NATIONAL HEALTHCARE TECHNOLOGY INC
Form 10QSB/A
April 06, 2007

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

FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended March 31, 2006

|_| 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 incorporation or organization)	(IRS Employer Identification No.)

1660 Union Street, Suite 200, San Diego, California 92101
(Address of principal executive offices)

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

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

Check whether the issuer (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 |X| No |_|

As of June 6, 2006, 34,782,759 shares of the issuer's common equity are outstanding.

Transitional Small Business Disclosure Format (Check one): Yes |_| No |X|

PART I - FINANCIAL INFORMATION

Item 1. Financial Information

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NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006
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NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2006
(Unaudited)

ASSETS

Assets $ --

LIABILITIES AND STOCKHOLDERS' DEFICIT

Liabilities	
Current Liabilities	
Accounts Payable	$ 113,145
Total Current Liabilities	113,145
Stockholders' Deficit	
Preferred Stock, $0.01 par value, 10,000,000 shares authorized, none issued and outstanding	--
Common Stock, $.001 par value, 100,000,000 shares authorized, 19,182,759 issued and outstanding	19,183
Additional paid in Capital	12,915,157
Deficit accumulated during development stage	(13,047,485)
Total Stockholders' Deficit	(113,145)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ --

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

NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2006, AND FROM JANUARY 27, 2005
(INCEPTION)
TO MARCH 31, 2006 AND 2005
(Unaudited)

	Three Months Ended March 31, 2006	Period from January 27, 2005 (inception) through March 31, 2005	J
REVENUES			
COST OF GOODS SOLD	--	--	
Gross profit	--	--	
OPERATING EXPENSES:			
Professional fees	$ 12,230,750	$ 16,762	
Technology license royalties	--	--	
Depreciation and amortization	--	--	
Other general and administrative	9,135	15,794	
Total operating expenses	12,239,885	32,556	
NET LOSS	$(12,239,885)	$ (32,556)	
LOSS PER COMMON SHARE, SHARE, BASIC AND DILUTED	$ (0.64)	$ (0.00)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	19,182,759	8,380,000	

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

NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND FROM JANUARY 27, 2005 (INCEPTION)
TO MARCH 31, 2006 AND 2005
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net (Loss)	$(12,239,885)	$(32,556
Adjustments to reconcile net loss to cash used by operating activities:		
Depreciation and amortization	--	--
Stock issued for services	12,190,000	--
Changes in certain assets and liabilities, net of divestiture		
Inventory	--	--
Other assets	--	--
Accounts payable and accrued expenses	49,885	8,702
CASH FLOWS USED IN OPERATING ACTIVITIES	--	(23,854
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	--	(3,446
CASH FLOWS USED IN INVESTING ACTIVITIES	--	(3,446
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible note - related party	--	--
Related party advances	--	27,300
CASH FLOWS FROM PROVIDED BYFINANCING ACTIVITIES	--	27,300
Net increase (decrease) in cash	--	--
Cash, beginning of the period	--	--
Cash, end of the year	$ --	$ --
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	--	--
Income taxes paid	--	--
NON CASH TRANSACTIONS		
Net liabilities assumed with recapitalization	$ --	$ --
Divestitute of subsidiary to related party	$ --	$ --
Common stock issued for debt	$ --	$ --

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

NATIONAL HEALTHCARE TECHNOLOGY, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

1. Summary of Significant Accounting Policies

A. Organization and General Description of Business

On July 19, 2005, National Healthcare Technology, Inc., a Colorado corporation (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 this 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 had 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).

Effective October 1, 2005, the Company sold all of its shares in Es3.

B. Basis of Presentation and Organization

The consolidated financial statements of the Company for the period from January 27, 2005 (Inception) through March 31, 2006 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, through October 1, 2005 (the effective date of disposition). 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 periods ended March 31, 2006 and 2005 are not necessarily indicative of the results of operations for the full year or any other interim period. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year ended September 30, 2005 to be reported in Form 10-KSB, have been omitted.

C. 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.

D. Property and Equipment

Property and equipment have been stated at cost and depreciated or amortized using the straight-line method over the assets' estimated useful lives. Leasehold improvements have been amortized over the shorter of the life of the related asset or the life of the lease. Costs of maintenance and repairs have been charged to expense as incurred; significant renewals and betterments have been capitalized. Long-lived assets have been assessed for impairment whenever events or changes in circumstances have indicated that the assets' carrying amount may not be recoverable. In the event of impairment, the evaluation has been 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 have been reduced to their estimated net fair market value.

