

# CANNABIS SCIENCE, INC.

## FORM 10QSB/A

(Amended Quarterly Report of Financial Condition)

Filed 04/16/07 for the Period Ending 09/30/05

Address	6946 N ACADEMY BLVD., SUITE B # 254 COLORADO SPRINGS, CO 80918
Telephone	1-888-889-0888
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Symbol	CBIS
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-QSB/A

(Mark One)

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

OR

**TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934**  
From the transition period from \_\_\_\_\_ to \_\_\_\_\_.

*Commission File Number 01-28911*

## NATIONAL HEALTHCARE TECHNOLOGY, INC.

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

Colorado 91-1869677  
(State or other jurisdiction of (IRS Employer Identification No.)  
incorporation or organization)

1660 Union Street, Suite 200, San Diego, California 92101

(Address of principal executive offices)

(619) 398-8470  
(Issuer's telephone number)

Former fiscal year September 30

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

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

Yes  No

As of January 31, 2006, 19,492,759 shares of Common Stock of the issuer were outstanding.

**PART I. FINANCIAL INFORMATION**

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**CONSOLIDATED BALANCE SHEET**

September 30, 2005

(Unaudited)

ASSETS

CURRENT ASSETS:

Inventories	\$ 29,101
	-----
Total current assets	29,101
Property and equipment--net	35,141
Other long-term assets	2,087
	-----
TOTAL ASSETS	\$ 66,329
	=====

LIABILITIES AND STOCKHOLDERS DEFICIT

CURRENT LIABILITIES:

Bank overdraft	\$ 28,211
Accounts payable	92,993
Note payable--related party	328,940
Accrued expenses and other current liabilities	160,525
	-----
Total current liabilities	610,669
	-----
Total liabilities	610,669

Commitments

STOCKHOLDERS' DEFICIT:	
Preferred Stock (\$.01 par value, 10,000,000 shares authorized, none issued and outstanding)	--
Common stock (\$.001 par value, 100,000,000 shares authorized; 19,182,759 shares issued and outstanding)	19,183
Additional paid-in capital	180,817
Accumulated deficit	(744,340)
	-----
Total stockholders' deficit	(544,340)
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 66,329
	=====

The accompanying notes are an integral part of these financial statements

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**CONSOLIDATED STATEMENT OF OPERATIONS**

Three Months Ended September 30, 2005 and Period from January 27, 2005 (Inception) through September 30, 2005

(Unaudited)

	Three Months Ended September 30, 2005	Period from January 27, 2005 (inception) through September 30, 2005
	-----	-----
REVENUES	\$ --	\$ --
COST OF GOODS SOLD	--	--
Gross profit	--	--
OPERATING EXPENSES:		
Professional fees	209,530	402,044
Technology license royalties	137,500	160,417
Depreciation and amortization	3,811	3,811
Other general and administrative	101,915	178,068
	-----	-----
Total operating expenses	452,756	744,340
	-----	-----
NET LOSS	\$ (452,756)	\$ (744,340)
	=====	=====
LOSS PER COMMON SHARE, SHARE, BASIC AND DILUTED	\$ (0.02)	\$ (0.06)
	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	18,908,990	12,858,207
	=====	=====

The accompanying notes are an integral part of these financial statements

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF CASH FLOWS Period from January 27, 2005 (Inception) through September 30, 2005

(Unaudited)

Period from  
January 27, 2005  
(inception)

through  
September 30, 2005

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net (loss)	\$ (744,340)
Adjustments to reconcile net loss to cash:	
Depreciation	3,811
Changes in certain assets and liabilities:	
Inventories	(29,101)
Other long-term assets	(2,087)
Bank overdraft	28,211
Accounts payable	(107,007)
Accrued expenses and other current liabilities	160,525
	-----
Net cash used in operating activities	(689,988)
	-----
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(38,952)
	-----
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from convertible note - related party	400,000
Proceeds from related party advances	328,940
	-----
Net cash provided by financing activities	728,940
	-----
NET INCREASE (DECREASE) IN CASH	--
CASH, BEGINNING OF PERIOD	--
	-----
CASH, END OF PERIOD	\$ --
	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for interest	\$ --
Cash paid for income taxes	\$ --
NON CASH TRANSACTIONS	
Net liabilities assumed with recapitalization	\$ 200,000
Common stock issued for debt	\$ 400,000

The accompanying notes are an integral part of these financial statements

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

1. Organization And Basis Of Presentation

**A. Organization**

This report includes interim unaudited financial statements of National Healthcare Technology, Inc., a Colorado corporation (the "Company") for the three month period ended September 30, 2005 and for the period from January 27, 2005 (Inception) through September 30, 2005.

