ALTRIMEGA HEALTH CORP
Form PRE 14C
January 12, 2005

SCHEDULE 14C
(RULE 14c-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT
SCHEDULE 14C INFORMATION

INFORMATION STATEMENT PURSUANT TO SECTION 14(C)
OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. 1)

Check the appropriate box:

[X] Preliminary information statement

[ ] Definitive information statement

[ ] Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))

ALTRIMEGA HEALTH CORPORATION

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

PRELIMINARY INFORMATION STATEMENT
DATED: JANUARY 11, 2005

ALTRIMEGA HEALTH CORPORATION
4702 OLEANDER DRIVE
SUITE 200
MYRTLE BEACH, SOUTH CAROLINA 29577
(843) 497-7028

INFORMATION STATEMENT

This information statement (the "Information Statement") is furnished to the shareholders of Altrimega Health Corporation, a Nevada corporation (the "Company"), with respect to certain corporate actions of the Company. This Information Statement is first being provided to shareholders on or about January 28, 2005.

The corporate actions involve the following three (3) proposals (individually, a "Proposal" and, collectively, the "Proposals"):

1. Amendment of the Company's Articles of Incorporation to change the name of the Company to Top Gun Sports & Entertainment, Inc.;

2. Authorize a 1-for-1000 reverse stock split for the Company's outstanding common stock, par value $0.001 per share;

3. Election of three (3) directors of the Company; and

ONLY THE COMPANY'S SHAREHOLDERS OF RECORD AT THE CLOSE OF BUSINESS ON JANUARY 12, 2005 (THE "RECORD DATE") ARE ENTITLED TO NOTICE OF AND TO VOTE ON THE PROPOSALS. MEMBERS OF MANAGEMENT AND PRINCIPAL SHAREHOLDERS WHO COLLECTIVELY HOLD IN EXCESS OF 50% OF THE COMPANY'S SHARES OF COMMON STOCK ENTITLED TO VOTE ON THE PROPOSALS HAVE INDICATED THEIR INTENTION TO VOTE IN FAVOR OF THE PROPOSALS. AS A RESULT, THE PROPOSALS SHOULD BE APPROVED WITHOUT THE AFFIRMATIVE VOTE OF ANY OTHER SHAREHOLDERS OF THE COMPANY.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

BY ORDER OF THE BOARD OF DIRECTORS

JOHN W. GANDY, PRESIDENT

Myrtle Beach, South Carolina
January 11, 2005

TABLE OF CONTENTS

PAGE NO.

ABOUT THE INFORMATION STATEMENT..1
    What Is The Purpose Of The Information Statement?........................1
    Who Is Entitled To Notice?..1
    What Corporate Matters Will The Principal Shareholders Vote For And

How Will They Vote?..1
What Are The Board Of Directors' Recommendations?.........................2
What Vote Is Required To Approve Each Proposal?..........................2
What Is The Purpose Of The Proposals?....................................2
Why has the Company Abandoned its Decision to Increase The Authorized Shares of Common Stock for the Conversion of The Outstanding Shares of Series A Preferred Stock?..2
Shareholders Who Intend To Vote In Favor Of The Proposals.................3

STOCK OWNERSHIP..4

FINANCIALS STATEMENTS OF ALTRIMEGA HEALTH CORPORATION.........................5

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS..................28
Disagreements With Accountants...35

BUSINESS COMBINATION..36

FINANCIALS STATEMENTS OF TOP GUN SPORTS & ENTERTAINMENT, INC.................37

Independent Auditor's Report..38

PRO FORMA FINANCIAL INFORMATION...47

PROPOSAL 1 - AMENDMENT TO THE ARTICLES OF INCORPORATION TO CHANGE THE COMPANY'S NAME TO TOP GUN SPORTS & ENTERTAINMENT, INC....................54
Recommendation Of The Board Of Directors.................................54

PROPOSAL 2 - AMENDMENT TO THE ARTICLES OF INCORPORATION TO APPROVE A 1-FOR-1000 REVERSE STOCK SPLIT...55
Purpose Of Common Stock..55
Recommendation Of The Board Of Directors.................................56

PROPOSAL 3 - ELECTION OF DIRECTORS..57
Directors Standing for Election..57
Recommendation of the Board of Directors.................................57
Current Directors and Officers...57
Executive Compensation...58
Certain Relationships And Related Transactions...........................59

DESCRIPTION OF SECURITIES...60

INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON.....62

PROPOSALS BY SECURITY HOLDERS...62

DELIVERY OF DOCUMENTS TO SECURITY HOLDERS SHARING AN ADDRESS................62

ALTRIMEGA HEALTH CORPORATION
4702 OLEANDER DRIVE
SUITE 200
MYRTLE BEACH, SOUTH CAROLINA 29577

INFORMATION STATEMENT
JANUARY 11, 2005

This information statement ("Information Statement") contains information related to certain corporate actions of Altrimega Health Corporation, a Nevada Corporation (the "Company"), and is expected to be mailed to shareholders on or about January 28, 2005.

ABOUT THE INFORMATION STATEMENT

WHAT IS THE PURPOSE OF THE INFORMATION STATEMENT?

This Information Statement is being provided pursuant to Section 14 of the Securities Exchange Act of 1934 to notify the Company's shareholders as of the close of business on January 12, 2005 (the "Record Date") of corporate action expected to be taken pursuant to the written consents of principal shareholders. Shareholders holding a majority of the Company's outstanding common stock are expected to act upon certain corporate matters outlined in this information statement, which action is expected to take place on February 22, 2005, consisting of the approval of an amendment to the Company's Articles of Incorporation to change the name of the Company to Top Gun Sports & Entertainment, Inc., to authorize a 1-for-1000 reverse split of the Company's outstanding common stock, and to elect (3) directors of the Company. These actions relate to the acquisition through a share exchange agreement of Top Gun Sports of Entertainment, Inc. ("Top Gun Sports").

WHO IS ENTITLED TO NOTICE?

