global library of health-care information while searching for products and services. The site offers a complete Internet portal for state-of-the-art continuing medical education for professionals.

The Company was incorporated under the laws of the State of Delaware on September 4, 1996.

INTERIM FINANCIAL STATEMENTS

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The accompanying financial statements include all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the results of operations for the periods presented. Interim period results for the nine months ended September 30, 2001, are not necessarily indicative of the results to be expected for the year ending December 31, 2001. These financial statements should be read in conjunction with the financial statements included in the annual report of thehealthchannel.com, Inc. (the "Company") on Form 10-KSB for the year ended December 31, 2000.

GOING CONCERN

The Company's financial statements are prepared using the accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The factor raises substantial doubt about the Company's ability to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management's plans include the sale of additional equity securities and debt financing from related parties and outside third parties. However, no assurance can be given that the Company will be successful in raising additional capital. Further, there can be no assurance, assuming the Company successfully raises additional equity, that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

USE OF ESTIMATES

The preparation of financial statements in conformity with 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.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred, whereas, additions, renewals, and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

During the quarter ended March 31, 2001, management determined that the useful life of the website technology and related software to be approximately two years, and accordingly, accelerated the amortization of the website technology and related software. This change in estimate increased the depreciation and amortization expense by an additional \$400,000 during the six months ended June 30, 2001. Based on this change in estimate, the website technology and related software has been fully amortized by September 2001.

DEVELOPMENT STAGE ENTERPRISE

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The Company is a development stage company as defined in Statement of Financial Accounting Standards No. 7, "Accounting and Reporting by Development Stage Enterprises." The Company is devoting substantially all of its present efforts to establish a new business, which is unrelated to the business of Innovative Tracking Solutions Corporation ("IVTX"), and its planned principal operations have not yet commenced. All losses accumulated since inception of thehealthchannel.com have been considered as part of the Company's development stage activities. The operations of IVTX in 1999 are presented as discontinued operations as a result of the transfer of its assets and liabilities to a private company.

NET LOSS PER SHARE

The Company has adopted Statement of Financial Accounting Standard No. 128, Earnings per Share ("SFAS No. 128"), which is effective for annual and interim financial statements issued for periods ending after December 15, 1997. Net loss per share has been computed using the weighted average number of shares outstanding. Common stock equivalents have been excluded since their inclusion would reduce loss per share.

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

THE COMPANY

thehealthchannel.com, Inc., formerly known as Innovative Tracking Solutions Corporation (the "Company") was incorporated in Delaware on September 4, 1996. It operates a consumer-based health super site (<http://www.thehealthchannel.com>).

On April 16, 1999, the Company transferred all of its assets and liabilities based on majority stockholder approval to a newly formed private company. The Company's plan of operations following the transfer of assets and liabilities was to seek and complete a merger or acquisition transaction with a small or medium-sized enterprise which desired to become or remain a public corporation.

On July 28, 1999, the Company was successful in finding an appropriate acquisition candidate and, pursuant to its bylaws and general Delaware corporate law, the Company acquired certain assets of Biologix International, Ltd., consisting primarily of thehealthchannel.com website and related technology in exchange for the controlling interests of the Company. Restricted common shares, representing the majority controlling interests held by the directors of the Company, were transferred.

In connection with this change of control, the Company's name was changed to thehealthchannel.com, Inc. on July 28, 1999. The Acquisition closed on July 28, 1999 (the "Acquisition").

With headquarters at 5000 Birch Street, Suite 4000, Newport Beach, California, thehealthchannel.com is a comprehensive health information Internet portal that offers a one-step access point for consumers and professions who want to explore a broad array of health topics. Consumers may access a global library of health-care information while searching for products and services. The site offers a complete Internet portal for state-of-the-art continuing medical education for professionals.

RESULTS OF OPERATIONS

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NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2001 AS COMPARED TO NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2000

REVENUES

We are a development stage company. Revenues for the nine months ended September 30, 2001 of \$107,538 was derived from programming fees, affiliate advertising revenue, and lifeshape service revenue as compared to \$10,870 for the nine months ended September 30, 2000. Revenues for the three months ended September 30, 2001 of \$59,618 was derived from affiliate advertising revenue and lifeshape service revenue as compared to \$10,862 for the three months ended September 30, 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES/OPERATING EXPENSES

Selling, general and administrative expenses amounted to \$2,261,617 for the nine months ended September 30, 2001 as compared to \$2,305,543 for the same period in 2000. This included depreciation and amortization expense of \$543,859 in 2001 as compared to \$249,420 in 2000, consulting and professional fees of \$186,260 as compared to \$1,009,554 in 2000 and interest expense of \$736,164 as compared to \$92,084 in 2000. In the aggregate, in comparing the nine month period in 2001 to 2000, operating expenses increased primarily due to the acceleration of the amortization of the website and related costs and interest costs arising from beneficial conversion feature from conversion of debt to equity, and decreased due to consulting, professional fees and website costs arising from managements effort to cut certain costs, thereby resulting in a net decrease in operating expenses in 2001 as compared to 2000.

Selling, general and administrative expenses amounted to \$708,210 for the three months ended September 30, 2001 as compared to \$1,089,674 for the same period in 2000. This included depreciation and amortization expense of \$0 in 2001 as compared to \$84,195 in 2000, consulting and professional fees of \$55,128 as compared to \$545,674 in 2000 and interest expense of \$361,250 in 2001 as compared to \$92,084 in 2000. In the aggregate, in comparing the three month period in 2001 to 2000, operating expenses decreased primarily due no depreciation and amortization expense, a reduction in consulting, professional fees and website costs arising from managements effort to cut certain costs.