On July 19, 2005, the Company completed the acquisition of Special Stone Surfaces, Es3, Inc., a Nevada Corporation ("Es3") pursuant to the terms of an Exchange Agreement (the "Exchange Agreement") by and among the Company, Crown Partners, Inc., a Nevada corporation and at such time, the largest stockholder of the Company ("Crown Partners"), Es3, and certain stockholders of Es3 (the "Es3 Stockholders"). Under the terms of the Exchange Agreement, the Company acquired all of the outstanding capital stock of Es3 in exchange for the issuance of 19,182,759 shares of the Company's common stock to the Es3 Stockholders, Crown Partners and certain consultants. The transactions effected by the Exchange Agreement have been accounted for as a reverse merger. This reverse merger transaction has been accounted for as a recapitalization of Es3, as Es3 is the accounting acquirer, effective July 19, 2005. As a result, the historical equity of the Company has been restated on a basis consistent with the recapitalization. In addition, the Company changed its accounting year-end from September 30 to December 31, which is Es3's accounting year-end.

Accordingly the financial statements contained in report include the operations of the Company in its new line of business. As a result of the transactions contemplated by the Exchange Agreement, the Company has one active operating subsidiary, Es3. Es3 was formed in January 2005 and began operations in March 2005 in the business of manufacturing and distributing a range of decorative stone veneers and finishes based on proprietary Liquid Stone Coatings(TM) and Authentic Stone Veneers(TM).

**B. Basis of Presentation**

The consolidated financial statements of the Company for the period from January 27, 2005 (Inception) through September 30, 2005 have been prepared in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Es3. All inter-company transactions have been eliminated. In the opinion of management, the accompanying financial statements include all adjustments (consisting of normal, recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year or any other interim period.

2. Summary of Significant Accounting Policies

**A. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined.

**B. Inventories**

Inventories are stated at lower of cost or market, with cost determined on a first-in, first-out basis.

**C. Property and Equipment**

Property and equipment are stated at cost and depreciated or amortized using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized over the shorter of the life of the related asset or the life of the lease. Costs of maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Long-lived assets are assessed for impairment whenever events or changes in circumstances indicate the assets' carrying amount may not be recoverable. The evaluation is based on an estimate of the future undiscounted net cash flows of the related asset or asset grouping over the assets' remaining life. Long-lived assets that are assessed to be impaired are reduced to their estimated net fair value.

#### **D. Technology License**

The Company's principal business activity focuses on the commercialization of distributing decorative coatings that can be used to resemble stone, which the Company licenses from related parties. Minimum annual royalties for these arrangements have been accrued on the Company's balance sheet.

#### **E. Fair Value of Financial Instruments**

The Company's financial instruments consist of accrued expenses. Pursuant to SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," the Company is required to estimate the fair value of all financial instruments at the balance sheet date. The Company considers the carrying value of its financial instruments in the financial statements to approximate their fair value because of their short-term maturities.

#### **F. Stock-Based Compensation**

The Company accounts for stock based awards to employees as compensatory in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"). The Company also issues stock based awards for services performed by consultants and other non-employees and accounts for them in accordance with Statement of Financial Accounting Standards No. 123R, Accounting for Stock-Based Compensation ("SFAS 123R").

Financial Accounting Standards Board Statement No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure ("SFAS 148"), requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for all awards had been determined in accordance with the fair value based method prescribed in SFAS 123R. Net income and earnings per share for the period ended September 30, 2005 would not have been impacted had the compensation cost for these awards been determined in accordance with SFAS 123R.

Effective January 1, 2006, the Company will adopt SFAS No. 123R using the "prospective method" This statement replaced SFAS-123, Accounting for Stock-Based Compensation, supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS-95, Statement of Cash Flows. SFAS-123R requires companies to apply a fair-value-based measurement method in accounting for shared-based payment transactions with employees and to record compensation cost for all stock awards granted after the required effective date and for awards modified, repurchased or cancelled after that date. The scope of SFAS-123R encompasses a wide range of share-based compensation arrangements, including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

#### **G. Income Taxes**

The Company accounts for its income taxes using the Financial Accounting Standards Board Statements of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss and tax credit carry forwards. Deferred tax expense or benefit is recognized as a result of timing differences between the recognition of assets and liabilities for book and tax purposes during the year.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized for deductible temporary differences and operating loss, and tax credit carry forwards. A valuation allowance is established to reduce that deferred tax asset if it is "more likely than not" that the related tax benefits will not be realized.