E. Stock-Based Compensation

Prior to January 1, 2006 the Company accounted 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 March 31, 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 adopted 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 share-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.

F. 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.

G. 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 March 31, 2006, basic and diluted loss per share are the same since the calculation of diluted per share amounts would result in an anti-dilutive calculation.

H. Recent Accounting Pronouncements

In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments". SFAS No. 155 amends SFAS No 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAF No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 155, permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interest in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends SFAS No. 140 to eliminate the prohibition on the qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for all financial instruments acquired or issued after the beginning of the Company's first fiscal year that begins after September 15, 2006.

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 has implemented the provisions of SFAS 123(R) effective January 1, 2006.

2. 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 cumulative net loss since inception of $13,047,485, and had a stockholders' deficit at March 31, 2006 of $113,145.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. The Company acquired all of the outstanding capital stock of Es3 in July 2005 and subsequently divested its ownership effective October 1, 2005. At March 31, 2006, the Company had no operations. In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. There can be no assurance that management will be successful in implementing its new plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Related Party Transactions

The following transactions took place between the Company and Boston Equities Corporation, a shareholder holding greater than 10% of the outstanding common stock of the Company. In January 2006 the Company executed a Consulting contract with Camden Holdings, Inc. ("Camden") under which Camden agreed to provide business management services and advice as it relates to the future of the company. In consideration of these services, the Company agreed to pay Camden a fee of two million five hundred thousand (2,500,000) shares of restricted common stock. Camden is a related party to Boston Equities Corporation. The market value of the shares on the date the contact was entered into was $5,750,000. The shares were issued in April 2006 and the transaction has been reflected in the financial statements at March 31, 2006 as additional paid in capital.

In January 2006 the Company entered into a consulting contract with Design Inc. ("Design") to provide business management services and advice as it relates to the Company's future. Under the terms of the agreement, the Company agreed to pay to Design a fee of two million eight hundred thousand (2,800,000) restricted shares of the Company's common stock. Design is a related party to Boston Equities Corporation. The market value of the shares on the date the contact was entered into was $6,440,000. The shares were issued in April 2006 and the transaction has been reflected in the financial statements at March 31, 2006 as additional paid in capital.

4. Subsequent Events

In April 2006, the Company's Board of Director approved a change of direction for the Company, from the business of manufacturing and distributing decorative stone veneers and finishes, to the business of oil and gas exploration and production, mineral lease purchasing and all activities associated with acquiring, operating and maintaining the assets of such operations. In furtherance of this change of direction, the Company entered into consulting agreements with third parties to provide business management services and advice as it relates to the future of the company. These services shall include the drafting and preparation of business plans, operating budgets, cash flow projections and other business management services as the Company ventures into the oil and gas business. As an initial step into the oil and gas business, in April 2006, the Company executed an assignment of an oil and gas lease under which the Company intends to exploit underlying oil and gas reserves. (See discussion, below.)

A. Related Party Transactions On April 3, 2006, the Company

entered into a consulting agreement with Summitt Oil and Gas, Inc. ("Summit") to provide business management services and advice as it relates to the future of the company. Under the terms of the Agreement, the Company shall pay Summitt a fee of two hundred and fifty thousand dollars ($250,000) in cash plus one million eight hundred thousand (1,800,000) restricted of the Company's common stock. The fee is non-refundable and considered earned when the shares are delivered. Summit is a related party to Boston Equities Corporation. The shares of common stock were issued in April 2006.

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On April 3, 2006, the Company entered into an employment agreement with Ross Lyndon James who has been serving as the Company's President without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Lyndon James had also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Lyndon James will receive compensation equal to twenty five thousand dollars ($25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) shares of restricted common stock. All shares have piggy-back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company' common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Lyndon James will be entitled to participate in any stock option program offered by the Company to its employees.

On April 3, 2006, the Company entered into an employment agreement with Brian Harcourt who has been serving as an officer of the Company without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Harcourt has also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Harcourt will receive compensation equal to twenty five thousand dollars ($25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) restricted shares of the common stock. All shares have piggy back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company's common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Harcourt will be entitled to participate in any stock option program offered by the Company to its employees.

On April 4, 2006, the Company entered into an assignment of an oil and gas lease with Summitt. Under the agreement the Company has agreed to pay Summitt consideration of four hundred thousand dollars ($400,000) payable with seventy seven thousand (77,000) restricted shares of the Company's common stock. The shares of stock have not been issued as of June 2, 2006.