Each holder of an outstanding share of common stock as of record on the close of business on the Record Date will be entitled to notice of each matter to be voted upon pursuant to written consents. Shareholders as of the close of business on the Record Date that hold in excess of fifty percent (50%) of the Company's 49,139,950 issued and outstanding shares of common stock have indicated that they will vote in favor of the Proposals. Under Nevada corporate law, all the activities requiring shareholder approval may be taken by obtaining the written consent and approval of more than 50% of the holders of voting stock in lieu of a meeting of the shareholders. No action by the minority shareholders in connection with the Proposals is required.

WHAT CORPORATE MATTERS WILL THE PRINCIPAL SHAREHOLDERS VOTE FOR AND HOW WILL THEY VOTE?

Shareholders holding a majority of the outstanding common stock required to vote on each matter have indicated that they will vote for the following Proposals:

- FOR the APPROVAL of an amendment to the Company's Articles of Incorporation to change the name of the Company to Top Gun Sports & ENTERTAINMENT, Inc. (see page 54).

- FOR the APPROVAL to authorize a 1-for-1000 reverse split of the Company's outstanding common stock. (see page 55).

- FOR the election of three (3) directors of the Company (see page 57).

1

WHAT ARE THE BOARD OF DIRECTORS' RECOMMENDATIONS?

The Board of Directors' recommendations are set forth together with the description of each item in this Information Statement. In summary, the Board recommends a vote:

- FOR the approval of an amendment to the Company's Articles of Incorporation to change the name of the Company from Altrimega Health Corporation to Top Gun Sports & Entertainment, Inc. (see page 54).
- FOR the approval of 1-for-1000 reverse split of the Company's outstanding common stock. (see page 56).
- FOR the election of three (3) directors of the Company (see page 57).

WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?

As of the Record Date, the Company had 49,139,950 shares of issued and outstanding shares of common stock.

CORPORATE NAME CHANGE. For the Proposal to change the name of the Company to Top Gun Sports & Entertainment, Inc., a vote of a majority of the common stock is required for approval of the Proposal. As a result, the vote of at least 24,569,976 outstanding shares of common stock are required to approve the Proposal.

REVERSE SPLIT. For the Proposal to authorize a 1-for-1000 reverse split of the outstanding shares of common stock, a vote of a majority of the common stock is required for approval of the Proposal. As a result, the vote of at least 24,569,976 outstanding shares of common stock are required to approve the Proposal.

ELECTION OF DIRECTORS. For the Proposal to elect the (3) directors, a plurality of the shares of common stock is required for the approval of the Proposal. Because a majority of the outstanding shares of common stock have indicated that they will vote in favor of this proposed slate of directors, this Proposal should be approved.

The shareholders that have indicated an intention to vote in favor of the Proposals and the number of shares of common stock within their voting control as of the new Record Date (January 12, 2005) are described below. These shareholders have 50.0517% of the shares of common stock. Accordingly, these shareholders have sufficient shares to approve all of the Proposals.

WHAT IS THE PURPOSE OF THE PROPOSALS?

The purpose of the Proposals is to consummate the change the name of the Company and effect a reverse stock split as a condition of its pending share exchange with Top Gun Sports & Entertainment, Inc. of Nevada.

WHY HAS THE COMPANY ABANDONED ITS DECISION TO INCREASE THE AUTHORIZED SHARES OF COMMON STOCK FOR THE CONVERSION OF THE OUTSTANDING SHARES OF SERIES A PREFERRED STOCK?

During the end of December 2004 and the beginning of January 2005, each holder of Series A Preferred Stock ("the Preferred Stock") agreed to the cancellation of their shares of Preferred Stock. As a result, the Company no longer needs to increase its authorized shares, or issue shares of common stock, relating to the Preferred Stock.

2

SHAREHOLDERS WHO INTEND TO VOTE IN FAVOR OF THE PROPOSALS

The table below indicates the holders of shares of the Company's common stock that have indicated their intention to vote in favor of the Proposals.

SHAREHOLDER	COMMON SHARES OWNED	PERCENTAGE OWNERSHIP OF COMMON STOCK(6)
CAPITAL PROPS. CONS., LLC(1)	1,668,250	3.3949%
EARL INGARFIELD	2,611,430	5.3143%
CHICORA BEACH HOLIDAY(2)	559,300	1.1382%
JOHN F. SMITH, III	348,400	0.7090%
JOHN W. GANDY	1,254,750	2.5534%
GANDY ASSOCIATES, LLC(2)	1,250,000	2.5438%
GANDY FAMILY INVS., LLC(2)	2,500,000	5.0875%
KIM GOODSON	2,000,000	4.0700%
GREAT WEST, LLC(3)	4,879,750	9.9303%
ROBERT LEE MATZIG	1,100,000	2.2385%
WOFFORD CAPITAL(2)	202,500	0.4121%
HENDRIX & GANDY, LLC(4)	21,000	0.0427%
RIO INVS. GROUP, LLC(5)	6,200,000	12.6170%
	24,595,380	50.0517%

(1) To the Company's knowledge, Capital Properties Consultants, LLC is controlled by Ron Hendrix, a director of the Company.

(2) Represents shares of the Company's common stock over which John W. Gandy, the Company's President and director, has voting control.

(3) To the Company's knowledge, Great West, LLC is controlled by Marcella M. Mica.

(4) Hendrix & Gandy, LLC is controlled 50% by John Gandy and 50% by Ron Hendrix.

(5) To the Company's knowledge, Rio Investments Group, LLC is controlled by Walter Lynch.

(6) Applicable percentage of ownership is based on 49,139,950 shares of common stock outstanding as of January 12, 2005.