#### **H. Basic and Diluted Net Earnings (loss) per Share**

The Company adopted the provisions of SFAS No. 128, "Earnings Per Share" ("EPS"). SFAS No. 128 provides for the calculation of basic and diluted earnings per share. Basic EPS includes no dilution and is computed by dividing income or loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings or losses of the entity. For the period from inception through September 30, 2005, basic and diluted loss per share are the same since the calculation of diluted per share amounts would result in an anti-dilutive calculation.

## I. Recent Accounting Pronouncements

In June 2005, the EITF reached consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements ("EITF 05-6.") EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. EITF 05-6 is not expected to have a material effect on its consolidated financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This statement applies to all voluntary changes in accounting principle and requires retrospective application to prior periods' financial statements of changes in accounting principle, unless this would be impracticable. This statement also makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2005, the SEC released Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"), which provides interpretive guidance related to the interaction between SFAS 123(R) and certain SEC rules and regulations. It also provides the SEC staff's views regarding valuation of share-based payment arrangements. In April 2005, the SEC amended the compliance dates for SFAS 123(R), to allow companies to implement the standard at the beginning of their next fiscal year, instead of the next reporting period beginning after June 15, 2005. Management will implement the provisions of SFAS 123(R) effective January 1, 2006.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29", which amends Opinion 29 by eliminating the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 151 is effective for a fiscal year beginning after June 15, 2005, and implementation is done prospectively. Management does not expect the implementation of this new standard to have a material impact on its financial position, results of operations and cash flows.

In November 2004, the Financial Accounting Standards Board Statement issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4", which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and charges regardless of whether they meet the criterion of "so abnormal" that was originally stated in Accounting Research Bulletin No. 43, chapter 4. In addition, SFAS No. 151 requires that the allocation of fixed production overheads to conversion costs be based on the normal capacity of the production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not expect the implementation of this new standard to have a material impact on its financial position, results of operations and cash flows

In September 2004, the EITF delayed the effective date for the recognition and measurement guidance previously discussed under EITF Issue No. 03-01, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-01") as included in paragraphs 10-20 of the proposed statement. The proposed statement will clarify the meaning of other-than-temporary impairment and its application to investments in debt and equity securities, in particular investments within the scope of FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and investments accounted for under the cost method. The Company is currently evaluating the effect of this proposed statement on its financial position and results of operations.

In March 2004, the FASB approved the consensus reached on the Emerging Issues Task Force (EITF) Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The objective of this Issue is to provide guidance for identifying impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB issued a FASB Staff Position (FSP) EITF 03-1-1 that delays the effective date of the measurement and recognition guidance in EITF 03-1 until after further deliberations by the FASB. The disclosure requirements are effective only for annual periods ending after June 15, 2004. The Company has evaluated the impact of the adoption of the disclosure requirements of EITF 03-1 and does not believe it will have an impact to the Company's overall consolidated results of operations or consolidated financial position. Once the FASB reaches a final decision on the measurement and recognition provisions, the Company will evaluate the impact of the adoption of EITF 03-1.

### 3. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported a net loss for the period from inception through September 30, 2005 in the amount of \$744,340, and had a working capital deficiency of approximately \$544,340. The Company also has deferred payment of certain accounts payable.

In view of the matters described, there is substantial doubt about the Company's ability to continue as a going concern. The recoverability of the recorded assets and satisfaction of the liabilities reflected in the accompanying balance sheet is dependent upon continued operation of the Company, which is in turn dependent upon the Company's ability to meet its cash flow requirements on a continuing basis and to succeed in its future operations. There can be no assurance that management will be successful in implementing its plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### 4. Restatement of Prior Financial Information

Due to material weaknesses in our accounting systems we improperly booked a number of transactions. The Company has determined this effect of these corrections on its previously issued financial statements and has restated the accompanying financial statements for the period ended September 30, 2005.