April 5, 2006, the Company entered into a consulting agreement with First Credit Holding Ltd ("First Credit") to provide business management services and advice as it relates to the Company's future. Under the terms of the agreement, the Company agreed to pay First Credit a fee of three million five hundred thousand (3,500,000) restricted shares of common stock. The fee is non-refundable and considered earned when the shares are delivered. Brian Harcourt, one of our directors, is the controlling shareholder of First Credit. The shares of stock were issued in April 2006.

On April 25, 2006, the Company entered into a Short Term Bridge Financing in the form of a promissory note to Camden Holdings, Inc. in the amount of three hundred and fifty thousand dollars ($350,000) to be used as working capital. The Note is due on August 25, 2006. No interest is payable on the note.

B. Other

On April 5, 2006, the Company retained the services of Monterosa Group Ltd ("Monterosa") for a period of three years for operational administration, transaction processing and management, systems development, staff recruitment, acquisition transaction support services, shareholder communications and other business management services. Under the agreement, the Company agreed to pay a fee of seven hundred thousand (700,000) shares of the Company's restricted common stock as compensation in lieu of cash. The fee is non-refundable and considered earned when the shares are delivered. The shares of stock were issued in April 2006.

On April 5, 2006, the Company entered into a consulting agreement with BlueFin LLC ("BlueFin") to provide business development, investor relations services, introductions to qualified funding sources, introductions to oil and gas business prospects, and introductions to accredited investors. Under the terms of the agreement, the Company agreed to pay BlueFin a fee of seven hundred thousand (700,000) shares of the Company's restricted common stock. The fee is non-refundable and considered earned when the shares are delivered. The shares of stock were issued in April 2006.

On April 3, 2006, the Board of Directors of the Company authorized and approved the adoption of the 2006 Stock Option Plan effective April 3, 2006 (the "Plan"). The Plan is administered by the duly appointed compensation committee. The Plan is authorized to grant stock options of up to 2,500,000 shares of the Company's common stock. At the time a stock option is granted under the Plan, the compensation committee shall fix and determine the exercise price and vesting schedules at which such shares of common stock of the Company may be acquired.

Item 2. Management's Discussion and Analysis or Plan of Operation.

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. Additional risks, uncertainties and assumptions include, but are not limited to, the factors that we describe in the section entitled "Management's Discussion and Analysis" in the Form 10-KSB/A for the year ended December 31, 2005. 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 Es3. Pursuant to the terms of the Exchange Agreement dated as of June 30, 2005, by and among the Company, Crown Partners, the largest stockholder of the Company prior to the Closing, Es3, and certain stockholders of Es3, the Company acquired 17,798,750 shares of the outstanding capital stock of Es3 in exchange for the Company's issuance to the Es3 Stockholders of 17,798,750 shares of the Company's common stock. In connection with the Exchange Agreement, the Company also issued 78,751 shares to the former owners of National Healthcare Technology, Inc., 905,438 shares to Crown Partners and 400,000 shares between to two individuals, dba. WB International, Inc. that provided consulting and advisory services to the Company (the "Consultants").

As a result of the transactions contemplated by the Exchange Agreement, during the year 2005, we had one active operating subsidiary, Es3. Es3 was formed on January 27, 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" and "Authentic Stone Veneers".

From January 27, 2005 (inception) to March 31, 2006, the Company has had $0 revenues, and a net operating loss of $13,047,485.

Plan of Operation

On April 3, 2006, our Board of Directors approved a change of direction for the Company, from the business of manufacturing and distributing decorative stone veneers and finishes, to the business of oil and gas exploration and production, mineral lease purchasing and all activities associated with acquiring, operating and maintaining the assets of such operations.

Upon the closing of the Exchange Agreement, we had planned to market our coatings and veneers to both commercial and residential markets, which we intended to fund by using the public markets to secure additional working capital and to make acquisitions using either Common Stock or cash. A significant component of our intermediate term growth strategy was the acquisition and integration of companies in related building materials fields. We had expected to take advantage of synergies among related businesses to increase revenues and take advantage of economies of scale to reduce operating costs.

