

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

ALTRIMEGA HEALTH CORP
Form 10QSB/A
August 06, 2004

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

AMENDMENT NO. 1 TO

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003 Commission File Number 0-29057

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

For the transition period from _____ TO _____

ALTRIMEGA HEALTH CORPORATION
(Exact name of registrant as specified in charter)

NEVADA

87-0631750

(State or other jurisdiction of
incorporation or organization)

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

4702 OLEANDER DRIVE, SUITE 200,
MYRTLE BEACH, SC

29577

(Address of principal executive offices)

(Zip)

Issuer's telephone number, including area code

(843) 497-7028

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

Title of each class
NONE

Name of each exchange on which registered
NONE

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

COMMON STOCK, PAR VALUE \$0.001 PER SHARE

(Title of Class)

As of June 2, 2003, the Company had 49,139,950 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format (check one).

Yes

No

PART I

FINANCIAL INFORMATION

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

INTRODUCTORY NOTE

FORWARD-LOOKING STATEMENTS

This Form 10-QSB contains "forward-looking statements" relating to Altrimega Health Corporation ("Altrimega") which represent Altrimega's current expectations or beliefs including, but not limited to, statements concerning Altrimega's operations, performance, financial condition and growth. For this purpose, any statements contained in this Form 10-QSB that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "anticipation", "intend", "could", "estimate", or "continue" or the negative or other comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, such as losses, dependence on management, variability of quarterly results, and the ability of Altrimega to continue its growth strategy and competition, certain of which are beyond Altrimega's control. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

2

ITEM 1. FINANCIAL STATEMENTS

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
MARCH 31, 2003
(UNAUDITED)

ASSETS		(RESTATED)

CURRENT ASSETS		
Cash		\$ 134,845
Properties held for development or sale		1,248,961
Prepaid expenses		10,841

Total Current Assets		1,394,647

OTHER ASSETS		
Deposits		35,000

TOTAL ASSETS		\$ 1,429,647
		=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

Notes payable	\$ 1,361,386
Accounts payable - related parties	255,000
Accounts payable	52,219

Total Current Liabilities	1,668,605

MINORITY INTEREST DEFICIENCY	2,794
STOCKHOLDERS' DEFICIENCY	
Preferred stock	
10,000,000 shares authorized at \$0.001 par value;	
1,000,000 shares issued and outstanding	1,000
Common stock	
50,000,000 shares authorized at \$0.001 par value;	
49,139,950 shares issued and outstanding	49,140
Additional paid in capital	381,560
Accumulated deficit	(673,452)

Total Stockholders' Deficit	(241,752)

TOTAL LIABILITIES & STOCKHOLDERS DEFICIT	\$ 1,429,647
	=====

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

3

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2003
(UNAUDITED)

	(RESTATED March 31, 2003 -----)
SALES	\$ 181,979
COST OF SALES	154,609

Gross Profit	27,370

EXPENSES	
Consultants	24,500
Administrative	4,124

TOTAL EXPENSES	28,624

NET LOSS - before minority interest	(1,254)
LESS MINORITY INTEREST	(5,935)

NET LOSS	\$ (7,189)
	=====
NET LOSS PER COMMON SHARE	
Basic and diluted	\$ --

WEIGHTED AVERAGE OUTSTANDING SHARES - (stated in 1,000's)	
Basic and Diluted	48,873

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

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

4

ALTRIMEGA HEALTH CORPORATION AND
SUBSIDIARY CONDENSED CONSOLIDATED STATEMENT
OF STOCKHOLDERS' DEFICIT

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accu De
	Shares	Amount	Shares	Amount		
Balance at July 3, 2002 (Inception)	--	\$ --	--	\$ --	\$ --	\$ --
Issuance of common stock to founders for cash and founder services, \$0.001	--	--	18,499,700	18,500	(15,300)	
Issuance of common stock for acquisition of Altrimega Health Corporation, \$0.001	1,000,000	1,000	22,020,000	22,020	(23,020)	
Cancellation of shares	--	--	(4,879,750)	(4,880)	4,880	
Issuance of common stock for services, weighted average price of \$0.03	--	--	10,500,000	10,500	338,500	
Net loss	--	--	--	--	--	--
Balance at December 31, 2002 (RESTATEd)	1,000,000	1,000	46,139,950	46,140	305,060	
Issuance of common stock in satisfaction of accounts payable (and accrued interest), \$0.03	--	--	3,000,000	3,000	76,500	
Net loss	--	--	--	--	--	--
Balance at March 31, 2003 (RESTATEd) (UNAUDITED)	1,000,000	\$ 1,000	49,139,950	\$ 49,140	\$ 381,560	\$

