Form 10-Q for GLOBAL HEALTH VENTURES INC.

14-Apr-2009

Quarterly Report

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

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements as that term is defined in applicable securities laws. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Financial information contained in this quarterly report and in our unaudited interim consolidated financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles. The following discussion should be read in conjunction with our unaudited interim consolidated financial statements and the related notes that appear elsewhere in this quarterly report.

As used in this quarterly report, and unless otherwise indicated, the terms "we", "us" and "our" mean Global Health Ventures Inc., unless otherwise indicated.

Corporate History

We were incorporated on April 25, 2006 under the name "Acting Scout Inc.", pursuant to the laws of the state of Nevada.

On September 10, 2007, we filed an Amendment to our Articles of Incorporation with the Secretary of State of Nevada to be effective as of September 10, 2007 to decrease our authorized capital from 80,000,000 common shares to 14,000,000 common shares.

On September 20, 2007, we changed our name to Goldtown Investments Corp. to better reflect our new business model. In addition, effective as of September 20, 2007, we also filed a Certificate of Change to increase our issued and outstanding, and authorized capital, on a basis of fourteen (14) new common shares for every one (1) existing common share, from 11,023,000 issued and outstanding common shares into 154,322,000 issued and outstanding common shares, and from 14,000,000 authorized common shares to 196,000,000 authorized common shares.

On September 29, 2008, Blair Law resigned as our president, secretary, treasurer, chief executive officer and chief financial officer. On September 29, 2008, Hassan Salari was appointed as our president, secretary, treasurer, chief executive officer and chief financial officer.

Effective October 6, 2008, we changed our name from "Goldtown Investments Corp." to "Global Health Ventures Inc." as a result of a merger with Global Health Ventures Inc., our wholly-owned subsidiary that was incorporated solely to effect the name change. Our common shares trade on the Over The Counter Bulletin Board (OTCBB) under the symbol "GHLV".

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Current Business

We are a development stage company in the biopharmaceutical field, developing opportunities which we plan to acquire through licensing or a mergers with other established business entities. In certain instances, a target business may wish to become a subsidiary of us or may wish to contribute assets to us rather than merge. We anticipate that any new acquisition or business opportunities by our company will require additional financing. There can be no assurance, however, that we will be able to acquire the financing necessary to enable us to pursue our plan of operation. If our company requires additional financing and we are unable to acquire such funds, our business may fail.

Management of our company believes that there are perceived benefits to being a reporting company with a class of publicly-traded securities. These are commonly thought to include: (i) the ability to use registered securities to acquire assets or businesses; (ii) increased visibility in the financial community;
(iii) the facilitation of borrowing from financial institutions; (iv) improved trading efficiency; (v) stockholder liquidity; (vi) greater ease in subsequently raising capital; (vii) compensation of key employees through stock options;
(viii) enhanced corporate image; and (ix) a presence in the United States capital market.

We may seek a business opportunity with entities who have recently commenced operations, or entities who wish to utilize the public marketplace in order to raise additional capital in order to expand business development activities, to develop a new product or service, or for other corporate purposes. We may acquire assets and establish wholly-owned subsidiaries in various businesses or acquire existing businesses as subsidiaries.

In implementing a structure for a particular business acquisition or opportunity, we may become a party to a merger, consolidation, reorganization, joint venture, or licensing agreement with another corporation or entity. We may also acquire stock or assets of an existing business. Upon the consummation of a transaction, it is likely that our present management will no longer be in control of our company. In addition, it is likely that our officers and directors will, as part of the terms of the acquisition transaction, resign and be replaced by one or more new officers and directors.

As of the date hereof, management has not entered into any formal written agreements for a business combination or opportunity. When any such agreement is reached, we intend to disclose such an agreement by filing a current report on Form 8-K with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the unaudited interim financial statements and the notes to the unaudited interim financial statements included in this quarterly report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those anticipated in these forward-looking statements.

For the three month periods ended February 28, 2009 and February 29, 2008

Our interim consolidated financial statements report a net loss of $35,149 for the three month period ended February 28, 2009 as compared to a net loss of $10,699 for the three month period ended February 29, 2008.

During the three months ended February 28, 2009, we incurred expenses of $35,149 compared to $10,757 during the three months ended February 29, 2008. The increase in expenses during the three months ended February 28, 2009 was largely due to increases in general and administrative expenses.

For the nine month periods ended February 28, 2009 and February 29, 2008

Our interim consolidated financial statements report a net loss of $72,664 for the nine month period ended February 28, 2009 as compared to a net loss of $54,833 for the nine month period ended February 29, 2008. Our accumulated net losses for the period from April 26, 2006, our date of inception, to February 28, 2009 was $208,046.

During the nine months ended February 28, 2009, we incurred expenses of $72,664 compared to $54,918 during the three months ended February 29, 2008. The increase in expenses during the three months ended February 28, 2009 was largely due to increases in general and administrative expenses.

As of February 28, 2009, we had a working capital of $340,704. Our total liabilities as of February 28, 2009 were $10,223, as compared to total liabilities of $89,176 as of February 29, 2008. The change was due primarily to a decrease in the amount due to related parties of $61,709 and a decrease in accounts payable of $11,925.

Cash Flow Used in Operating Activities

Operating activities used cash of $51,981 for the nine month period ended February 28, 2009, compared to using cash of $42,551 for the nine month period ended February 29, 2008. The increase in cash used during the nine month period ended February 28, 2009 was commensurate with a decrease in the amount due to related parties of $16,634.