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**CONSOLIDATED BALANCE SHEET**

September 30, 2005

(Unaudited)

	As Originally Reported	Restatement Adjustments	As Adjusted
	-----	-----	-----
ASSETS			
CURRENT ASSETS:			
Inventories	29,101	--	29,101
Prepaid expenses and other current assets	200,270	(A) (200,270)	--
Total current assets	229,371	(200,270)	29,101
Property and equipment - net	35,358	(217)	35,141
Other long-term assets	2,087	--	2,087
TOTAL ASSETS	266,816	(200,487)	66,329
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS DEFICIT			
CURRENT LIABILITIES:			
Bank overdraft	28,211	--	28,211
Accounts payable	206,646	(113,653)	92,993
Advances - related party	50,140	(B) 278,800	328,940
Accrued Expenses and other current liabilities	220	(E) 160,305	160,525
Total current liabilities	285,217	325,452	610,669
Total liabilities	285,217	325,452	610,669
STOCKHOLDERS' DEFICIT:			
Common stock	19,493	(310)	19,183
Additional paid-in-capital	758,220	(A,B) (577,403)	180,817
Deferred stock compensation	(89,256)	89,256	--
Accumulated deficit	(706,858)	(C) (37,482)	(744,340)
Total stockholders' deficit	(18,401)	(525,939)	(544,340)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	266,816	(200,487)	66,329
	=====	=====	=====

See accompanying notes for explanation of restatement adjustments

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**CONSOLIDATED STATEMENT OF OPERATIONS**  
**Three Months Ended September 30, 2005**

	As Originally Reported	Restatement Adjustments	As Adjusted
	-----	-----	-----
REVENUES	\$ --	\$ --	\$ --
COST OF GOODS SOLD	--	--	--
Gross profit	----- --	----- --	----- --
OPERATING EXPENSES:			
Selling and marketing	25,839	(25,839)	--
Technology , support and development	122,157	(122,157)	--
General and administrative	240,033	(240,033)	--
Professional fees	--	209,530	209,530
Technology license royalties	--	137,500	137,500
Depreciation and amortization	--	3,811	3,811
Other general and administrative	--	101,915	101,915
Total operating expenses	----- 388,029	----- 64,727	----- 452,756
OPERATING LOSS	(388,029)	(D,E) (64,727)	(452,756)
OTHER INCOME (EXPENSE):			
Other income	270	(270)	--
Interest expense - net	(220)	220	--
Total other income (expense)	----- 50	----- (50)	----- --
NET LOSS	\$ (387,979) =====	\$ (64,777) =====	\$ (452,756) =====
LOSS PER COMMON SHARE	(0.02)	--	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	19,218,999	--	18,908,990

See accompanying notes for explanation of restatement adjustments

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**  
(A DEVELOPMENT STAGE ENTERPRISE)

**CONSOLIDATED STATEMENT OF OPERATIONS Period**

from January 27, 2005 (Inception) through September 30, 2005

(Unaudited)

	As Originally Reported	Restatement Adjustments	As Adjusted
REVENUES	\$ --	\$ --	\$ --
COST OF GOODS SOLD	--	--	--
Gross profit	--	--	--
OPERATING EXPENSES:			
Selling and marketing	33,790	(33,790)	--
Technology , support and development	139,464	(139,464)	--
General and administrative	533,654	(533,654)	--
Professional fees	--	402,044	402,044
Technology license royalties	--	160,417	160,417
Depreciation and amortization	--	3,811	3,811
Other general and administrative	--	178,068	178,068
Total operating expenses	706,908	(D,E) 37,432	744,340
OPERATING LOSS	(706,908)	(37,432)	(744,340)
OTHER INCOME (EXPENSE):			
Other income	270	(270)	--
Interest expense - net	(220)	220	--
Total other income (expense)	50	(50)	--
NET LOSS	\$ (706,858)	\$ (37,482)	\$ (744,340)
LOSS PER COMMON SHARE	\$ (0.04)	\$ --	\$ (0.06)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,597,011	--	12,858,207

See accompanying notes for explanation of restatement adjustments

## Restatement Adjustments

A. The Company did not correctly record the liabilities assumed in the reverse merger of \$200,000 in the period ended September 30, 2005. The Company has determined the effect of the correction on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

B. The Company incorrectly recorded \$278,800 of advances from a related party in the period ended September 30, 2005. The Company has determined the effect of the correction on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

C. The Company incorrectly recorded \$98,912 of deferred stock compensation and related amortization expense in conjunction with the issuance of stock options and warrants in the period ended September 30, 2005. The Company has determined the effect of the correction on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

D. The Company failed to record certain technology license royalty expenses of \$1,764 in the period ended September 30, 2005. The Company has determined the effect of the correction on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

E. The Company failed to accrue \$45,000 of professional fees in the period ended September 30, 2005. The Company has determined this effect of the correction on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

F. The Company reclassified certain operating expenses for financial statement presentation. The Company has determined this effect of the reclassification on its previously issued financial statements and has restated the accompanying financial statements for the three months ended September 30, 2005 and for the period from January 27, 2005 (inception) through September 30, 2005.