3

STOCK OWNERSHIP

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth as of January 12, 2005, the name, address and the number of shares of our common stock held of record or beneficially by each person who was known by us to own beneficially, more than 5% of our 49,139,950 issued and outstanding shares of common stock. In addition, the table sets forth the name and shareholdings of each director and of all officers and directors as a group.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS (COMMON)

TITLE OF CLASS	NAME AND ADDRESS BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENTAGE OF CLASS(2)
Common	Rio Investment Group, LLC 25 Greystone Manor Lewes, Delaware 19958	6,200,000	13.43%
Common	Great West, LLC 2033 Main Street Sarasota, FL 34231	4,879,750	10.57%

SECURITY OWNERSHIP OF MANAGEMENT OF ALTRIMEGA (COMMON)

TITLE OF CLASS	NAME AND POSITION OF OFFICER AND/OR DIRECTOR	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENTAGE OF CLASS(2)
COMMON			
Common	John W. Gandy, President, C.E.O. and Director	2,554,750	5.19%
Common	Chicora Beach Holiday**	14,825	0.02%
Common	Wofford Capital***	33,737	0.05%
Common	Gandy Associates^	625,000	1.28%
Common	Gandy Family Investments^^	750,000	1.54%
Common	Ron Hendrix, C.F.O., Secretary	1,668,250	3.41%
Common	Hendrix & Gandy*	21,000	0.03%
Common	John Smith III, Director	348,400	0.72%
Common	All Officers and Directors as a Group (3 Persons)	4,840,962	9.85%
Common	Total Beneficial Ownership	6,015,962	12.24%

(1) Applicable percentage of ownership is based on 49,139,950 shares of common stock outstanding as of January 12, 2005 for each stockholder. Beneficial ownership is determined in accordance within the rules of the Commission and generally includes voting of investment power with respect to securities.

(2) The percentage calculation has been rounded to the nearest one-hundredth of a percent.

(3) Ownership percentage based on officers and directors' percentage ownership of entity, as set forth below. * Hendrix & Gandy is owned 50% by John W. Gandy and 50% by Ron Hendrix.

** Chicora Beach Holiday is owned 25% by John W. Gandy.

*** Wofford Capital is owned 16.66% by John W. Gandy.

^ Gandy Associates is owned 50% by John W. Gandy.

^^ Gandy Family Investments is owned 30% by John W. Gandy.

Corporate action will only take place 20 days after a definitive information statement is mailed to all shareholders of record. This mailing is expected to occur on or about January 28, 2005.

FINANCIAL STATEMENTS
OF ALTRIMEGA HEALTH CORPORATION

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS

	Sep 30, 2004
Current assets	
Cash	$ 45,179
Properties held for development or sale	1,500,577
Prepaid expenses	5,600
Total current assets	1,551,356
Other assets	
Accounts receivable - related party	59,560
Deposits	35,000
Total other assets	94,560
Total assets	$ 1,645,946

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities	
Notes payable	$ 1,539,788
Accounts payable - related parties	263,688
Accounts payable	227,975
Total current liabilities	1,933,773
Total liabilities	2,031,451
Commitments and contingencies	--
Minority interest	(1,191)
Stockholders' deficit	
Preferred stock; $0.001 par value; 10,000,000 shares authorized, 1,000,000 shares issued and outstanding	1,000
Common stock; $0.001 par value; 50,000,000 shares authorized, 49,139,950 shares issued and outstanding	49,140
Additional paid-in capital	381,560
Accumulated deficit during the development stage	(816,044)
Total stockholders' deficit	(384,344)

Total liabilities and stockholders' deficit	$ 1,645,916

See Accompanying Notes to Financial Statements

6

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	For the three months ended Sep 30, 2004	For the three months ended Sep 30, 2003	For the nine months ended Sep 30, 2004	For nine m end Sep 30,
Revenue	$ 1,065,348	$ 271,679	$ 1,065,348	$ 63
Cost of revenue	952,683	260,775	952,683	58
Gross profit	112,665	10,904	111,036	5
Operating expenses				
Consulting and professional fees	--	--	--	6
General and administrative	31,291	9,820	86,414	3
Total operating expenses	31,291	9,820	86,414	10
Loss from operations	81,374	1,084	24,622	(5
Other income (expense)				
Interest expense	(12,896)	(14,444)	(32,803)	(3
Other income	(2,549)	--	229	
Total other income (expense)	(15,445)	(14,444)	(32,574)	(3
Loss before minority interest	65,929	(13,360)	(7,952)	(8
Minority interest	(16,965)	2,239	(9,007)	(
Loss before provision for income taxes	48,964	(71,016)	(16,959)	(8
Provision for income taxes	--	--	--	
Net loss	$ 48,964	$ (11,121)	$ (16,959)	$ (8
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$
Basic and diluted weighted average common shares outstanding	49,139,950	49,139,950	49,139,950	49,05

============ ============ ============ =======

See Accompanying Notes to Financial Statements

7

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For the nine months ended Sep 30, 2004	For the nine months ended Sep 30, 2003
Net loss	$ (16,959)	$ (89,326)
Adjustments to reconcile net loss to net cash used by operating activities:		
Minority interest	9,007	1,405
Changes in operating assets and liabilities		
Properties held for development or sale	(841,062)	439,135
Prepaid commissions	--	(4,441)
Accounts receivable - related party	3,000	(57,264)
Bank overdraft	(539)	--
Accounts payable- related parties	2,777	10,740
Accounts payable	191,889	52,788
Net cash used by operating activities	(651,877)	353,037
Cash flows from financing activities		
Proceeds from notes payable, net of payments	694,788	(398,143)
Net cash provided by financing activities	694,788	(398,143
Net change in cash	42,901	(45,106)
Beginning cash balance	1,739	47,053
Ending cash balance	$ 44,640	$ 1,947
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ --	$ --
Cash paid for interest	$ 32,803	$ 31,312

See Accompanying Notes to Financial Statements

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Securities and Exchange Commission requirements for interim financial statements. Therefore, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The financial statements should be read in conjunction with the Form 10-KSB for the year ended December 31, 2003 of Altrimega Health Corporation and Subsidiary (the "Company").

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

The interim financial information is unaudited. In the opinion of management, all adjustments necessary to present fairly financial position of the company as of September 30, 2004 and the results of operations and cash flows presented herein have been included in the financial statements. Interim results are not necessarily indicative of results of operations for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accounting for the AHC Transaction is identical to that resulting from a reverse acquisition, except goodwill or other intangible assets will not be recorded.

