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CAREDECISION CORP
Form 10QSB
August 15, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

(Mark One)

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

For the quarterly period ended: June 30, 2003

Or

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

For the transition period from _____ to _____

Commission File Number: 000-33187

CareDecision Corporation
(Exact name of registrant as specified in its charter)

Nevada 91-2105842
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

2660 Townsgate Road, Westlake Village, Suite 300, CA 91361 91361
(Address of principal executive offices) (Zip Code)

(805) 446-1973
(Registrant's telephone number, including area code)

2 Penn Plaza, 15th Floor, Suite 1500-53, New York, NY, 10121
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all
documents and reports required to be filed by Sections 12, 13 or
15(d) of the Securities Exchange Act of 1934 subsequent to the
distribution of securities under a plan confirmed by a court.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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The number of shares outstanding of each of the issuer's classes
of common stock as of the most recent practicable date:
86,606,012

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)

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Part I - Financial Information

Item 1. Financial Statements

CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)

Consolidated Balance Sheet
as of

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June 30, 2003 (unaudited)

and

Consolidated Statements of Operations
for the Three and Six Months Ended
June 30, 2003 and 2002 (unaudited),
and For the Period
July 6, 2000 (Inception) to June 30, 2003 (unaudited)

and

Consolidated Statements of Cash Flows
for the Six Months Ended
June 30, 2003 and 2002 (unaudited),
and For the Period
July 6, 2000 (Inception) to June 30, 2003 (unaudited)

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Beckstead and Watts, LLP
Certified Public Accountants

3340 Wynn Road, Suite B
Las Vegas, NV 89102
702.257.1984
702.362.0540 fax

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
CareDecision Corporation
(formerly ATR Search Corporation)
(a Development Stage Company)
New York, NY

We have reviewed the accompanying balance sheet of CareDecision Corporation (formerly ATR Search Corporation) (a Nevada corporation) (a development stage company) as of June 30, 2003 and the related statements of operations for the three and six months ended June 30, 2003 and 2002 and for the period July 6, 2000 (Inception) to June 30, 2003, and statements of cash flows for the six months ended June 30, 2003 and 2002 and for the period July 6, 2000 (Inception) to June 30, 2003. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material

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modifications that should be made to the accompanying financial statements referred to above for them to be in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has had limited operations and has not commenced planned principal operations. This raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We previously audited, in accordance with generally accepted auditing standards, the balance sheet of CareDecision Corporation (formerly ATR Search Corporation) (a development stage company) as of December 31, 2002, and the related statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein) and in our report dated April 4, 2003, we expressed an unqualified opinion on those financial statements.

/s/ Beckstead and Watts, LLP

August 12, 2003

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Consolidated Balance Sheet
(unaudited)

	June 30, 2003
Assets	-----
Current assets:	
Cash and equivalents	\$ 11,913
Total current assets	----- 11,913
Fixed assets, net	1,319,386
	----- \$ 1,331,299 =====
Liabilities and Stockholders' Equity	
Current liabilities:	
Note payable to shareholder	\$ 79,657
Notes payable	567,517
Total current liabilities	----- 647,174

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Convertible notes - related party	13,548

	660,722

Stockholders' equity:	
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding	-
Common stock, \$0.001 par value, 200,000,000 shares authorized, 86,606,012 shares issued and outstanding	86,606
Additional paid-in capital	3,608,941
Treasury stock	(96,750)
(Deficit) accumulated during development stage	(2,928,220)

	670,577

	\$ 1,331,299
	=====

The accompanying notes are an integral part of these financial statements.