### 5. Advances - related party

From inception through September 30, 2005, the Company advances from Boston Equities Corporation ("BEC"), owner of approximately 25% of the outstanding and issued common stock of the Company at September 30, 2005. At September 30, 2005, the advances outstanding were \$328,940.

### 6. Equity Transactions

#### A. Issuance of Common Stock

In February 2005, the Company issued 8,380,000 shares of unregistered common stock at par value of \$0.001 to founding stockholders without consideration, including 6,250,000 shares to Boston Equities Corporation (a related party).

In June 2005, the Company issued 800,000 shares of unregistered common stock at par value of \$0.001 in exchange for the debt arising out of monies advanced to the Company in the amount of \$400,000 by BEC pursuant to a convertible debt agreement dated March 1, 2005. The terms of the convertible debt agreement allowed Boston Equities Corporation to convert its debt to shares of common stock at \$.50 per share.

In June 2005, the Company issued an aggregate of 8,618,750 shares of unregistered common at par value of \$0.001 stock to the shareholders of Aronite Industries, Inc. ("Aronite") in connection with the license of certain trademarks from Aronite.

In July 2005, in accordance with the terms of the Exchange Agreement, the Company issued 400,000 shares of registered common stock to two consultants, d.b.a. WB International, Inc. in accordance with the terms of the Exchange Agreement.

In July 2005, the Company issued for no consideration 78,571 shares of its unregistered common stock at par value of \$0.001 to the former shareholders of National Healthcare Technologies, Inc. and an additional 905,438 shares of its unregistered common stock at par value of \$0.001 to Crown Partners, a former major shareholder of National Healthcare Technologies, Inc. in accordance with the terms of the Exchange Agreement.

## B. Issuance of Warrants

In February 2005, the Company issued a warrant to acquire up to 600,000 shares of unregistered common stock at an exercise price of \$0.60 per share to W.B. International, Inc., in exchange for consulting services. All shares vested upon grant. The warrant expires 5 years from the date of issuance.

In June 2005, the Company issued a warrant to acquire up to 600,000 shares of unregistered common stock at an exercise price of \$0.70 per share to each of Liquid Stone Manufacturing, Inc. and Stone Mountain Finishes, Inc. in consideration of certain license agreements. All shares vested upon grant. The warrants expire 5 years from the date of issuance.

A summary of the warrant activity for the period ended September 30, 2005 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of the period	--	--
Issued	1,800,000	\$0.67
Cancelled, Forfeited or expired	--	--
Outstanding at September 30, 2005	1,800,000	\$0.67
Exercisable at September 30, 2005	1,800,000	\$0.67

Additional information regarding the warrants outstanding as of September 30, 2005 is as follows:

Exercise Price	Outstanding Exercisable			Number Exercisable	Weighted Average Exercise Price
	Number of Warrants	Weighted Average Remaining Contractual life (Years)			
\$0.70	1,200,000	4.5		1,200,000	\$0.70
\$0.60	600,000	4.0		600,000	\$0.60

The Company estimates the fair value of each stock warrant at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants for nine months ended September 30, 2005: no dividend yield for each year; expected volatility of for the warrant shares exercisable 0.1%; weighted-average risk-free interest rates for the warrant shares exercisable at \$0.60 and \$0.70 were 3.38% and 3.64%, respectively; and weighted-average expected option life of 5 years. The weighted average fair value of the stock warrants granted during the nine months ended September 30, 2005 was \$0.00.

## C. Employee Options

In June 2005, the Company issued a warrant to an employee to purchase up to 100,000 shares of the Company's restricted common stock at an exercise price of \$0.70 per share. The shares vested monthly over three years and have a 10 year option period.

A summary of the option activity from January 27, 2005 (inception) to September 30, 2005 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of the period	--	--
Issued	100,000	\$0.70
Cancelled, Forfeited or expired	--	--

Outstanding at September 30, 2005	100,000	\$0.70
Exercisable at September 30, 2005	8,333	\$0.70

Additional information regarding the options outstanding as of September 30, 2005 is as follows

Outstanding Exercisable				
Exercise Price	Number of Options	Weighted Average Remaining Contractual life (Years)	Number Exercisable	Weighted Average Exercise Price
\$0.70	100,000	9.5	8,333	\$0.70

The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants for the three months ended September 30, 2005: no dividend yield for each year; expected volatility of 0.1%; weighted-average risk-free interest rate of 3.64% and weighted-average expected option life of 10 years. The weighted average fair value of the stock warrants granted during the period ended September 30, 2005 was \$0.00.