During November 2002, the Company acquired 80% of Sea Garden Funding, LLC by the assumption of certain liabilities. Sea Garden Funding, LLC was organized in the state of South Carolina on November 13, 2002 for the purpose of the development and sale of residential real estate. (See Note 2)

Going concern - The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company incurred a net loss of approximately $133,000 for the year ended December 31, 2003, with an accumulated loss from inception of approximately $799,000. The Company's current liabilities exceed its current assets by approximately $475,000 as of December 31, 2003. The Company had a net loss of approximately $17,000 for the nine months ended September 30, 2004 and an accumulated deficit of $816,000 at September 30, 2004. The Company's current liabilities exceeded its current assets by approximately $480,000 at September 30, 2004.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

1. BASIS OF PRESENTATION (CONTINUED)

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

Management's plan, in this regard, is to develop and sell real estate in order to provide additional working capital for its future planned activity and to service its debt, which will enable the Company to operate for the coming year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassification-Certain prior year balances have been reclassified to conform to the current year presentation, which have no effect on the loss.

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising and marketing costs - The Company recognizes advertising and marketing costs in accordance with Statement of Position 93-7 "Reporting on Advertising Costs." Accordingly, the Company expenses the costs of producing advertisements at the time production occurs, and expenses the costs of communication advertising in the period in which the advertising space or airtime is used. Advertising costs are charged to expense as incurred. Advertising expenses was $6,790 and $- for the year ended December 31, 2003. Advertising expenses for the three months ended June 30, 2004 was $-0-.

Fair value of financial instruments - The carrying amounts and estimated fair values of the Company's financial instruments approximate their fair value due to the short-term nature.

Earnings (loss) per share - Basic earnings (loss) per share excludes any dilutive effects of options, warrants and convertible securities. Basic earnings (loss) per share is computed using the weighted-average number of outstanding common shares during the applicable period. Diluted earnings per share is computed using the weighted average number of common and common stock equivalent shares outstanding during the period. Common stock equivalent shares are excluded from the computation if their effect is antidilutive.

Income taxes - The Company accounts for its income taxes in accordance with Statement of Financial Accounting Standards No. 109, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTINGPOLICIES (CONTINUED)

As of December 31 2003, the Company has available net operating loss carryovers of approximately $800,000 that will expire in various periods through 2023. Such losses may not be fully deductible due to the significant amounts of non-cash service costs. The Company has established a valuation allowance for the full tax benefit of the operating loss carryovers due to the uncertainty regarding realization.

Accounting methods - The Company recognizes income and expenses based on the accrual method of accounting.

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

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

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

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Dividend policy - The Company has not adopted a policy regarding payment of dividends.

Comprehensive loss - The Company has no components of other comprehensive loss. Accordingly, net loss equals comprehensive loss for all periods.

Segment information - The Company discloses segment information in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, which uses the Management approach to determine reportable segments. The Company operates under one segment.

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

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

Net loss per common share - The Company computes net loss per share in accordance with SFAS No. 128, Earnings per Share and SEC Staff Accounting Bulletin No. 98. Under the provisions of SFAS 128 and SAB 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share gives effect to common stock equivalents, however, potential common shares are excluded if their effect is antidilutive. For the three months ended March 31, 2004, for the year ended December 31, 2003 and the period from July 3, 2002 (Inception) through December 31, 2003, no shares were excluded from the computation of diluted earnings per share because their effect would be antidilutive.

New accounting pronouncements - In July 2001, the FASB issued SFAS No. 143, Accounting for Obligations Associated with the Retirement of Long-Lived Assets. SFAS No. 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset cost. Its retirement also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 is effective in fiscal years beginning after June 15, 2002, with early adoption permitted. The adoption of SFAS No. 143 did not have a material impact on the Company's financial statements.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. SFAS 144 superseded Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The provisions of SFAS No. 144 are effective in fiscal years beginning after December 15, 2001, with early adoption permitted, and in general are to be applied prospectively. The adoption of SFAS No. 144 did not have a material impact on the Company's financial statements for the three months ended June 30, 2004 or the years ended December 31, 2003 and 2002.

In July 2002, the FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, such as restructurings, involuntarily terminating employees, and consolidating facilities initiated after December 31, 2002. The implementation of SFAS No. 146 did not have a material effect on the Company's financial statements for the three months ended June 30, 2004 or the years ended December 31, 2003 and 2002.

In April 2003, the FASB issued SFAS No. 149, Amendment of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 149 amends SFAS No. 133 for decisions made (1) as part of the Derivatives Implementation Group process that effectively required amendments to SFAS No. 133, (2) in connection with other Board projects dealing with financial instruments, and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. The Statement clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative discussed in paragraph 6(b) of SFAS No. 133, clarifies when a derivative contains a financing component, amends the definition of underlying to conform it to language used in FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and amends certain other existing pronouncements. Those changes will result in more consistent reporting of contracts as either derivatives or hybrid instruments. This statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The implementation of SFAS No. 149 did not have a material on the Company's financial statements.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2004
(UNAUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. In addition, the Statement requires an issuer to classify certain instruments with specific characteristics described in it as liabilities. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The implementation of SFAS No. 150 is not expected to have a material effect on the Company's financial statements.

3. BUSINESS COMBINATIONS AND ACQUISITIONS

Sea Garden Funding, LLC - In November 2001, the Company acquired 80% of Sea Garden Funding, LLC (a South Carolina Limited Liability Company) in exchange for the assumption of certain liabilities. The Company will account for its 80% ownership interest in Sea Garden Funding, LLC using the purchase method of accounting under APB No. 16. The results of operations for the acquired company have been included in the consolidated financial results of the Company from the date of such transaction forward. The Company acquired the project from Sea Garden, LLC on October 21, 2002 for the payment of $210,000 and the assumption of $1,071,344.66 in mortgages on the real property held by Horry County State Bank. The remaining 20% interest in Sea Garden Funding, LLC, is owned by an unaffiliated party, Tom Roe, an individual, of Myrtle Beach, South Carolina. The acquisition was made by exercising an option that Creative Holdings, Inc., held on the parcel. The option was not valued as no consideration was given by Creative Holdings to hold the option. The real property held by Sea Garden, LLC was acquired prior to Creative's acquisition of Sea Garden Funding, LLC.