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Consolidated Statements of Operations
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,		July 6, 2000 (Inception) to June 30,
	2003	2002	2003	2002	2003
	(Restated)		(Restated)		(Restated)
Revenue	\$ 1,350	\$ -	\$ 1,850	\$ 1,055	\$ 3,850
	-----	-----	-----	-----	-----
Expenses:					
General and administrative expenses	45,111	3,720	83,989	182,849	166,675
Payroll expense	63,913	-	122,794	-	309,613
Professional fees	12,658	-	43,228	-	215,080
Consulting expense	125,000	290,000	356,000	409,446	1,675,482
Software development	2,950	-	3,950	-	132,950
Depreciation	80,623	-	165,652	1,393	326,418
	-----	-----	-----	-----	-----
Total expenses	330,255	293,720	775,613	593,688	2,826,218
	-----	-----	-----	-----	-----

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Other income (expenses):

(Loss) on debt settlement	(37,094)	-	(37,094)	-	(63,019)
Interest income	1	-	561	967	2,791
Interest (expense)	(11,981)	-	(22,804)	(8,251)	(45,624)
	-----	-----	-----	-----	-----

Net (loss)	\$ (377,979)	\$ (293,720)	\$ (833,100)	\$ (599,917)	\$ (2,928,220)
	=====	=====	=====	=====	=====

Weighted average number of common shares outstanding - basic and fully diluted

84,432,887	21,891,703	83,473,288	10,822,178
=====	=====	=====	=====

Net (loss) per share - basic and fully diluted

\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.06)
=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Consolidated Statements of Cash Flows
(unaudited)

	For the six months ended June 30,		July 6, 2000 (inception) to June 30,
	2003	2002	2003
	-----	-----	-----
Cash flows from operating activities			
Net (loss)	\$ (833,100)	\$ (599,917)	\$ (2,928,220)
Shares issued for services	356,000	409,446	1,675,482
Loss on debt settlement	37,094	-	63,019
Depreciation	165,652	1,393	326,418
Adjustments to reconcile net (loss) to net cash (used) by operating activities:			
(Increase) decrease in notes receivable	5,376	(24,900)	-
Decrease in loan to officer	10,999	-	-
Net cash (used) by operating activities	----- (257,979)	----- (213,978)	----- (863,301)
	-----	-----	-----

Cash flows from financing

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activities			
Proceeds from convertible notes - related party	50,000	-	50,000
Proceeds from notes payable	-	537,573	536,722
Proceeds from note payable to shareholder	113,791	-	79,657
Payments on note payable to shareholder	(5,000)	(20,000)	(31,165)
Issuance of common stock	-	-	240,000
Net cash provided by financing activities	----- 158,791	----- 517,573	----- 875,214
Net increase in cash	(99,188)	303,595	11,913
Cash - beginning	111,101	4	-
Cash - ending	=====	=====	=====
	\$ 11,913	\$ 303,599	\$ 11,913
Supplemental disclosures:			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -
Non-cash transactions:			
Number of shares issued for services provided	8,000,000	12,440,000	27,617,737
Number of shares issued to acquire technology	2,500,000	-	2,500,000
Number of shares issued for debt settlement	741,875	-	741,875

The accompanying notes are an integral part of these financial statements.

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CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Notes

Note 1 - Basis of presentation

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

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These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2002 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

Note 2 - Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. As noted above, the Company is in the development stage and, accordingly, has not yet generated a proven history of operations. Since its inception, the Company has been engaged substantially in financing activities and developing its product line, incurring substantial costs and expenses. As a result, the Company incurred accumulated net losses from July 6, 2000 (inception) through the period ended June 30, 2003 of \$2,928,220. In addition, the Company's development activities since inception have been financially sustained by capital contributions.

The ability of the Company to continue as a going concern is dependent upon its ability to raise additional capital from the sale of common stock and, ultimately, the achievement of significant operating results. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to recover the value of its assets or satisfy its liabilities.

Note 3 - Change in accounting principle

The Company determined during the three months ending June 30, 2003 that it is appropriate to reclassify software acquired in 2002 from intellectual property to fixed assets. The effect of the change in accounting principle requires a restatement of the December 31, 2002 and March 31, 2003 financial statements in order to properly reflect the asset reclassification and the related adjustment to depreciation expense. The effect of this change was to decrease net income for the year ended December 31, 2002 and the three months ended March 31, 2003 by \$119,988 and \$63,409, respectively. Retained earnings as of January 1, 2002 has been adjusted for the retroactive application of the change in accounting principle.

Note 4 - Fixed assets

On February 5, 2003, the Company acquired fully-developed software valued at \$181,250 from CareDecision.net, Inc., the former parent corporation of Medicius, Inc. Medicius, Inc. was acquired by the Company in June 2002. Several of the control persons from CareDecision.net, Inc. are in similar positions of control at the Company.