In conjunction with our change of direction, in April 2006, we entered into a consulting agreement with Summitt Oil and Gas, Inc. ("Summitt"), as well as other third parties, to provide business management services, and advice as it relates to the future of the company. This service shall include the drafting and preparation of business plans, operating budgets, cash flow projections and other business management services as we venture into the oil and gas business. Additionally, in April 2006 we executed an assignment of an oil and gas lease under which we acquired the rights to drill and otherwise exploit certain underlying oil and gas reserves which we acquired for 77,000 restricted shares of our common stock and an agreement to pay a 3% royalty on the value of the oil removed or produced and on net proceeds from all gas sold.

We believe that by changing our direction to the oil and gas markets we have improved our prospects for success due to both the current and expected future positive market conditions which we expect to exploit initially from the valuable contacts, industry expertise and business opportunities we expect to derive from Summitt, an industry experienced consulting resource, and other third party consultants.

Additionally, we intend to reincorporate the Company to a Nevada corporation ("Reincorporation"). The business purpose of the Reincorporation is to allow us to avail ourselves to Nevada corporate law. Nevada is a recognized leader in adopting and implementing comprehensive, flexible corporate laws responsive to the legal and business needs of corporations organized under its laws. The Nevada Revised Statutes is an enabling statute that is frequently revised and updated to accommodate changing business needs.

Additionally, consistent with the change of our direction into the oil and gas business, we will also change the Company name to a name in line with a company in the oil and gas business.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to cover our costs of operations, we intend to do so through additional public or private offerings of debt or equity securities, including a drilling fund to raise $5,000,000. There are no commitments or arrangements for other offerings in place, 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. We have also been relying on our common stock to pay third parties for services which has resulted substantial dilution to existing investors.

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Estimated Funding Required During the Next Twelve Months:

Prospect Development & Seismic $1,000,000 to $5,000,000
Drilling & Development $2,500,000 to $5,000,000
Offering Costs & Expenses $50,000 to $50,000
General Corporate Expenses $100,000 to $150,000
Working Capital $700,000 to $1,000,000
Total $4,350,000 to $11,200,000

The minimum expenditures noted above will allow us to commence with exploration and development of properties and commence drilling operations. In the event that we are able to raise further funds, we will primarily expend such funds on further prospect development and seismic studies and then to fund further drilling operations

Consistent with this change of our business, effective October 1, 2005 we sold all of the capital stock of Es3 to Liquid Stone Partners. A partner holding a minority interest in Liquid Stone Partnerships is also a director of the Company.

We currently have two full-time employees. We will primarily rely on outside consultants and do not currently foresee any significant changes in the number of our employees.

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 March 31, 2006 (the "Evaluation Date"). During the course of the audit for our year ended December 31, 2005 in May, 2006, our auditor discovered numerous errors in our financial statements in our financial statements in our quarterly report for the period ended September 30, 2005 as disclosed in our Form 8-K/A filed on June 14, 2006. 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 period ended December 31, 2005 and constituted material weaknesses which began after the close of the Exchange Agreement on or about July 16, 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. The Company believes that its controls and procedures were effective for the period ended March 31, 2006.

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.

We are not a party to any material pending legal proceeding and no such action by or, to the best of our knowledge, against us have been threatened.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. During the Quarter ending March 31, 2006, we issued securities using the exceptions available under the Securities Act of 1933 including unregistered sales made pursuant to Section 4(2) of the Securities Act of 1933, as follows: in January 2006 the Company agreed to issue 2,500,000 shares of common stock in exchange for business management services; and in January 2006, the Company agreed to issue 2,800,000 shares of common stock in exchange for business management services. These shares of stock were not issued as of March 31, 2006. 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.

10	10.8	Consulting Agreement by and between us and Camden Holdings, Inc. dated January 8, 2006 (previously filed as an exhibit to the Company's Form 10-KSB, file no. 001-28911, on May 22, 2006, and incorporated herein by reference.).
	10.9	Consulting Agreement by and between us and Design, Inc. dated January 8, 2006 (previously filed as an exhibit to the Company's Form 10-KSB, file no. 001-28911, on May 22, 2006, and incorporated herein by reference.)
31	31.1	Certification by Ross Lyndon-James, Chief Executive Officer, as required under Section 302 of Sarbannes-Oxley Act of 2002, attached hereto.
	31.2	Certification by Brian Harcourt, Chief Financial Officer, as required under Section 302 of the Sarbannes-Oxley Act of 2002, attached hereto.
32	32.1	Certification as required under Section 906 of Sarbannes-Oxley Act of 2002, attached hereto.

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

Jon Carlson
Chief Executive Officer