LOSS FROM OPERATIONS

The Company incurred a loss from operations of \$2,154,079 and \$648,592 for the nine and three months ended September 30, 2001 as compared to \$2,294,673 and \$1,078,812 for the nine and three months ended September 30, 2000, respectively.

NET LOSS

The Company had a net loss of \$2,154,079 or basic and diluted net loss per share of \$0.07 for the nine months ended September 30, 2001 as compared to \$2,294,673 or basic and diluted net loss per share of \$0.09 during the same period in 2000.

The Company had a net loss of \$648,592 or basic and diluted net loss per share of \$0.02 for the three months ended September 30, 2001 as compared to \$1,078,812 or basic and diluted net loss per share of \$0.04 during the same period in 2000.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have primarily funded our capital requirements through private equity infusions. Commencing in September of 1999 and closing in August 2000, we conducted a private offering, to accredited investors only, of

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units, each unit consisting of one share of our common stock and one warrant exercisable for a term of two years. All shares purchased in this offering, as well as all shares underlying warrants purchased in this offering, have piggyback registration rights which have been included in the Form SB-2/A. The Form SB-2/A went effective in May 2001. As adjusted for our one for three reverse split, we originally priced this offering at \$2.25 per unit with a \$2.25 exercise price on the warrants. However, the price of our publicly traded stock dropped precipitously since the beginning of this private offering and we subsequently offered the units at lower prices.

We received a loan in the amount of \$250,000 from Laguna Pacific Partners L.P., a Delaware limited partnership. This loan is made pursuant to a secured note that bears interest at the rate of 6% and is payable on February 3, 2001. The due date of this loan has been further extended to November 1, 2001. The loan is secured by all of our assets. In consideration for making this loan to us, Laguna Pacific Partners received a warrant for common stock equal to the quotient of \$250,000 divided by the closing bid of our stock immediately preceding the effective date of this prospectus. The term of this warrant is five years and the exercise price is \$1 in the aggregate. The warrant agreement contains terms, which increase the number of shares underlying the warrants commencing February 1, 2001 at the rate of 10% per month, compounding on a monthly basis, until the effective date of our registration statement. The number of shares registered under the registration statement on Form SB-2/A includes the monthly increase for February, March and April 2001, the date of effectiveness.

On August 18, 2000, we received a loan in the amount of \$250,000 from Les Dube and Irene Dube. This loan was made pursuant to a note, which bears interest at the rate of 6% and was payable on the earlier of February 18, 2001 or the effective date of the prospectus. An agreement has been reached with Les Dube and Irene Dube to repay the principal amount of the loan with shares of common stock. This loan was issued in consideration for 526,556 shares of common stock in 2000. These shares have been registered in the registration statement on Form SB-2/A, and, upon repayment of this loan, these shares are to be retained by Les Dube. From the effective date of the registration statement on Form SB-2/A, Les Dube may sell these shares.

During the nine months ended September 30, 2001, the Company obtained working capital loans from Bob Ludovise, a related party, in the amount of \$185,000 and in September 2001, Bob Ludovise converted his loan payable balance of \$200,000 to equity or approximately 4 million restricted shares, for which, the price per share was determined at 70% of the trading fair value at the date of conversion. This conversion gave rise to an interest expense which has been recorded in the accompanying financial statements.

At September 30, 2001, the Company had outstanding current liabilities of \$2,217,455, of which, \$1,471,446 has been approved by the Board of Directors to be settled by issuance of stock. The remaining balance consists of accrued professional fees, officer compensation, general overhead costs (approximately \$341,000), and loans payable of approximately \$405,000. All officers of the Company have agreed to defer the payment of their compensation until such time as the Company has the financial ability to pay such compensation. It is anticipated that loans payable will be repaid from online and wireless revenues.

We recognize that the company must generate additional resources to enable it to continue operations. Our plans include the sale of additional equity and debt securities to various private equity funds ranging from \$1,000,000 to \$15,000,000. In addition, with infusion of capital from equity funding, we plan to generate significant revenues resulting in positive cash flows by year-end. However, no assurance can be given that we will be successful in raising

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additional capital. Further, there can be no assurance, assuming we successfully raise additional funding, that we will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant revenues do not result in positive cash flow, we will not be able to meet our obligations and will have to cease operations.

The Company does not believe that inflation has had a significant impact on its operations since inception of the Company.

FUTURE PLAN OF OPERATION

The company's overall plan of operations for the next 12 months include significant website development in four primary areas:

- a) Further develop, promote and increase product offerings in its industry leading "Anywhere, Anytime (TM)" mobile and wireless strategy. Thehealthchannel.com was a first time mover in the health sector with this technology application.
- b) Broaden overall content offerings in the areas of general health content and delivery of health goods and services.
- c) Deliver a number of "deep vertical" products in specific health topics.
- d) Implement the business-to-business revenue generating products covering a number of health areas including some unique products not currently in the marketplace.

The company's overall plan of operation also includes completion of strategic acquisitions for the purposes of revenue/profit enhancement, content development, and increased traffic to the website.

We are currently conducting product research and development in the areas of general health content, broadening and strengthening our health information delivery, as well as conducting research and development in the areas of premier health product offerings (deep verticals) and mobile and wireless communication. In addition we will continue to develop its business-to-business goods and services products.

We recently purchased (through the inclusion of our new operations center lease) the necessary infrastructure to grow and reduce our operational costs by bringing a majority of our software development in-house.

We expect to add approximately 5-10 new employees in the next fiscal year.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In management's opinion, there are no material litigation matters pending or threatened against the Company.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULT UPON SENIOR SECURITIES.

None.

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

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None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

None.

(b) Reports on Form 8-K

None.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant caused this amended quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

THEHEALTHCHANNEL.COM, INC.

Dated: November 19, 2001

/s/ Donald Shea

By: Donald Shea
Its: Chief Executive Officer, President,
Chairman of the Board