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Depreciation expense totaled \$165,652 for the six-month period ended June 30, 2003.

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CareDecision Corporation
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Notes

Note 5 - Notes payable - related party

During the six months ended June 30, 2003, the Company received loans totaling \$113,791 from a Company shareholder and director. The notes bear interest at 9% per annum and are due 365 days from date of issuance.

During the six months ended June 30, 2003, the Company recorded interest expense of \$22,804.

Note 6 - Convertible notes

During the six months ended June 30, 2003, the Company received a loan totaling \$50,000 from a Company shareholder. The note is convertible into 1,538,500 shares of the Company's \$0.001 par value common stock at a strike price of \$0.0325 per share. The convertible note also carried with it 1,538,500 warrants exercisable on a one-for-one basis at a strike price of \$0.0325 per share. On April 22, 2003, the holder elected to convert the note into 1,538,500 shares of the Company's \$0.001 par value common stock.

Note 7 - Stockholder's equity

During the six months ended June 30, 2003, the Company issued 8,000,000 shares of \$0.001 par value common stock to various individuals for consulting services valued at \$356,000.

During the six months ended June 30, 2003, the Company issued 2,500,000 shares of \$0.001 par value common stock to acquire developed software valued at \$181,250 from CareDecision.net, Inc.

During the six months ended June 30, 2003, the Company issued 741,875 shares of its \$0.001 par value common stock to an individual as settlement for past debts valued at \$37,094.

There have been no other issuances of preferred or common stock.

Note 8 - Related party transactions

During the six months ended June 30, 2003, the Company acquired fully-developed software from CareDecision.net, Inc, a private corporation with several control persons serving in similar positions at the Company. Pursuant to the agreement, the Company paid CareDecision.net, Inc. the sum of \$181,250 with 2,500,000 shares of the Company's \$0.001 par value common stock.

During the six months ended June 30, 2003, the Company received \$100,150 from Robert Cox, a Company shareholder and Chairman of the Board. The notes are due on 365 days from issuance and

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accrued interest at 9% per annum.

During the six months ended June 30, 2003, the Company received \$50,000 from Dr. Thomas Chillemi, a Company shareholder, the note is convertible into 1,538,500 shares of the Company's \$0.001 par value common stock and carries with it 1,538,500 warrants exercisable on a one-for-one basis at a strike price at \$0.0325 per share. On April 22, 2003 Dr. Chillemi exercised the convertible portion of his note and converted the \$50,000 debt into 1,538,500 shares of the Company's \$.001 par value common stock.

Note 9 - Stock option plan

On January 1, 2003, the Company adopted its "2003 Stock Option Plan" (the "Plan") and granted incentive and nonqualified stock options with rights to purchase 25,000,000 shares of the Company's \$0.001 par value common stock. The Company issued 8,000,000 shares of stock pursuant to the plan during the six months ended June 30, 2003.

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CareDecision Corporation
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(a Development Stage Company)
Notes

Note 10 - Subsequent events

On July 21, 2003, the Company issued an 8% share dividend to its shareholders of record. The Company issued 6,469,132 shares of its \$0.001 par value common stock pursuant to the dividend issuance.

On July 1, 2003, the Company entered into a consulting agreement with Anthony Quintiliana to perform information technology services for the Company. As consideration, the Company will issue 1,500,000 shares of \$0.001 par value common stock and stock options to purchase 2,000,000 shares of \$0.001 par value common stock at a strike price of \$0.05 per share pursuant to the Company's 2003 Stock Option Plan. The shares will be registered and free-trading via Form S-8.

On July 1, 2003, the Company entered into a consulting agreement with Barbara Asbell to perform medical information technology services for the Company. As consideration, the Company will issue 4,000,000 shares of \$0.001 par value common stock. The shares will be registered and free-trading via Form S-8. Based upon the terms of her consulting agreements, Ms. Asbell has agreed to rescind an equal number of her existing legended, restricted shares.