In accordance with APB No. 16, all identifiable assets were assigned a portion of the cost of the acquired company (purchase price) on the basis of their respective fair values. Intangible assets were identified and valued by considering the Company's intended use of the acquired assets and analysis of data concerning products, technologies, markets, historical performance, and underlying assumptions of future performance. The economic environments in which the Company and the acquired company operate were also considered in the valuation analysis.

4. NOTES PAYABLE

Notes payable consists of the following as of September 30, 2004:

Promissory note payable secured by real estate, payable in monthly installments of interest only at 6.0%, due March 2005	$ 70,000
Promissory note payable secured by real estate, payable in quarterly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due December 2004	200,000
Promissory note payable with ability to draw up to $360,000 secured by real estate, payable in monthly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due December 2004	3,773

Promissory note payable with ability to draw up to $365,000 secured by real estate, payable in monthly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due December 2004	91,011

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

4. NOTES PAYABLE (CONTINUED)

Promissory note payable with ability to draw up to $760,000 secured by real estate, payable in monthly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due December 2004	505,560
Promissory note payable with ability to draw up to $640,000 secured by real estate, payable in monthly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due September 2005	304,803
Promissory note payable with ability to draw up to $690,000 secured by real estate, payable in monthly installments of interest only at prime lending rate plus 0.5% (4.75% as of September 30, 2004), due July 2005	364,641
	1,539,788
Less amounts due within one year:	1,539,788
Long-term portion of loan payable	$ --

5. RELATED PARTY TRANSACTIONS

Accounts receivable - related party - The Company has made a non-interest bearing, due on demand loan to the minority interest holder of Sea Garden Funding LLC, which as of June 30, 2004 totaled $59,560.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(UNAUDITED)

5. RELATED PARTY TRANSACTIONS (CONTINUED)

Accounts receivable - related party - As of September 30, 2004, the Company has made a non-interest bearing, due on demand loan to the minority interest holder of Sea Garden Funding, LLC, which as of September 30, 2004 totaled $59,560.

Accounts payable - related parties - As of September 30, 2004, officers-directors, and their controlled entities, have acquired 36% of the outstanding stock of the Company, after the conversion of the preferred shares to common shares, and have made non-interest bearing, due on demand loans to the Company totaling $263,688.

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

6. STOCKHOLDERS' DEFICIT

During 2002, the Company issued 10,500,000 shares of common stock at a weighted average fair value of approximately $0.03 per share for services.

During 2002, the Company issued 18,499,700 shares of the Company's common stock in consideration of the AHC Transaction, as discussed in Note 1. A recipient of approximately 5,000,000 shares of the common stock returned 4,879,750 shares to the Company which were cancelled accordingly.

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

7. COMMITMENTS AND CONTINGENCIES

Leased facility - The Company pays $600 per month to lease a townhouse unit for its model on a non-cancelable lease which expired in April 2004. The owner of the unit agreed to a three-month extension of the lease for $2,400. The lease agreement is with an unrelated couple from North Carolina, who intends to occupy the unit for vacation use when the lease expires. The Company will then have a unit in one of its other buildings currently under construction for use as a model.

The Company has a consulting agreement, with unrelated parties, which provides for a quarterly payment of $45,000.

16

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
Altrimega Health Corporation and Subsidiary
Myrtle Beach, South Carolina

We have audited the accompanying consolidated balance sheet of Altrimega Health Corporation and Subsidiary as of December 31, 2003, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended, for the period from July 3, 2002 (Date of Inception) through December 31, 2002 (restated). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Altrimega Health Corporation and Subsidiary as of December 31, 2003, and the results of its activities and cash flows for the year then ended, for the period from July 3, 2002 (Date of Inception) through December 31, 2002 (restated) in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered losses from operations and current liabilities exceed current assets, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As more fully described in Note 5, subsequent to the issuance of the Company's December 31, 2002 financial statements and audited report thereon dated May 20, 2003, the Company became aware that those financial statements did not reflect account balances properly. In the original report, the auditor expressed an unqualified opinion on the December 31, 2002 financial statements, and our opinion on the revised statements, as expressed herein, remains unqualified.

L.L. Bradford & Company, LLC
April 12, 2004
Las Vegas, Nevada

17

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Current assets	
Cash	$ 1,739
Properties held for development or sale	659,515
Prepaid expenses	5,600
Total current assets	666,854
Other assets	
Accounts receivable - related party	62,560
Deposits	35,000
Total other assets	97,560
Total assets	$ 764,414

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities	
Notes payable	$ 845,000
Accounts payable - related parties	260,911
Accounts payable	36,086
Total current liabilities	1,141,997
Total liabilities	1,141,997
Commitments and contingencies	--
Minority interest	(10,198)
Stockholders' deficit	
Preferred stock; $0.001 par value; 10,000,000 shares authorized, 0 shares issued and outstanding	1,000
Common stock; $0.001 par value; 50,000,000 shares authorized, 49,139,950 shares issued and	49,140
Additional outstanding paid-in capital	381,560
Accumulated deficit	(799,085)
Total stockholders' deficit	(367,385)
Total liabilities and stockholders' deficit	$ 764,414

See Accompanying Notes to Financial Statements

18

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31, 2003	Period from July 3, 2002 (Date of inception) through December 31, 2002 (RESTATED)
Revenue	$ 904,918	$ --
Cost of revenue	861,757	--
Gross profit	43,161	--
Operating expenses		
Consulting and professional fees	69,500	631,756
General and administrative	31,525	29,628
Total operating expenses	101,025	661,384
Loss from operations	(57,864)	(661,384)

Other income (expense)		
Interest expense	(88,038)	(8,020)
Other income	6,023	--
Loss before minority interest	(139,879)	(669,404)
Minority interest	(7,057)	(3,141)
Loss before provision for income taxes	(132,822)	(666,263)
Provision for income taxes	--	--
Net loss	$ (132,822)	$ (666,263)
Basic and diluted loss per common share	$ (0.00)	$ (0.06)
Basic and diluted weighted average common shares outstanding	49,074,197	11,497,579