## 7. Income Taxes

There is no provision for income taxes in these financial statements because the Company has incurred operating losses since inception and no recoverable taxes have been paid.

## 8. Related Party Transactions

The following transactions occurred between the Company and certain related parties:

### A. Boston Equities Corporation, William Courtney, Ross Lyndon James, Brian Harcourt

The following transactions took place between the Company and BEC, a shareholder holding greater than 10% of the outstanding common stock of the Company, William Courtney, a former shareholder and director of Es3 and a current member on the Company's board of directors, and Ross Lyndon James and Brian Harcourt who served as officers and directors in BEC during the year 2005.

On June 15, 2005, the Company acquired an exclusive license to manufacture, use and distribute Liquid Stone(TM) coatings in North America, Central America and South America, under an OEM License Agreement with Liquid Stone Manufacturing, Inc. a Nevada corporation. Liquid Stone Manufacturing, Inc. is controlled by BEC and William Courtney. Under the terms of the OEM License Agreement, the Company granted Liquid Stone Manufacturing, Inc. a five year warrant to purchase 600,000 shares of its common stock at \$0.70 per share. Minimum annual royalties payable by the Company to Liquid Stone Manufacturing, Inc. under the agreement are \$200,000. Expenses under the agreement through September 30, 2005 were \$58,333.

On June 15, 2005, the Company acquired an exclusive license to manufacture, use and distribute Authentic Stone Veneers(TM) in North America, Central America and South America, under an OEM License Agreement with Stone Mountain Finishes, Inc. a Nevada corporation. Stone Mountain Finishes, Inc. is controlled by BEC and William Courtney. Under the terms of the OEM License Agreement, the Company granted Liquid Stone Manufacturing, Inc. a five year warrant to purchase 600,000 shares of its common stock at \$0.70 per share. Minimum annual fees payable by the Company to Stone Mountain Finishes, Inc. under the agreement are \$250,000. Expenses under the agreement through September 30, 2005 were \$72,917.

### B. Boston Equities Corporation, Ross Lyndon James and Brian Harcourt

The following transaction took place between the Company and BEC:

In June 2005, the Company issued 800,000 shares of unregistered common stock in exchange for debt arising out of monies advanced to the Company in the amount of \$400,000 by BEC under the terms of a convertible financing agreement.

In 2005 the Company entered into a financial advisory representation agreement with BEC. For the period ended September 30, 2005 the Company paid BEC \$90,000 for the services provided under the agreement.

### C. William Courtney

The following transactions took place between the Company and William Courtney.

On June 15, 2005, the Company issued 8,618,750 shares of common stock to the shareholders of Aronite Industries, Inc. ("Aronite") as well as agreeing to pay a royalty in connection with the license of certain trademarks from Aronite. Minimum annual fees payable by the Company to Aronite. under the agreement are \$200,000. Expenses under the agreement through September 30, 2005 were \$29,167. BEC holds approximately 20% of Aronite's voting stock, and Ross Lyndon James, Brian Harcourt and William Courtney were directors of Aronite during 2005.

In 2005 the Company entered into a business consulting agreement with William Courtney. Through September 30, 2005 the Company paid William Courtney approximately \$27,000 for the services provided under the agreement.

## 9. Commitments and Contingencies

### A. Legal Actions

The Company is not currently aware of any formal legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

### B. License Agreements

Future minimum annual license payments under the OEM and trademark license agreements for the next five years ending December 31 are as follows:

2006	\$	650,000
2007		780,000
2008		936,000
2009		1,123,200
2010		1,347,840
		-----
	\$	4,837,040
		=====

### C. Operating Lease

On March 1, 2005, the Company' entered into a lease commitment for office and warehouse space in San Diego, California which expires February 1, 2009. The terms of the lease provide for monthly rental payments of \$3,367 through January 2006 and increasing 3% each year beginning February 1, 2007.