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

5

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2002
 (UNAUDITED)

	(RESTATED) March 31, 2003 -----
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (7,189)
Adjustments to reconcile net loss to net cash provided by operating activities	
Changes in	
Properties held for development or sale	107,257
Accts receivable-related party	4,000
Prepaid commission	(4,441)
Accts payable-related	5,000
Accts payable	59,500
Minority interest	5,935
Net Cash from Operations	----- 166,062
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on notes payable	(78,270)
Net Increase in Cash	----- 87,792
Cash at Beginning of Period	47,053
Cash at End of Period	----- \$ 134,845 =====

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

6

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 MARCH 31, 2003
 (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with Securities and Exchange Commission requirements for interim financial statements. Therefore, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The financial statements should be read in conjunction with the Form 10-KSB for the year ended December 31, 2002 of Altrimega Health Corporation and Subsidiary (the "Company").

The interim financial statements present the condensed balance sheet, statements of operations, stockholders' deficit and cash flows of Altrimega Health Corporation and Subsidiary. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

The interim financial information is unaudited. In the opinion of management, all adjustments necessary to present fairly the financial position of the Company as of March 31, 2003 and the results of operations and cash flows presented herein have been included in the financial statements. Interim results are not necessarily indicative of results of operations for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Going concern - The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company incurred a net loss of approximately \$666,000 for the year ended December 31, 2002, with an accumulated loss from inception of approximately \$666,000. The Company's current liabilities exceed its current assets by approximately \$352,000 as of December 31, 2002. The Company had a net loss of \$7,189 for the three months ended March 31, 2003 and an accumulated deficit of \$673,452 at March 31, 2003. The Company's current liabilities exceeded its current assets by \$273,958 at March 31, 2003.

These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional financing or sale of its common stock as may be required and ultimately to attain profitability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employee stock based compensation - The Company applies Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and Related Interpretations, in accounting for stock options issued to employees. Under APB No. 25, employee compensation cost is recognized when estimated fair value of the underlying stock on date of the grant exceeds exercise price of the stock option. For stock options and warrants issued to non-employees, the Company applies Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation, which requires the recognition of compensation cost based upon the fair value of stock options at the grant date using the Black-Scholes option pricing model.

7

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2003
(UNAUDITED)

The Company issued no stock and granted no warrants or options to employees for compensation for the three months ended March 31, 2003.

In December 2002, the Financial Accounting Standards Board issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure". SFAS No. 148 amends the transition and disclosure provisions of SFAS No. 123. The Company

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

is currently evaluating SFAS No. 148 to determine if it will adopt SFAS No. 123 to account for employee stock options using the fair value method and, if so, when to begin transition to that method.

3. NOTES PAYABLE

As of March 31, 2003, the Company has four notes payable totaling \$322,152, \$199,184, \$445,000 and \$395,050. The outstanding balances are secured by real estate, payable in quarterly installments of interest only at the prime lending rate plus 0.5% (4.5% as of December 31, 2002), which mature at various dates between November 2003 and February 2004.

4. RELATED PARTY TRANSACTIONS

Accounts payable - related parties - As of December 31, 2003, officers-directors, and their controlled entities, after the conversion of the preferred shares to common shares, have acquired 36% of the outstanding stock of the Company, and have made non-interest bearing, due on demand loans to the Company totaling \$255,000.

Executive employment agreement - During 2003 the Company entered into an employment agreement with an officer, which provides for an annual salary of \$100,000 with a 5% increase each year to a maximum of \$125,000, provided the Company has a profit in the previous year.