On July 10, 2003, the Company entered into a consulting agreement with Thomas Chillemi to perform corporate development services for the Company. As consideration, the Company will issue stock options to purchase 3,000,000 shares of \$0.001 par value common stock at a strike price of \$0.05 per share pursuant to the Company's 2003 Stock Option Plan. The shares will be registered and free-trading via

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Form S-8.

On July 15, 2003, the Company entered into a consulting agreement with Dr. Joseph A. Wolf to perform medical information technology services for the Company. As consideration, the Company will issue stock options to purchase 950,000 shares of \$0.001 par value common stock at a strike price of \$0.05 per share pursuant to the Company's 2003 Stock Option Plan. The shares will be registered and free-trading via Form S-8.

On July 15, 2003, the Company entered into a consulting agreement with Leslie-Michelle Abraham to perform corporate administrative services for the Company. As consideration, the Company will issue stock options to purchase 850,000 shares of \$0.001 par value common stock at a strike price of \$0.05 per share pursuant to the Company's 2003 Stock Option Plan. The shares will be registered and free-trading via Form S-8.

On August 5, 2003, the Company entered into a consulting agreement with Ely Mandell to perform corporate strategic and developmental services for the Company. As consideration, the Company will issue stock options to purchase 150,000 shares of \$0.001 par value common stock at a strike price of \$0.05 per share pursuant to the Company's 2003 Stock Option Plan. The shares will be registered and free-trading via Form S-8.

Note 11 - Reverse acquisitions agreement with Medicius, Inc. (MED)

On June 21, 2002, the Company entered into an agreement with MED whereby the Company acquired all of the issued and outstanding common stock of NDI in exchange for 38,043,863 voting shares of the Company's \$0.001 par value common stock. The acquisition was accounted for using the purchase method of accounting as applicable to reverse acquisitions because the former stockholders of the MED controlled the Company's common stock immediately upon conclusion of the transaction. Under reverse acquisition accounting, the post-acquisition entity was accounted for as a recapitalization of MED. The common stock issued was recorded at \$0, being the fair value of the Company's assets on the acquisition date.

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Item 2. Management's Discussion and Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about our business, financial condition and prospects that reflect our assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ

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materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, our ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry. There may be other risks and circumstances that we are unable to predict. When used in this Quarterly Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions. All forward-looking statements are intended to be covered by the safe harbor created by Section 21E of the Securities Exchange Act of 1934.

General

Our principal products are: an E-Health handheld information appliance (PDA) software application package, and an E-commerce handheld information appliance and network designed for the hotel, motel and apartment marketplace. We presently have a comprehensive suite of medical information technology, cooperative advertising, instant messaging and fulfillment, and electronic commerce applications that are Internet enhanced, integrated for medical professional use, and hotel management/guest use, both software suites on a wireless PDA Internet appliance. These applications have been designed to meet the needs of the inpatient and outpatient medical environments, and the hotel management and guest (consumer), and are not just commercially viable but also regulatory standard compliant. Additionally, our software applications were conceived and implemented to offer the management level user, either the medical professional or hotel manager, the ability to prospective and retrospective commerce.

Our software is designed to integrate point of service applications. The medical appliance, the longest available product, monitors treatment protocols and up to the moment patient histories coupled with real-time on-line medical insurance claims submission. Our ultimate key to success resides in providing the private practice physician with the capability to, sequentially, learn about the history of his or her patient during, or prior to, entering the examining room, treat the patient and update the insurer of the episode of care. Accomplishing these objectives resolves a major dilemma for the health care provider; instantaneous communication of vital patient related information at or before the patient encounter.

The hotel/motel and apartment software makes use of much of the foundation technologies resident in the medical product, however, given the differences in the two markets that the products service, the hotel/motel product is much more cooperative oriented, offering more consumer transactional services with the compliment of advertising.

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Our technologies are grounded in the central need to furnish the doctor with crucial point-of-care patient information rapidly and reliably via a PDA. It utilizes the power of the Internet to move large amounts of data to and from a variety of platforms securely via a powerful Windows CE based PDA designed for portability and upgradability. Totally compliant with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), this PDA technology is among the first to offer complicated and real-time point of care applications, previously legacy (mainframe or PC network) system applications, on a totally portable (PDA) appliance.