See Accompanying Notes to Financial Statements

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

	Preferred Stock		Common Stock		Addit Paid Capi
	Shares	Amount	Shares	Amount	
Balance at July 3, 2002 (Inception)	--	$ --	--	$ --	$
Issuance of common stock to founders for cash and founder services, $0.001	--	--	3,200,000	3,200	
Issuance of common stock for acquisition of Altrimega Health Corporation, $0.001	1,000,000	1,000	37,319,700	37,320	(38
Cancellation of shares	--	--	(4,879,750)	(4,880)	4
Issuance of common stock for services, weighted average price of $0.03	--	--	10,500,000	10,500	338
Net loss	--	--	--	--	
Balance at December 31, 2002 (RESTATED)	1,000,000	1,000	46,139,950	46,140	305

Issuance of common stock in satisfaction of accounts payable (including interest of $39,500), $0.03	--	--	3,000,000	3,000	76
Net loss	--	--	--	--	
	----------	-------	-----------	--------	-----
Balance at December 31, 2003	1,000,000	$ 1,000	49,139,950	$ 49,140	$ 381
	==========	=======	===========	========	=====

See Accompanying Notes to Financial Statements

20

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2003	Period f July 3, 2 (Date o inceptio throug December 31 (RESTATE
Cash flows from operating activities:	-----------	-----------
Net loss	$ (132,822)	$ (666,2
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Issuance of common stock for services	39,500	350,2
Minority interest	(7,057)	(3,1
Changes in operating assets and liabilities		
Properties held for development or sale	696,703	(1,356,2
Accounts receivable - related parties	(62,560)	
Advance deposits	--	(35,0
Prepaid commissions	800	(6,4
Accounts payable- related parties	10,911	250,0
Accounts payable	3,867	72,2
	-----------	---------
Net cash provided (used) by operating activities	549,342	(1,394,6
Cash flows from financing activities		
Proceeds from issuance of common stock for cash from founders	--	2,0
Proceeds from notes payable	--	1,439,6
Payments on notes payable	(594,656)	
	-----------	---------
Net cash provided (used) by financing activities	(594,656)	1,441,6
	-----------	---------
Net change in cash	(45,314)	47,0
Beginning cash balance	47,053	
	-----------	---------
Ending cash balance	$ 1,739	$ 47,0
	===========	=========

Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ --	$
Cash paid for interest	$ 45,717	$

See Accompanying Notes to Financial Statements

21

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, HISTORY, AND SUMMARY OF SIGNIFICANT POLICIES

Description of business - Altrimega Health Corporation (hereinafter referred to as the "Company") was incorporated on July 3, 2002 under the laws of the state of South Carolina. The business purpose of the Company is the development and sale of residential real estate by the acquisition of a real estate development company.

History - Altrimega Health Corporation (AHC) was incorporated under the state of Nevada on September 8, 1998 with the name of Mega International Health Corporation with authorized common stock of 50,000,000 shares with a par value of $0.001 and preferred stock of 10,000,000 shares with a par value of $0.001. The terms of the preferred includes conversion rights, at the option of the stockholder of 300 shares of common stock for each share of preferred stock. On June 23, 1999 the name was changed to Altrimega Health Corporation. AHC was organized for the purpose of marketing nutritional products and during the year 2000 became inactive.

On August 15, 2002, AHC consummated an agreement to acquire all of the outstanding capital stock of Creative Holdings, Inc., in exchange for 20,000,000 shares of the Company's common stock and 1,000,000 shares of the Company's preferred stock ("AHC Transaction"). Prior to the AHC Transaction, AHC was a non-operating public shell company with no operations, nominal assets and 22,020,000 shares of common stock issued and outstanding; and Creative Holdings, Inc. was a real estate development company. The AHC Transaction is considered to be a capital transaction in substance, rather than a business combination. Inasmuch, the AHC Transaction is equivalent to the issuance of stock by Creative Holdings, Inc. for the net monetary assets of a non-operational public shell company (AHC), accompanied by a recapitalization. AHC issued 18,499,700 shares of its common stock for all of the issued and outstanding common stock of Creative Holdings, Inc. and another 1,500,300 shares will be issued subsequent to an increase in the authorized common stock pursuant to an amendment to the certificate of incorporation. A recipient of approximately 5,000,000 shares of the common stock returned 4,879,750 shares to the Company, which were cancelled accordingly.

The accounting for the AHC Transaction is identical to that resulting from a reverse acquisition, except goodwill or other intangible assets will not be recorded.

During November 2002, the Company acquired 80% of Sea Garden Funding, LLC by the assumption of certain liabilities. Sea Garden Funding, LLC was organized in the state of South Carolina on November 13, 2002 for the purpose of the development and sale of residential real estate. (See Note 2)

Going concern - The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company incurred a net loss of approximately $133,000 for the year ended December 31, 2003, with an accumulated loss from inception of approximately $799,000. The Company's current liabilities exceed its current assets by approximately $475,000 as of December 31, 2003.

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

Management's plan, in this regard, is to develop and sale real estate in order to provide additional working capital for its future planned activity and to service its debt, which will enable the Company to operate for the coming year.

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

22

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, HISTORY, AND SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising and marketing costs - The Company recognizes advertising and marketing costs in accordance with Statement of Position 93-7 "Reporting on Advertising Costs." Accordingly, the Company expenses the costs of producing advertisements at the time production occurs, and expenses the costs of communication advertising in the period in which the advertising space or airtime is used. Advertising costs are charged to expense as incurred. Advertising expenses was $6,790 and $- for the year ended December 31, 2003 and for the period from July 3, 2002 (Date of Inception) through December 31, 2002, respectively.

Fair value of financial instruments - The carrying amounts and estimated fair values of the Company's financial instruments approximate their fair value due to the short-term nature.

Earnings (loss) per share - Basic earnings (loss) per share excludes any dilutive effects of options, warrants and convertible securities. Basic earnings (loss) per share is computed using the weighted-average number of outstanding common shares during the applicable period. Diluted earnings per share is computed using the weighted average number of common and common stock equivalent shares outstanding during the period. Common stock equivalent shares are excluded from the computation if their effect is antidilutive.

Income taxes - The Company accounts for its income taxes in accordance with Statement of Financial Accounting Standards No. 109, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

As of December 31 2003, the Company has available net operating loss carryovers of approximately $800,000 that will expire in various periods through 2023. Such losses may not be fully deductible due to the significant amounts of non-cash service costs. The Company has established a valuation allowance for the full tax benefit of the operating loss carryovers due to the uncertainty regarding realization.