5. STOCKHOLDERS' DEFICIT

During the first quarter of 2003, the Company issued 3,000,000 shares of common stock in satisfaction of accounts payable of \$79,500 (including accrued interest of \$39,500).

6. RESTATED FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's financial statements, management became aware that those financial statements did not reflect account balances properly for the period from July 3, 2002 (date of inception) through December 31, 2002. The change in the statement of operations primarily related to the accounting of stock based compensation and the AHC Transaction, which was not properly reported as a transaction identical to that resulting from a reverse acquisition, except goodwill or other intangible assets are not recorded. The net change of \$171,756 increased the net loss from \$494,507 (\$0.01 per weighted average common share outstanding) to \$666,263 (\$0.06 per weighted average common share outstanding) for the period from July 3, 2002 (date of inception) through December 31, 2002.

Additionally, the issuance of the financial statements as of and for the period ended March 31, 2003 as reported did not properly reflect certain historical balances. Therefore, the financial statement presentation has been restated to conform to the proper reporting of these transactions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

PLAN OF OPERATION

GENERAL

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements, and the Notes thereto included herein.

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

The information contained below includes statements of Altrimega's or management's beliefs, expectations, hopes, goals and plans that, if not historical, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the Introductory Note to this Quarterly Report under the caption "Forward Looking Statements", which information is incorporated herein by reference.

GOING CONCERN

As reflected in Altrimega's financial statements for the three months ended March 31, 2003, Altrimega's accumulated deficit of \$673,452 and its working capital deficiency of \$273,958 raise substantial doubt about its ability to continue as a going concern. The ability of Altrimega to continue as a going concern is dependent on Altrimega's ability to raise additional debt or capital. The financial statements for March 31, 2003 do not include any adjustments that might be necessary if Altrimega is unable to continue as a going concern.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. At each balance sheet date, management evaluates its estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The estimates and critical accounting policies that are most important in fully understanding and evaluating our financial condition and results of operations include those listed below.

REVENUE RECOGNITION

Gains from sales of operating properties and revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and any subsequent involvement by the Company with the properties sold are met. Gains or revenues relating to transactions which do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. For land sale transactions under terms in which the Company is required to perform additional services and incur significant costs after title has passed, revenues and costs of sales are recognized proportionately on a percentage of completion basis. Deposits received prior to closing are recorded as a liability until the consummation of the sale at which time such amounts are generally applied toward the purchase price.

Cost of land sales is generally determined as a specific percentage of land sales revenues recognized for each land development project. The cost percentages used are based on estimates of development costs and sales revenues to completion of each project and are revised periodically for changes in estimates or development plans. The specific identification method is used to determine cost of sales of certain parcels of land.

PROPERTIES

Properties under development are carried at cost reduced for impairment losses, where appropriate. Properties held for sale are carried at cost reduced

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

for valuation allowances, where appropriate. Acquisition, development and construction costs of properties in development and land development projects are capitalized including, where applicable, salaries and related costs, real estate taxes, interest and preconstruction costs. The pre-construction development (or an expansion of an existing property) includes efforts and related costs to secure land control and zoning, evaluate feasibility, and complete other initial tasks, which are essential to development. Provisions are made for potentially unsuccessful preconstruction efforts by charges to operations.

9

Properties held for sale are carried at the lower of their carrying values (i.e., cost less accumulated depreciation and any impairment loss recognized, where applicable) or estimated fair values less costs to sell. Generally, revenues and expenses related to property interests acquired with the intention to resell are not recognized.