Our PDA software operates on any Microsoft Windows CE "Pocket PC" based handheld device, either in a wireless or "wired" mode. The local host for our PDA devices is a Windows (9X, NT or later) based PC in the physician's office, which, in turn, permits one to eight of the aforementioned PDAs to be linked to either a medical network or hotel/motel wide area network, and allows each PDA to become a uniquely identified mobile node on that network, independent of PC linkage, thereby, assisting the professional in the review of relevant histories, transactions, and for the medical related product --medications and prescriptions, lab test ordering, medical step processes and protocols and specialist referral processes.

The PDA software provides rules based software capabilities and the ability to receive order fulfillment information for over 5,000 users simultaneously, which represents approximately 3 years of user encounters in a typical network setting, and allows medical professionals to access payor and health plan business rules, and policy/plan coverage's directly from the plan(s).

Results of Operations

The following is an itemization of our results of operations for the six-month period ended June 30, 2003. In the comparable period ended June 30, 2002, the Company had yet to begin significant operations and therefore there were no expenses associated with these items.

REVENUES. Total revenues for the six-month period ended June 30, 2003 were \$1,850. As a development stage company we have yet to generate significant revenues and we cannot guarantee with certainty when we will begin to generate significant revenues. Our future revenues will be reliant on the acceptance of our software systems, communication tools and suite of software applications.

GENERAL AND ADMINISTRATIVE. General and Administrative expenses relate to the operation and leasing costs of our corporate office. General and administrative expenses for the six-month period ended June 30, 2003 were \$83,989 compared to \$182,849 for the six-month period ended June 30, 2002. General and Administrative expenses decreased by approximately 54% from the comparable period as the Company consolidated operations after its merger in 2002. The company, in anticipation of its merger made purchases of equipment and other office related supplies in conjunction with the start of initial business operations in the six-month period ended June 30, 2002.

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PAYROLL. Payroll expense consists primarily of management and employee salaries. Total payroll expense for the six-month period ended June 30, 2003 was \$122,794. The Company incurred no payroll expense for the six-month period ended June 30, 2002.

PROFESSIONAL FEES. Professional fees include fees paid to our accountants and attorneys. Our professional fees were \$43,228 for the six-month period ended June 30, 2003. The Company incurred no professional fees for the six-month period ended June 30, 2002.

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CONSULTING. Consulting expense includes fees paid to consultants in relation to the preparation of required SEC filings, and to individuals engaged to assist management in the furtherance of our business plan. Consulting expenses for the six-month period ended June 30, 2003 were \$356,000 compared to \$409,446 for the six-month period ended June 30, 2002. Consulting expense decreased by approximately 13% from the comparable period as the Company has consolidated the use of consultants after its merger to assist in the furtherance of our business model.

SOFTWARE DEVELOPMENT. Software Development expense was minimal as our software systems; communication tools and suite of software applications are complete. Software Development expense for the six-month period ended June 30, 2003 was \$3,950. The Company incurred no software development expense for the six-month period ended June 30, 2002.

DEPRECIATION. Depreciation was \$165,652 for the six-month period ended June 30, 2003 compared to \$1,393 for the six-month period ended June 30, 2002. This represents depreciation on the assets of the Company. Depreciation expense has increased significantly from the comparable period due to the assets purchased in the six-month period ended June 30, 2002, which are now on depreciation schedules.

TOTAL OPERATING EXPENSES. Total operating expenses for the six-month period ended June 30, 2003 were \$775,613 compared to \$593,688 for the six-month period ended June 30, 2002. Total operating expenses increased by approximately 31% due mainly to our addition of staff and subsequent incurrence of payroll expense and the increase in depreciation expense on the assets of the Company. Our most significant operating expenses are consulting, payroll and depreciation expenses.

LOSS ON DEBT SETTLEMENT. In the six-month period ended June 30, 2003 the Company retired past debts valued at \$37,094. There was no debt retired in the comparable six-month period ended June 30, 2002.

INTEREST INCOME. Interest income was \$561 for the six-month period ended June 30, 2003 compared to \$967 for the six-month period ended June 30, 2002.