The Company currently has an office at 1660 Union Street, Suite 200, San Diego, CA 92101, which it maintains under arrangement with the landlord at no cost. The Company also shares an office space with a shareholder at 9595 Wilshire Blvd., Suite 510, Beverly Hills, CA 90212 without cost to the Company.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Form 10-QSB, the words "anticipate", "estimate", "expect", "project" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions including the possibility that the Company's proposed plan of operation will fail to generate projected revenues. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. The Company's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in the Company's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

### GENERAL

On July 19, 2005, the Company completed the acquisition of Special Stone Surfaces, Es3, Inc., a Nevada Corporation ("Es3") pursuant to the terms of an Exchange Agreement (the "Exchange Agreement") by and among the Company, Crown Partners, Inc., a Nevada corporation and at such time, the largest stockholder of the Company ("Crown Partners"), Es3, and certain stockholders of Es3 (the "Es3 Stockholders"). Under the terms of the Exchange Agreement, the Company acquired all of the outstanding capital stock of Es3 in exchange for the issuance of 19,414,188 shares of the Company's common stock to the Es3 Stockholders, Crown Partners and certain consultants. The transactions effected by the Exchange Agreement have been accounted for as a reverse merger.

Accordingly the financial statements contained in report include the operations of the Company in its new line of business. As a result of the transactions contemplated by the Exchange Agreement, the Company has one active operating subsidiary--Es3. Es3 was formed in January 2005 and began operations in March 2005 in the business of manufacturing and distributing a range of decorative stone veneers and finishes based on proprietary Liquid Stone Coatings(TM) and Authentic Stone Veneers(TM).

The Company has determined that Aronite Industries, Inc., a Nevada corporation ("Aronite"), is a predecessor entity because the Company and Aronite are under common control, share significant equity ownership interests, and the Company operates in substantially the same line of business that Aronite operated in. Aronite was formed in June 2002. It ceased operations in January 2005. Audited Financial Statements for Aronite for the fiscal years ended December 31, 2004 and 2003 are included in the Company's 8-K/A filed with the Securities and Exchange Commission on January 24, 2006.

## PLAN OF OPERATIONS

The Company plans to market its coatings and veneers to both commercial and residential markets. The Company intends to use the public markets to secure additional working capital and to make acquisitions using either Common Stock or cash. A significant component of the Company's intermediate term growth strategy is the acquisition and integration of companies in related building materials fields. The Company expects to take advantage of synergies among related businesses to increase revenues and take advantage of economies of scale to reduce operating costs.

The Company was formed in January 2005 and began operations in March 2005. It has not generated any revenues from operations and has incurred \$706,858 in expenses from inception through September 30, 2005 in connection with its formation and initial operations. All of the Company's operations to date have been funded by the sale of its common stock. As of September 30, 2005, Es3 had a working capital deficiency of approximately \$56,000.

The Company anticipates that it will have to raise additional capital to fund operations in the next 12 months. To the extent that the Company is required to raise additional funds to cover the costs of operations, it intends to do so through additional public or private offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place and no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing may involve substantial dilution to existing investors.

A significant component of the the Company's intermediate term growth strategy is the acquisition and integration of companies in related building materials fields. The Company expects to take advantage of synergies among related businesses to increase revenues and take advantage of economies of scale to reduce operating costs. The execution of this strategy depends upon the development of an active trading market for the Company's common stock. The Company intends to make acquisitions with common stock and anticipates that the sellers of those entities will demand an active market as a condition of the transaction.

The Company's Es3 subsidiary holds the exclusive rights to manufacture, use and distribute Liquid Stone(TM) coatings in North America, Central America and South America, under an OEM License Agreement with Liquid Stone Manufacturing, Inc. a Nevada corporation and an affiliate of Es3. Liquid Stone(TM) is a water-based polymeric stone coating that can be applied to a variety of surfaces including wood, stucco, metal, concrete or asphalt. It is a flexible, durable all weather surface coating.

Es3 also holds the excusive rights to manufacture, use and distribute Authentic Stone Veneer(TM) panels in North America, Central America and South America, under an OEM License Agreement with Stone Mountain Manufacturing, Inc. a Nevada corporation and an affiliate of Es3. Authentic Stone Veneer(TM) panels can be formulated in rough stone or smooth stone finishes. Authentic Stone Veneer(TM) panels are made from proprietary materials and are molded to form the detailed contours and profiles of natural stone surfaces. The rough stone veneers are approximately 1/10 th the weight of concrete, while the smooth stone are approximately 1/7 th the weight of concrete.

Es3 will conduct research and development on both the Liquid Stone Coatings and Authentic Stone Veneer panels over the next 12 months. It also plans to understake product testing and certification as it prepares for commercial launch. Es3 currently operates out of leased facilities in San Diego, and presently has two full time employees. Any additional plant or equipment expenditures, and any significant increase in employees will be dependent upon the company's capital resources and the development of channel and market activity for its products.