Accounting methods - The Company recognizes income and expenses based on the accrual method of accounting.

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

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

23

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, HISTORY, AND SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

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

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

Dividend policy - The Company has not adopted a policy regarding payment of dividends.

Comprehensive loss - The Company has no components of other comprehensive loss. Accordingly, net loss equals comprehensive loss for all periods.

Segment information - The Company discloses segment information in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, which uses the Management approach to determine reportable segments. The Company operates under one segment.

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

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

Net loss per common share - The Company computes net loss per share in accordance with SFAS No. 128, Earnings per Share and SEC Staff Accounting Bulletin No. 98. Under the provisions of SFAS 128 and SAB 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share gives effect to common stock equivalents, however, potential common shares are excluded if their effect is antidilutive. For the year ended December 31, 2003 and the period from July 3, 2002 (Inception) through December 31, 2003, no shares were excluded from the computation of diluted earnings per share because their effect would be antidilutive.

New accounting pronouncements - In July 2001, the FASB issued SFAS No. 143, Accounting for Obligations Associated with the Retirement of Long-Lived Assets. SFAS No. 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. It also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 is effective in fiscal years beginning after June 15, 2002, with early adoption permitted. The adoption of SFAS No. 143 did not have a material impact on the Company's financial statements.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, HISTORY, AND SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

New accounting pronouncements (continued) - In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. SFAS 144 superseded Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The provisions of SFAS No. 144 are effective in fiscal years beginning after December 15, 2001, with early adoption permitted, and in general are to be applied prospectively. The adoption of SFAS No. 144 did not have a material impact on the Company's financial statements for the years ended December 31, 2003 and 2002.

In July 2002, the FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, such as restructurings, involuntarily terminating employees, and consolidating facilities initiated after December 31, 2002. The implementation of SFAS No. 146 did not have a material effect on the Company's financial statements for the years ended December 31, 2003 and 2002.

In April 2003, the FASB issued SFAS No. 149, Amendment of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 149 amends SFAS No. 133 for decisions made (1) as part of the Derivatives Implementation Group process that effectively required amendments to SFAS No. 133, (2) in connection with other Board projects dealing with financial instruments, and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. The Statement clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative discussed in paragraph 6(b) of SFAS No. 133, clarifies when a derivative contains a financing component, amends the definition of underlying to conform it to language used in FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, and amends certain other existing pronouncements. Those changes will result in more consistent reporting of contracts as either derivatives or hybrid instruments. This statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The implementation of SFAS No. 149 did not have a material on the Company's financial statements.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. In addition, the Statement requires an issuer to classify certain instruments with specific characteristics described in it as liabilities. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The implementation of SFAS No. 150 is not expected to have a material effect on the Company's financial statements.

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. BUSINESS COMBINATIONS AND ACQUISITIONS

Sea Garden Funding, LLC - In November 2001, the Company acquired 80% of Sea Garden Funding, LLC (a South Carolina Limited Liability Company) in exchange for the assumption of certain liabilities. The Company will account for its 80% ownership interest in Sea Garden Funding, LLC using the purchase method of accounting under APB No. 16. The results of operations for the acquired company have been included in the consolidated financial results of the Company from the date of such transaction forward. The Company acquired the project from Sea Garden, LLC on October 21, 2002 for the payment of $210,000 and the assumption of $1,071,344.66 in mortgages on the real property held by Horry County State Bank. The remaining 20% interest in Sea Garden Funding, LLC, is owned by an unaffiliated party, Tom Roe, an individual, of Myrtle Beach, South Carolina. The acquisition was made by exercising an option that Creative Holdings, Inc., held on the parcel. The option was not valued as no consideration was given by Creative Holdings to hold the option. The real property held by Sea Garden, LLC was acquired prior to Creative's acquisition of Sea Garden Funding, LLC.

In accordance with APB No. 16, all identifiable assets were assigned a portion of the cost of the acquired company (purchase price) on the basis of their respective fair values. Intangible assets were identified and valued by considering the Company's intended use of the acquired assets and analysis of data concerning products, technologies, markets, historical performance, and underlying assumptions of future performance. The economic environments in which the Company and the acquired company operate were also considered in the valuation analysis.

3. NOTES PAYABLE

As of December 31, 2003, the Company has two notes payable totaling $445,000 and $400,000. The outstanding balances are secured by real estate, payable in quarterly installments of interest only at the prime lending rate plus 0.5% (4.5% as of December 31, 2003), and maturity during March and February 2004, respectively.

4. RELATED PARTY TRANSACTIONS

Accounts receivable - related party - The Company has made a non-interest bearing, due on demand loan to the minority interest holder of Sea Garden Funding LLC, which as of December 31, 2003 totaled $62,560.

Accounts payable - related parties - As of December 31, 2003, officers-directors, and their controlled entities, have acquired 36% of the outstanding stock of the Company, after the conversion of the preferred shares to common shares, and have made non-interest bearing, due on demand loans to the Company totaling $260,911.

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

5. STOCKHOLDERS' DEFICIT

During 2002, the Company issued 10,500,000 shares of common stock at a weighted average fair value of approximately $0.03 per share for services.

During 2002, the Company issued 18,499,700 shares of the Company's common stock in consideration of the AHC Transaction, as discussed in Note 1. A recipient of approximately 5,000,000 shares of the common stock returned 4,879,750 shares to the Company which were cancelled accordingly.