STOCK-BASED COMPENSATION

The Company applies Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and Related Interpretations, in accounting for stock options issued to employees. Under APB No. 25, employee compensation cost is recognized when estimated fair value of the underlying stock on date of the grant exceeds exercise price of the stock option. For stock options and warrants issued to non-employees, the Company applies SFAS No. 123, Accounting for Stock-Based Compensation, which requires the recognition of compensation cost based upon the fair value of stock options at the grant date using the Black-Scholes option pricing model.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure. SFAS No. 148 amends the transition and disclosure provisions of SFAS No. 123. The Company is currently evaluating SFAS No. 148 to determine if it will adopt SFAS No. 123 to account for employee stock options using the fair value method and, if so, when to begin transition to that method.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements shown in this report excludes the historical operating information of the parent before September 30, 2002, and includes the operating information of the subsidiary, Creative Holdings, Inc., from July 3, 2002 (date of inception of the subsidiary), and the operating information of Sea Garden Funding, LLC from November 2002 (the date of the purchase of 80% of the LLC) to March 31, 2003.

All intercompany transactions have been eliminated.

RESTATEMENT OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

Subsequent to the issuance of the Company's financial statements, management became aware that those financial statements did not reflect account balances properly for the period from July 3, 2002 (date of inception) through December 31, 2002. Properly accounting of these items in the revised financial statements has the following effect:

For the period from July 3, 2002 (date of inception) through December 31, 2002, the change in the statement of operations primarily related to the accounting for the share exchange agreement between Altrimega and Creative

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

Holdings, which was not properly reported as a transaction identical to that resulting from a reverse acquisition, except goodwill or other intangible assets are not recorded. The net change of \$171,756 increased the net loss from \$494,507 (\$0.01 per weighted average common share outstanding) to \$666,263 (\$0.06 per weighted average common share outstanding) for the period from July 3, 2002 (date of inception) through December 31, 2002. The Company has filed an amendment to its Form 10-KSB for fiscal year ended December 31, 2002.

Additionally, the issuance of the financial statements as of and for the period ended March 31, 2003 as reported did not properly reflect certain historical balances. Therefore, the financial statement presentation has been restated to conform to the proper reporting of these transactions.

RESULTS OF OPERATIONS FOR THE PERIOD ENDED MARCH 31, 2003

REVENUES

Revenue for the period ended March 31, 2003, was \$181,979. The revenues in 2004 were attributable to sales of units at the Sea Garden project in the first quarter of 2003. The Company had no operations and no revenues in the period ended March 31, 2002.

10

COST OF REVENUE. There was \$154,609 cost of revenues for the period ended March 31, 2003. The cost of revenue relates to construction and other costs of units at the Sea Garden project.

GROSS PROFIT. There was \$27,370 in gross profit for the period ended March 31, 2003. The gross profit relates to the sale of units at the Sea Garden project.

OPERATING EXPENSES. Operating expenses for the period ended March 31, 2003, were \$28,624. Operating expenses in 2003 consisted of \$24,500 in consulting fees and \$4,124 in general and administrative expenses.

NET LOSS. Altrimega had a net loss of \$7,189 for the period ended March 31, 2003.

LIQUIDITY AND CAPITAL RESOURCES

Altrimega's financial statements have been prepared on a going concern basis that contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Altrimega incurred a net loss of \$7,189 for the three month period ended March 31, 2003, and had an accumulated deficit of \$673,452 at March 31, 2003. As of March 31, 2003, we had assets of \$1,429,647 and liabilities of \$1,668,605, a difference of \$238,958. Additionally, our current assets were \$1,394,647 and our current liabilities were \$1,668,605, creating a working capital deficit of \$273,958. The majority of the assets, \$1,248,961 consist of building sites contained within the Sea Garden town home community.

Consequently, the majority of our liabilities, \$1,361,386, are mortgage loans on the Sea Garden assets. Accounts payable to related parties equal to \$255,000 are also included in our liabilities. Management recognizes that Altrimega must generate or obtain additional capital to enable it to continue operations. Management is planning to obtain additional capital principally through the sale of equity securities. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon Altrimega obtaining additional equity capital and ultimately obtaining

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

profitable operations. However, no assurances can be given that Altrimega will be successful in these activities. Should any of these events not occur, the accompanying consolidated financial statements will be materially affected.

We had limited operations and revenues during the period ended March 31, 2003. Our shortfall in working capital has been met through advances from our president, John Gandy, and other shareholders who have advanced funds to pay expenses incurred by the Company from time to time. At no time during the period did these short term loans exceed \$50,000.

