CAREDECISION CORP
Form 10QSB/A
February 09, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/A

Amendment 1

(Mark One)

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

For the quarterly period ended: September 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 incorporation or organization)	(I.R.S. Employer 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 [X] 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:

The number of shares outstanding of each of the issuer's classes of common stock as of the most recent practicable date: 114,784,921

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CareDecision Corporation

[formerly ATR Search Corporation]

(a Development Stage Company)

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CareDecision Corporation

[formerly ATR Search Corporation]

(a Development Stage Company)

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as of

September 30, 2003 (unaudited)

and

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for the Three and Nine Months Ended

September 30, 2003 and 2002 (unaudited),

and For the Period

June 21, 2001 (Inception) to September 30, 2003 (unaudited)

and

Consolidated Statements of Cash Flows

for the Nine Months Ended

September 30, 2003 and 2002 (unaudited),

and For the Period

June 21, 2001 (Inception) to September 30, 2003 (unaudited)

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CareDecision Corporation

[formerly ATR Search Corporation]

(a Development Stage Company)

Consolidated Balance Sheet

(unaudited)

Assets		September 30, 2003 (Restated)
Current assets:		
Cash and equivalents	$	44,347
Notes receivable		-
Accounts receivable, net of allowance for doubtful accounts of $12,500		21,748
Total current assets		66,095
Fixed assets, net		802,875
	$	868,970
Liabilities and Stockholders Equity		
Current liabilities:		
Note payable to shareholder	$	91,078
Stock subscription payable		13,750
Notes payable		513,527
Total current liabilities		618,355
		618,355

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, 114,784,921 shares issued and outstanding		114,785
Additional paid-in capital		4,778,293
(Deficit) accumulated during development stage		(4,642,463)
		250,615
	$	868,970

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 September 30, 2003 (Restated)	For the three months ended September 30, 2002 (Restated)	For the nine months ended September 30, 2003 (Restated)	For the nine months ended September 30, 2002 (Restated)	June 21, 2001 (Inception) to September 30, 2003 (Restated)
Revenue	$ 22,848	$ 500	$ 24,698	$ 1,555	$ 26,698
Expenses:					
General and administrative expenses	29,668	159,028	113,657	751,323	211,534
Payroll expense	48,415	-	171,209	-	358,028
Professional fees	11,465	-	54,693	-	226,545
Stock-based compensation	504,125	276,056	797,275	606,250	2,441,757
Software development	-	-	3,950	-	132,950
Impairment loss on operating assets	-	-	-	-	1,000,770
Depreciation	-	10,328	-	20,655	45,310
Total expenses	593,673	445,412	1,140,784	1,378,228	4,416,894
Other income (expense):					

(Loss) on debt settlement	(37,094)	-	(37,094)	-	(63,019)
Interest income	-	1,885	561	2,852	2,791
Interest (expenses)	(12,754)	(14,399)	(103,238)	(22,650)	(192,039)
Net (loss)	$ (620,673)	$ (457,426)	$(1,255,857)	$ (1,396,471)	$ (4,642,463)
Weighted average number of common shares outstanding basic and fully diluted	100,990,475	21,027,802	92,711,681	33,279,930	
Net (loss) per share basic and fully diluted	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.04)	

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

CareDecision Corporation

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(a Development Stage Company)

Consolidated Statements of Cash Flows

(unaudited)

	For the nine months ended September 30,		June 21, 2001 (inception) to September 30,
	2003 (Restated)	2002 (Restated)	2003 (Restated)
Cash flows from operating activities			
Net (loss)	$ (1,255,857)	$ (1,396,471)	$ (4,642,463)
Shares issued for services	797,275	606,250	2,441,757
Loss on debt settlement	37,094	-	63,019
Impairment loss on operating assets	-	-	1,000,770
Depreciation	-	20,655	45,310
Adjustments to reconcile net (loss) to			
net cash (used) by operating activities:			
Decrease in accounts receivable	5,376	-	-
Decrease in prepaid interest	67,680	-	-
(Increase) in notes receivable	(21,748)	(15,850)	(21,748)
Net cash (used) by operating activities	(370,180)	(785,416)	(1,113,355)