INTEREST EXPENSE. Interest expense was \$22,804 for the six-month period ended June 30, 2003 compared to \$8,251 for the six-month period ended June 30, 2002. Interest expense increased significantly as a result of the receipt of loans totaling

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\$113,791 in the six-month period ended June 30, 2003 that bear an interest rate of 9%.

LOSS FROM OPERATIONS/NET LOSS. Our loss from operations was \$833,100 for the six-month period ended March 31, 2003 compared to \$599,917 for the six-month period ended June 30, 2002. It should be expected that we will continue to incur losses from operations until such time as revenues can be generated to cover such costs.

Future Business

The elements of our future business strategy include: expanding geographically into key markets through a combination of opening new offices and developing relationships with clients to generate demand for our services, particularly for the company's hotel/motel and apartment products; recruiting qualified, medical software and other technical personnel to perform technical, implementation and support duties as contracts are entered into, although there can be no assurance that any such contracts will be secured; and pursuing entry into new markets complementary to our proposed operations. Future operations are dependent upon our ability to implement our business and marketing strategies and to establish relationships and contracts with health insurers and HMOs to provide our e-healthcare products and services, and to establish relationships with large hotel and/or motel chains for our hotel/motel products.

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Liquidity and Capital Resources

Management believes our cash on hand of \$11,913 will not be sufficient to fund ongoing fiscal 2003 and 2004 operations and provide for our working capital needs given we have negative working capital of \$635,261. Thus we will from time to time need to raise additional funds through capital markets. Our accountant has issued a note concerning our ability to continue as a going concern. As we are still considered to be in the development stage, our prospects of continuing as a going concern are contingent upon our ability to raise additional capital and to achieve and maintain profitable operations. Revenues generated over and above expenses will be used for further development of our services, to provide financing for marketing and promotion, to secure additional customers, equipment and personnel, and for other working capital purposes.

To date, we have financed our cash flow requirements through an issuance of common stock and through the issuance of notes. During the six months ended June 30, 2003, we received loans totaling \$113,791 from a Company shareholder and director. The notes bear interest at 9% per annum and are due 365 days from date of issuance. In addition, during the six months ended June 30, 2003, we received \$100,150 from Robert Cox, President of CareDecision Corporation. This note bears an interest rate of 9% per annum and is due 365 days from date of issuance.

During our normal course of business, we will experience net negative cash flows from operations, pending receipt of revenues.

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Further, we will be obtaining financing to fund operations through additional common stock offerings, note issuances and bank borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available cash on hand.

All investor inquiries should be directed via mail to Mr. Robert Cox, President, CareDecision Corporation, 2660 Townsgate Road, Suite 300, Westlake Village, California 91361.

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PART II - OTHER INFORMATION

Item 6(a) - Exhibits

Exhibit Number	Name and/or Identification of Exhibit
3.1	Articles of Incorporation & By-Laws (a) Articles of Incorporation of the Company filed March 2, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission. (b) Certificate of Amendment to the Articles of Incorporation of the Company filed May 9, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission. (c) Certificate of Amendment to the Articles of Incorporation of the Company filed August 2, 2002. Incorporated by reference to the exhibits to the Company's June 30, 2002 Quarterly Report on Form 10-QSB, previously filed with the Commission.
3.2	By-Laws of the Company adopted March 16, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission.
31	Rule 13a-14(a)/15d-14(a) Certification
32	Certification under Section 906 of the Sarbanes-Oxley Act (SECTION 1350)

Item 6(b) - Reports Filed on Form 8-K

For the quarter ended June 30, 2003 the Company filed a report on Form 8-K with the Securities and Exchange Commission on May 20, 2003. The Company reported under Item 9. Regulation FD Disclosures that they had signed an agreement with associated

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hotel owners throughout Minnesota and North Dakota. Further, under Item 7. Financial Statements and Exhibits the Company filed the Agreement dated April 20, 2003 by and between CareDecision Corporation and the corresponding hotel/motel owners and residence centers. No financial statements were included in this report.

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SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CareDecision Corporation

(Registrant)

Date: August 13, 2003

By: /s/ Robert Cox

Robert Cox
President and CEO

Date: August 13, 2003

By: /s/ Keith Berman

Keith Berman
Secretary and Treasurer/CFO

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