We anticipate that we will require significant capital to maintain our corporate viability and execute our plan to develop real estate projects. We anticipate necessary funds will most likely be provided by our existing shareholders, our officers and directors, and outside investors. We will require significant loan guarantees to acquire properties for development and to complete construction on any additional construction projects. We may be required to pledge equity in the Company to induce individuals, officers or directors or other shareholders to guarantee our loans when necessary.

Altrimega is at present meeting its current obligations from its monthly cash flows, which during 2002, and to date in 2003 has included cash from operations, investor capital, and loans from related parties. However, due to insufficient cash generated from operations, Altrimega currently does not have internally generated cash sufficient to pay all of its accrued expenses and other liabilities. As a result, Altrimega is dependent on investor capital and loans to meet its expenses and obligations. Although related party loans have allowed Altrimega to meet its obligations in the recent past, there can be no assurances that Altrimega's present methods of generating cash flow will be sufficient to meet future obligations. There can be no assurances that Altrimega will be able to raise sufficient additional capital in the future.

We have incurred losses since inception. Management believes that it will require approximately \$150,000 in additional capital to fund overall Company operations for the next twelve months. This amount does not include monies necessary to construct new townhouse units at Sea Garden. Altrimega had \$134,845 in cash and cash equivalents as of March 31, 2003.

PLAN OF OPERATION

The Company derives its revenue from the sale of developed or undeveloped real estate parcels. At present, the Company has one project generating revenues, Sea Garden Town Homes, located in North Myrtle Beach, South Carolina. These Town Homes sell in the \$95,000 to \$105,000 range per Town Home unit. The Company owns the building sites for an additional 49 units and is under construction on 15 units. It is important for the Company to raise capital funds through the sale of its common stock in order to provide funding for additional projects. The projected revenues and subsequent net earnings from the Sea Garden project are not adequate to cover the Company's annual operating costs on an ongoing basis.

Altrimega intends to strive to locate, evaluate and proceed to finance and develop multiple projects located primarily in the Myrtle Beach, South Carolina area and the Carolinas area of the United States. Management believes that these areas provide the population growth necessary to achieve profits from new construction projects. For the last three years, Horry County, South Carolina has been one of the top three fastest growing counties in the United States. In 1997, Horry County showed a population of only 180,000. Based on current projections and the 2000 census data, the county will have a permanent population of 500,000. The principal industries of the area are tourism related.

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

Myrtle Beach is considered a drive-in market, where tourists will drive their cars rather than fly to the destination. The tourism industry in Myrtle Beach has developed three seasons, spring golf, summer beach vacations and fall golf. The spring and fall golf seasons bring approximately 150,000 visitors per week to play on the areas over 100 golf courses. The summer vacation season brings in approximately 400,000 per week. The average tourist stay is one week.

Altrimega's business strategy includes a focus on interval ownership properties, also known as time-share properties, that cater to this major tourism industry. As well, we intend to develop projects in the medium price ranges for the areas permanent service industry population.

Management intends to attempt to seek out low-risk projects that do not require large financing commitments. In addition, we will continue to evaluate projects throughout the Carolinas in high growth areas.

Our continuation as a going concern is dependent on our ability to meet our obligations and obtain additional debt or equity financing required until our current and proposed real estate projects are under way and generating earnings. Until such time as these projects are generating earnings, we have taken the following steps to revise our operating and financial requirements in an effort to enable us to continue in existence:

- o We have reduced administrative expenses to a minimum by consolidating management responsibilities to our president and chief executive officer.
- o We intend to seek either equity or further debt funding.
- o We intend to attempt to obtain the professional services of third-parties through favorable financing arrangements or payment by the issuance of our common stock.

We believe that the foregoing plan should enable us to generate sufficient funds to continue its operations for the next twelve months.