Cash flows from investing activities			
Investment in subsidiary	-	388,939	-
	-	388,939	-
Cash flows from financing activities			
Proceeds from notes payable	25,000	485,418	562,456
Payments on notes payable	(1,890)	-	(1,890)
Accrued interest	1,596	-	1,596
Proceeds from note payable to shareholder	108,415	-	164,373
Payments on note payable to shareholder	(15,045)	-	(15,045)
Stock subscription payable	13,750	-	13,750
Issuance of common stock	171,600	260,862	432,462
Net cash provided by financing activities	303,426	746,280	1,157,702
Net increase in cash	(66,754)	349,803	44,347
Cash beginning	111,101	4	-
Cash ending	$ 44,347	$ 349,807	$ 44,347
Supplemental disclosures:			
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash transactions:			
Number of shares issued for services provided	26,284,748	17,292,737	43,577,485
Number of shares issued for debt settlement	741,875	-	741,875

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

CareDecision Corporation

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Notes to Restated Financial Statements

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.

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 June 21, 2001 (inception) through the period ended September 30, 2003 of $4,642,463. 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 Restatement of financial statements due to change in accounting principle

The Company determined during the year ending December 31, 2003 that it is appropriate to reclassify software acquired in 2001 and 2002 from intellectual property to fixed assets. The Company also determined that it should write down certain assets as an impairment loss given its current business focus and its decision to sell or hypothicate these assets. The effect of the change required a restatement of the December 31, 2002 financial statements in order to properly reflect the asset reclassification and the related adjustment to depreciation expense and impairment loss on operating assets. The effect of this change was to increase net loss for the year ended December 31, 2002 by $1,000,770. 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 September 12, 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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Notes to Restated Financial Statements

Note 5 Notes payable related party

During the nine months ended September 30, 2003, the Company received loans totaling $108,415 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 nine months ended September 30, 2003, the Company recorded interest expense of $103,238.

Note 6 Convertible notes

During the nine months ended September 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

The Company is authorized to issue 5,000,000 shares of $0.001 par value preferred stock and 200,000,000 shares of $0.001 par value common stock.

On January 24, 2003, the Company issued 5,500,000 shares of $0.001 par value common stock to two individuals for consulting services valued at $231,000.

On April 22, 2003, the Company issued 1,000,000 shares of $0.001 par value common stock for cash totaling $50,000.

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 issued 1,500,000 shares of $0.001 par value common stock on August 18, 2003, and stock options to purchase an additional 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 September 18, 2003, Mr. Quintiliana exercised his options and purchased 2,000,000 shares of stock for cash totaling $101,600.

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 issued 2,500,000 shares of $0.001 par value common stock valued at $125,000 on August 18, 2003. 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 shares bearing a restricted legend.

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 issued 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 September 30, 2003, Ms. Abraham exercised her options and acquired 850,000 shares of the Company s $0.001 par value common stock for cash and services totaling $42,500.

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.

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Notes to Restated Financial Statements

On August 18, 2003, the Company issued 1,800,000 shares of its $0.001 par value common stock to its employees for services valued at $125,000.

On September 12, 2003, the Company issued 15,059,748 shares of its $0.001 par value common stock to various individuals and entities for past services valued at $644,001. The services have been previously expensed and accrued for by the Company throughout the year ended December 31, 2002, and during the nine months ended September 30, 2003.

On September 12, 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.

On September 12, 2003, the Company issued 741,875 shares of its $0.001 par value common stock to settle outstanding debt totaling $37,094.

On September 30, 2003, the Company issued 1,000,000 shares of its $0.001 par value common stock to an individual for consulting services valued at $50,000.

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

Note 8 Related party transactions

During the nine months ended September 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 nine months ended September 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.

On July 10, 2003, the Company entered into a consulting agreement with Dr. Thomas Chillemi, a Company shareholder, to perform corporate development services for the Company. As consideration, the Company issued 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 Form S-8.

On July 15, 2003, the Company entered into a consulting agreement with Dr. Joseph A. Wolf, a Company shareholder to perform medical information technology services for the Company. As consideration, the Company issued 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.