Cash Flow Provided by Financing Activities

Financing activities provided cash of $397,182 for the nine month period ended February 28, 2009 compared to providing cash of $27,515 for the nine month period ended February 29, 2008. The increase in financing activities was due to the private placement of 1,540,000 units at $0.25 per unit for gross proceeds of $385,000 completed on January 20, 2009.

Liquidity and Capital Resources

We had cash of $350,927 and current liabilities of $10,223 as of February 28, 2009. We had working capital of $340,704 as of February 28, 2009.

To date, we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements. We expect this situation to continue for the foreseeable future. We anticipate that we will have negative cash flows during the next twelve month period ended February 28, 2010.

On January 2, 2009, we agreed to settle the outstanding amount of $115,000 owed to our president by the issuance of 460,000 units of our company at $0.25 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable to acquire an additional 460,000 common shares at an exercise price of $0.40 per share and having an expiry date of January 20, 2011. We issued the 460,000 units to our president on January 20, 2009

Also on January 20, 2009, we completed a private placement of 1,540,000 units of our company at $0.25 per unit for gross proceeds of $385,000. Each unit consisted of one common share and one common share purchase warrant exercisable to acquire an additional 1,540,000 common shares at an exercise price of $0.40 per share and having an expiry date of January 20, 2011.

We incurred a loss of $72,664 for the nine month period ended February 28, 2009. As indicated below, our estimated working capital requirements and projected operating expenses for the next twelve month period total $200,000. Although we have sufficient funds to carry out our operations for the next twelve month period, we may attempt to raise additional funds through the issuance of equity securities or through debt financing. There can be no assurance that we will be successful in raising the required capital or that actual cash requirements will not exceed our estimates. We intend to fulfill any additional cash requirement through the sale of our equity securities.

We expect to require a total of approximately $400,000, as set out below to carry out our business plan over the twelve months beginning March 2009. Our expenditures for the next twelve months include:

Description	**Our cost to Complete $**
Development and acquisition of new business opportunities	50,000
Research contract fees	200,000
Legal and Accounting Consultants	50,000
General Administration and working capital	100,000
Total	**400,000**

We do not anticipate generating positive internal operating cash flow until we can generate substantial revenues, which may take the next few years to realize depending on the type of business we may acquire. There is no assurance we will achieve profitable operations in the future. We have historically financed our operations primarily by cash flows generated from the sale of our equity securities and through cash infusions from officers and affiliates in exchange for debt and/or common stock. No officer or affiliate has made any commitment or is obligated to continue to provide cash through loans or purchases of equity.

We intend to meet the balance of our cash requirements for the next 12 months through a combination of debt financing and equity financing through private placements. Currently we are active in contacting broker/dealers in Canada and elsewhere regarding possible financing arrangements. However, we currently do not have any arrangements in place for the completion of any further private placement financings and there is no assurance that we will be successful in completing any further private placement financings. If we are unsuccessful in raising sufficient funds through future capital raising efforts, we may review other financing options.

We have generated no revenues and incurred significant operating losses from operations. Since we anticipate we will expand operational activities in the future, we may continue to experience net negative cash flows from operations and will be required to obtain additional financing to fund operations through equity securities' offerings and bank borrowings to the extent necessary to provide working capital. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow from stockholders or other outside sources to sustain operations and meet our obligations on a timely basis and ultimately to attain profitability. We have limited capital with which to pursue our business plan. There can be no assurance that our future operations will be significant and profitable or that we will have sufficient resources to meet our objectives.

There are no assurances that we will be able to obtain funds required for our continued operation. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further financing. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Product Research and Development

Unless we are successful in acquiring financing and business opportunities in the biotech field, we do not anticipate that we will spend any significant monies on research and development over the twelve month period ending February 28, 2010.

Purchase of Significant Equipment

We do not intend to purchase any significant equipment over the twelve month period ending February 28, 2010.

Off-Balance Sheet Arrangements

As of February 28, 2009, our company had no off-balance sheet arrangements, including any outstanding derivative financial statements, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Our company does not engage in trading activities involving non-exchange traded contracts.

Employees

We currently have no employees, other than the president of the company and our director of investor relations, who is related to our president, and we do not expect to hire any employees in the foreseeable future. We presently conduct our business through agreements with consultants and arms-length third parties.

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Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on our annual financial statements for the year ended May 31, 2008, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amount 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. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain.

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations.

Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the reporting period. Our company regularly evaluates estimates and assumptions related to deferred income tax asset valuation allowance. Our company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by our company may differ materially and adversely from our company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", our company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Stock-based Compensation

In accordance with SFAS 123R, "Share Based Payments", we account for share-based payments using the fair value method. Our company has not issued any stock options or share based payments since its inception. Common shares issued to third parties for non-cash consideration are valued based on the fair market value of the services provided or the fair market value of the common stock on the measurement date, whichever is more readily determinable.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts - An interpretation of FASB Statement No. 60". SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise's risk-management activities. SFAS 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The adoption of this statement is not expected to have a material effect on our company's financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles".

SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The adoption of this statement is not expected to have a material effect on our company's financial statements.

In March 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment to FASB Statement No. 133". SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The adoption of this statement is not expected to have a material effect on our company's financial statements.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141R, "Business Combinations". This statement replaces SFAS 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on our company's financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements Liabilities -an Amendment of ARB No. 51". This statement amends ARB 51 to establish accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on our company's financial statements.

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RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115". This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 "Accounting forCertain Investments in Debt and Equity Securities" applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, "Fair Value Measurements". The adoption of this statement did not have a material effect on our company's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement did not have a material effect on our company's financial statements.