Management has implemented this plan to overcome the Company's serious going concern conditions. The first step is to reduce operating costs. To this end the Company's President and Chief Executive Officer, John Gandy, has assumed almost all of the Company's functions from sales and marketing, locating and evaluating new real estate projects, most accounting functions, shareholder relations and general administrative functions. The Company's Chief Financial Officer is receiving no compensation. The Company anticipates reduced consulting expense in the next fiscal year. Only one consultant is on hand for additional help in evaluating projects and working with the accounting and reporting functions of the Company. Administrative expenses, including mostly legal and accounting charges, will constitute the largest expense items for the year. The Company has made arrangements with these outside professionals to work more efficiently with them to help reduce the overall costs associated with these services.

In addition, the Company has located some potential sources of equity financing that could contribute to the Company's financial requirements in the upcoming fiscal year. This element is especially critical to the Company's going concern situation. Before these sources can be fully explored, the Company must correct some of its prior filings with the Securities and Exchange Commission. Management is in the process of correcting its prior 1934 Securities Act filings, including its annual report of for 10-KSB for the fiscal year ended December 31, 2002, and its quarterly reports on Forms 10-QSB for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, including this amended report for the March 31, 2003 period.

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

For the next 12 months we anticipate that we will need \$150,000 to continue to fund basic operations, in addition to funding necessary to acquire and develop real estate projects. The Company anticipates approximately \$50,000 in consulting fees in the next fiscal year and only minor operating expenses. Any new real estate projects will require debt financing. In summary, we expect expenses to decline in the coming fiscal year due to a decrease in consulting fees and no other increases in operating expenses.

12

The Company plans to continue operating with small administrative and consulting fees in the next fiscal year in order to continue operations. Continuing to work with its accounting and legal professionals more efficiently, the Company plans to reduce its fees for such services. In addition, the Company plans to utilize only one consultant for accounting services.

From time to time, Altrimega may evaluate potential acquisitions involving complementary businesses, content, products or technologies. Altrimega has no present agreements or understanding with respect to any such acquisition. Altrimega's future capital requirements will depend on many factors, including an increase in Altrimega's real estate projects, and other factors including the results of future operations.

ITEM 3. CONTROLS AND PROCEDURES

(A) Evaluation Of Disclosure Controls And Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Financial Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

(B) Changes In Internal Controls Over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's quarter ended March 31, 2003, the Company's Principal Executive Officer and Principal Financial Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

13

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEDURES

None.

ITEM 2. CHANGES IN SECURITIES

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

(a) Effective September 30, 2002, Altrimega issued Series A Preferred Stock. The rights of holders of Series A Preferred Stock are set forth in the Certificate of Designation filed as an Exhibit 4.01 to Altrimega's Form 10-KSB, filed on May 20, 2003. Each share of the series is convertible, at the option of the holder, into three hundred shares of common stock.

(b) None.

(c) None.

(d) None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) (1) EXHIBITS. The following exhibits are included as part of this report:

SEC EXHIBIT NUMBER	REFERENCE NUMBER	TITLE OF DOCUMENT	LOCATION
2.01	2	SHARE EXCHANGE AGREEMENT among Altrimega Health Corporation, Creative Holdings, Inc. and the Shareholders of Creative Holdings, Inc., dated as of September 2, 2002	Incorporated by reference to the Company's report on Form 8-K, dated October 2, 2002
4.01	4	CERTIFICATE OF DESIGNATION AS OF SEPTEMBER 30, 2002	Incorporated by reference to Exhibit 4.01 to the Company's Form 10-KSB filed on May 20, 2003

14

(b) REPORTS ON FORM 8-K. During the quarter ended March 31, 2003 we filed current reports on Form 8-K with the Commission reporting that:

May 20, 2003 Altrimega filed Amendment No. 2 to Form 8-K/A, filing the financial statements required under reporting that under Item 7, as a result of the Share Exchange Agreement with Creative Holdings, Inc.

15

Edgar Filing: ALTRIMEGA HEALTH CORP - Form 10QSB/A

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 6, 2004

ALTRIMEGA HEALTH CORPORATION

By: /s/ John Gandy

John Gandy,
Chief Executive Officer and
Director

August 6, 2004

By: /s/ Ron Hendrix

Ron Hendrix,
Chief Financial Officer and
Secretary