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Notes to Restated Financial Statements

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 options valued at $203,235 to purchase 12,450,000 shares of its $0.001 par value common stock pursuant to the Plan during the nine months ended September 30, 2003.

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 issued 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 10 Subsequent events

On October 31, 2003 Dr. Wolf exercised all 950,000 of his stock options by rendering $47,500 in cash.

On October 1, 2003 Dr. Chillemi exercised 1,000,000 of his stock options as consideration for services performed valued at $50,000. On November 1, 2003, Dr. Chillemi exercised an additional 1,000,000 of his stock options as consideration for services performed valued at $50,000.

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 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.

General

The company is still in the development stage and is only now beginning commercial delivery of its products and services. In the quarter ended September 30, 2003 the company booked its first revenues as a direct result of the implementation of its proprietary technologies and products.

Our principal products are: an E-Health handheld information appliance (PDA) software application package, and a permanently affixed handheld information appliance and Wi-Fi (wireless) network designed for the hotel, motel and apartment marketplace. The company has applied for and received provisional approval for a family of trademarks making use of the mark MD@. The provisional approval applies to the first six individual marks applied for by the company. In addition, the company is in the process of applying for marks associated with its ResidenceWare hotel/motel products and technologies.

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 functioning through networks of wireless PDA Internet appliances. The company s 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 manage prospective and retrospective commerce. The company has filed two broad based patent applications and intends to file derivative patent applications covering the processes, use and functionality of its technologies and products.

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 Wi-Fi 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.

Our medical technologies, the focus of one of the broad based patent applications now in the patent prosecution stage, are grounded in the central need to furnish the doctor with crucial point-of-care patient information rapidly and reliably via a PDA. The technologies utilize 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 technologies and products for the hotel/motel marketplace are designed to furnish hotel and motel guests with a menu of food service, office services and other remote service (dry cleaning for instance) choices that can be electronically ordered through the company s PDA-based information appliance for delivery directly to the hotel/motel guest. Employing the latest in commercial Wi-Fi technology, the company wraps the time and volume tested commercial technologies into the company s patent pending PDA communication networking technologies, allowing the company to be the first to offer complex and real-time point of sale applications through a totally wireless (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).

In May 2003 the company entered into an agreement with PCHertz.com, Inc. of Fargo, ND for the distribution of and servicing of their products and services for the hotel/motel industry. The agreement with PCHertz.com, Inc. has resulted in a series of orders for the company s hotel/motel products and services from five hotel groups, owners of hotels and motels in the states of California, Arizona, Illinois, Iowa, South Dakota, North Dakota, Minnesota, Virginia, and Georgia. Initial placement of product, now in the process of early implementation under these agreements, will total at least 1450 of the company s ResidenceWare units.

On September 23, 2003 we signed a Preliminary Agreement to Merge with MDU Services Inc. (MDUS), a Texas-based provider of private digital utility services to multiple tenant residential and business building sites, hotels/motels and universities. The Preliminary Agreement to merge specifies how CareDecision and MDUS desire to execute a "triangle" merger agreement whereby CareDecision shall acquire MDUS and then merge MDUS into a subsidiary corporation, MDU Media Corporation (the "Merger Sub"). As of the date of this filing we are working on a definitive agreement.

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Results of Operations

The following is an itemization of our results of operations for the nine-month period ended September 30, 2003 in comparison to our results of operations for the period ended September 30, 2002.

REVENUES. Total revenues for the nine-month period ended September 30, 2003 were $24,698 as compared to total revenues of $1,555 for the nine-month period ended September 30, 2002. 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 nine-month period ended September 30, 2003 were $113,657 compared to $751,323 for the nine-month period ended September 30, 2002. General and Administrative expenses decreased by approximately 85% 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 nine-month period ended September 30, 2002.

PAYROLL. Payroll expense consists primarily of management and employee salaries. Total payroll expense for the nine-month period ended September 30, 2003 was $171,209. The Company incurred no payroll expense for the nine-month period ended September 30, 2002.

PROFESSIONAL FEES. Professional fees include fees paid to our accountants and attorneys. Our professional fees were $54,693 for the nine-month period ended September 30, 2003. The Company incurred no professional fees for the nine-month period ended September 30, 2002.