### **Item 3. Controls and Procedures.**

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period ended September 30, 2005 (the "Evaluation Date"). During the course of the audit for our year end December 31, 2005 we discovered, among other matters, that an error in transfer of common stock of the Company resulted in overstatement of the outstanding shares of Es3 prior to the Exchange Agreement of 310,000 shares, and that we under reported approximately \$278,000 in accounts payable to a related party. As a result of these errors, and others, we restated our form 10-QSB for the quarter ended September 30, 2005, and will restate the financial statements for the period ended June 30, 2005, in our Form 8-K/A filed on January 24, 2006. Our conclusion to restate our form 10-QSB for the quarter ended September 30, 2005 and Form 8-K/A filed on January 24, 2006, resulted in the Company recognizing that its controls and procedures were not effective as of the year ended December 31, 2005 nor during the period ended September 30, 2005 and constituted material weaknesses which began after the close of the Exchange Agreement on or about July 19, 2005. The material weaknesses were primarily the result of our having no controller and no qualified personnel and as a result, transactions were omitted, recorded incorrectly, or recorded without support.

#### **Limitations on the Effectiveness of Internal Controls**

Disclosure controls and procedures are designed to provide reasonable assurance of any entity achieving its disclosure objectives. Our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were not effective as the fiscal year ended December 31, 2005 and the Company has since implemented disclosure controls and procedures to ensure that the Company has the proper disclosure controls and procedures to keep this from happening again. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors or mistakes or intentional circumvention of the established process.

There were no changes in the Company's internal controls over financial reporting, known to the Chief Executive Officer and Chief Financial Officer, which occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In May, 2006, we remediated the material weakness in internal control over financial reporting by having our Chief Executive Officer and Chief Financial Officer review in detail all adjustments affecting the issuances of our securities and we retained an outside consultant to make accounting entries.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

### **ITEM 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS**

In connection with the Exchange, on July 19, 2005, the Company acquired all of the outstanding capital stock of Es3 in exchange for the Company's issuance to Es3 Stockholders of 18,108,750 shares of the Company's common stock, (iii) issue to Crown Partners 905,438 shares of common stock, and (ii) issue to the Consultants 400,000 shares of common stock. The issuance of the Company's common stock to Es3 Stockholders and Crown Partners is intended to be exempt from registration under the Securities Act, pursuant to Section 4(2) thereof. The Company has agreed to register the common stock being issued to the Consultants on a Registration Statement on Form S-8.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

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

None

### **ITEM 5. OTHER INFORMATION**

None

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

a) Exhibits - None.

b) Reports on Form 8-K

On July 5, 2005, the Company filed a report on Form 8-K with respect to the entry into the Exchange Agreement, the issuance of securities in connection with the Exchange Agreement and the Change of Control resulting from the transactions under the Exchange Agreement.

On July 25, 2005, the Company filed a report on Form 8-K with respect to the closing of the transactions contemplated by the Exchange Agreement, the issuance of securities in connection with the Exchange Agreement and the Change of Control resulting from the transactions under the Exchange Agreement.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NATIONAL HEALTHCARE TECHNOLOGY, INC.**

*Date: February 20, 2007*

*By: /s/ JON CARLSON*

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*Jon Carlson, CEO, CFO*

**FORM OF CERTIFICATION**

**PURSUANT TO RULE 13a-14 AND 15d-14  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

**CERTIFICATION**

I, Samuel P. Plunkett, certify that:

1. I have reviewed this Form 10-QSB/A of National Healthcare Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change to the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

*Date: April 12, 2007*

*/s/ Samuel P. Plunkett*

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*Name: Samuel P. Plunkett, CEO*

**FORM OF CERTIFICATION**

**PURSUANT TO RULE 13a-14 AND 15d-14  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

**CERTIFICATION**

I, Samuel P. Plunkett, certify that:

1. I have reviewed this Form 10-QSB/A of National Healthcare Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change to the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

*Date: April 12, 2007*

*/s/ Samuel P. Plunkett*

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*Name: Samuel P. Plunkett*

*Title: CFO*

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of National Healthcare Technology, Inc. on Form 10-QSB/A for the period from January 27, 2005 (Inception) through September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

*/s/ Samuel P. Plunkett*

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*Samuel P. Plunkett*

*CEO, CFO*

*Dated: April 12, 2007*