STOCK-BASED COMPENSATION. Stock-based compensation expense includes fees paid individuals engaged to assist management in the furtherance of our business plan. Consulting expenses for the nine-month period ended September 30, 2003 were $797,275 compared to $606,250 for the nine-month period ended September 30, 2002. Stock-based compensation expense increased by approximately 31% from the comparable period as the Company has engaged the services of additional individuals 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 nine-month period ended September 30, 2003 was $3,950. The Company incurred no software development expense for the nine-month period ended September 30, 2002.

DEPRECIATION. Depreciation was $0 for the nine-month period ended September 30, 2003 compared to $20,655 for the nine-month period ended September 30, 2002. This represents depreciation on the assets of the Company.

TOTAL OPERATING EXPENSES. Total operating expenses for the nine-month period ended September 30, 2003 were $1,140,784 compared to $1,378,228 for the nine-month period ended September 30, 2002. Total operating expenses were almost unchanged from the previous period due mainly to an increase in consulting expense and depreciation offset by a decrease in general and administrative expenses. Our most significant operating expenses are payroll expense and stock-based compensation.

LOSS ON DEBT SETTLEMENT. In the nine-month period ended September 30, 2003 the Company retired past debts valued at $37,094 as compared to retired past debts of $0 for the nine-month period ended September 30, 2002. We will continue to retire our outstanding debt as revenue allows.

INTEREST INCOME. Interest income was $561 for the nine-month period ended September 30, 2003 compared to $2,852 for the nine-month period ended September 30, 2002.

INTEREST EXPENSE. Interest expense was $103,238 for the nine-month period ended September 30, 2003 compared to $22,650 for the nine-month period ended September 30, 2002.

LOSS FROM OPERATIONS/NET LOSS. Our loss from operations was $1,255,857 for the nine-month period ended September 30, 2003 compared to $1,396,471 for the nine-month period ended September 30, 2002. It should be expected that we would 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.

Liquidity and Capital Resources

Management believes our cash on hand of $44,347 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 $552,260. 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 nine months ended September 30, 2003, we received loans totaling $108,415 from a Company shareholder and director.

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

PART II OTHER INFORMATION

Item 1 Legal Proceedings

In January 2003 M&E Equities, LLC (M&E) and Blimie Mendlowitz (the plaintiffs) filed a complaint against CareDecision Corporation, Medicius, Inc., Keith Berman, and William Lyons (the defendants) for failure to repay note principal and interest and failure to deliver common stock warrants pursuant to the terms of a Senior Convertible Note Subscription Agreement and a Senior Convertible Promissory Note Agreement issued to the plaintiffs.

Specifics regarding the case are as follows:

Case Name: M&E Equities, LLC, and Blimie Mendlowitz, against CareDecision Corporation, Medicius, Inc., Keith Berman, and William Lyons.

Court: Supreme Court of The State of New York County of New York.

Case Number: 600092-03

In June 2003 all parties executed a Settlement Agreement. The Company believes that the terms of the settlement have been fully satisfied, and has been notified by Plaintiffs that the litigation has ended, but as of November 10, 2003 had not received a court executed dismissal.

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 September 30, 2003 the Company filed a report on Form 8-K with the Securities and Exchange Commission on July 11, 2003. The Company announced, under Item 5. Other Events, an eight percent (8%) dividend payable in common stock. The shares, which are restricted securities, were distributed on or before October 15, 2003, to shareholders of record as of July 21, 2003. In the computation of the eight percent (8%) restricted common stock dividend, any fractional remainder was rounded up to the nearest whole share. The Company requested that each shareholder turn in their certificate(s) in exchange for a new certificate(s) on or prior to September 30, 2003 to receive the dividend, although this was not mandatory to receive the dividend. Further, on July 1, 2003, the Company changed its address. The Company's new address is 2660 Townsgate Road, Suite 300, Westlake Village, CA 91361. The Company's new phone number is (805) 446-1973 and new fax number is (805) 446-1983. 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: February 8, 2005

By: /s/ Robert Cox

Robert Cox

President and CEO

Date: February 8, 2005

By: /s/ Keith Berman

Keith Berman

Secretary and Treasurer/CFO

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