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

26

ALTRIMEGA HEALTH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. RESTATED FINANCIAL STATEMENTS

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

	Period from July 3, 2002 (Date of inception) Through December 31, 2002	Period from July 3, 2002 (Date of inception) Through December 31, 2002 (RESTATED)	RESTATED Increase (Decrease)
Revenue	$ --	$ --	$ --
Operating expenses	497,648	661,384	163,736
Loss from operations	(497,648)	(661,384)	(163,736)
Other expense	--	8,020	8,020
Loss before minority interest	(497,648)	(669,404)	(171,756)
Minority interest	3,141	3,141	--
Loss before provision for income taxes	(494,507)	(666,263)	(171,756)
Provision for income taxes	--	--	--
Net loss	(494,507)	(666,263)	(171,756)
Basic and diluted loss per common share	$ (0.01)	$ (0.06)	$ (0.05)
Basic and diluted weighted average common shares outstanding	41,807,000	11,497,579	(30,309,421)

For the period from July 3, 2002 (date of inception) through December 31, 2002, the change in the statement of operations primarily related to the accounting for the AHC Transaction, which was not properly reported as a transaction identical to that resulting from a reverse acquisition, except goodwill or other intangible assets are not recorded. The net change of $171,756 increased the net loss from $494,507 ($0.01 per weighted average common share outstanding) to $666,263 ($0.06 per weighted average common share outstanding) for the period from July 3, 2002 (date of inception) through December 31, 2002.

7. COMMITMENTS AND CONTINGENCIES

Leased facility - The Company pays $600 per month to lease a townhouse unit for its model on a non-cancelable lease which expired in April 2004. The owner of the unit agreed to a three-month extension of the lease for $2,400. The lease agreement is with an unrelated couple from North Carolina, who intends to occupy the unit for vacation use when the lease expires. The Company will then have a unit in one of its other buildings currently under construction for use as a model.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

PLAN OF OPERATION

GENERAL

The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements, and the Notes thereto included herein. The information contained below includes statements of the Company's or management's beliefs, expectations, hopes, goals and plans that, if not historical, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the Introductory Note to this Annual Report under the caption "Forward Looking Statements", which information is incorporated herein by reference.

GOING CONCERN

As reflected in the Company's financial statements for the three months ended September 30, 2004, the Company's accumulated deficit of $816,044 and its working capital deficiency of $480,095 raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on Altrimega's ability to raise additional debt or capital. The financial statements for September 30, 2004 do not include any adjustments that might be necessary if Altrimega is unable to continue as a going concern.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

REVENUE RECOGNITION

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

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

PROPERTIES

Properties under development are carried at cost reduced for impairment losses, where appropriate. Properties held for sale are carried at cost reduced for valuation allowances, where appropriate. Acquisition, development and construction costs of properties in development and land development projects are capitalized including, where applicable, salaries and related costs, real estate taxes, interest and preconstruction costs. The pre-construction development (or an expansion of an existing property) includes efforts and related costs to secure land control and zoning, evaluate feasibility, and

complete other initial tasks, which are essential to development. Provisions are made for potentially unsuccessful preconstruction efforts by charges to operations.

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

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

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

PRINCIPLES OF CONSOLIDATION

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

All intercompany transactions have been eliminated.

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

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

For the period from July 3, 2002 (date of inception) through December 31, 2002, the change in the statement of operations primarily related to the accounting for the share exchange agreement between the Company and Creative Holdings, Inc., which was not properly reported as a transaction identical to that resulting from a reverse acquisition, except goodwill or other intangible assets are not recorded. The net change of $171,756 increased the net loss from $494,507 ($0.01 per weighted average common share outstanding) to $666,263 ($0.06 per weighted average common share outstanding) for the period from July 3, 2002 (date of inception) through December 31, 2002. The Company has filed an amendment to its Form 10-KSB for fiscal year ended December 31, 2002, as well as amendments to its quarterly reports for fiscal year 2003.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2003

REVENUES

Revenue for the three month period ended September 30, 2004, was $1,065,348, an increase of $793,669, as compared to $271,679 in revenues for the same period ended September 30, 2003. The increase in revenues in 2004 was attributable to additional sales of units at the Sea Garden project in the third quarter, over the same period in 2003. We anticipate revenues for the fiscal year ending 2004 to consist mainly or completely of the sale of units at the Sea Garden Project.

COST OF REVENUE

There was $952,683 cost of revenue for the three month period ended September 30, 2004, compared to $260,775 in the September 30, 2003 period. The difference is attributable to additional unit sales in 2004 compared to the same period in 2003.

GROSS PROFIT

Gross profit for the three month period ended September 30, 2004 was $112,665. The gross profit for the three months ended September 30, 2003 was $10,904. Both items related to the sale of units at the Sea Garden project.

OPERATING EXPENSES

Operating expenses for the three month period ended September 30, 2004, were $31,291, as compared to $9,820, for the three period ended September 30, 2003. Operating expenses in 2004 consisted of all general and administrative expenses. The increase of $21,471 from 2003 to 2004 was almost entirely attributable to an increase in legal and accounting expense relating to the restatement of certain of the Company's past S.E.C. filings.

OTHER INCOME (EXPENSE)

Other income (expense) for the three month period ended September 30, 2004, was a net expense of $12,896, a decrease of $1,548, as compared to a net expense of $14,444 for the three month period ended September 30, 2003. other expense in both years was attributable to interest expense from loans used in the construction of buildings at Sea Gardens and the two mortgages on the remaining land at the Sea Garden project.

NET INCOME (LOSS)

The Company had net income of $48,964 for the three month period ended September 30, 2004, as compared to a net loss of $(11,121) for the period ended September 30, 2003. The difference of $60,085 was mostly attributable to additional sales at the Sear Garden project in the current period.

RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2003

REVENUES

Revenue for the nine month period ended September 30, 2004, was $1,065,348, an increase of $430,480, as compared to $634,868 in revenues for the nine month period ended September 30, 2003. The increase in revenues in 2004 was attributable to additional sales of units at the Sea Garden project in 2004. We anticipate revenues for the fiscal year ending 2004 to consist mainly or completely of the sale of units at the Sea Garden Project.

COST OF REVENUE

There was $954,312 cost of revenue for the nine month period ended September 30, 2004, compared to $634,868 in the September 30, 2003 nine month period. The difference is attributable to additional sales at the sea Graden project in 2004 compared to the 2003 period.

GROSS PROFIT

Gross profit for the nine month period ended September 30, 2004 was $111,036. The gross profit relates to the sale of units at the Sea Garden project. The gross profit for the nine month period ended September 30, 2003 was $51,845.

OPERATING EXPENSES

Operating expenses for the nine month period ended September 30, 2004, were $86,414, as compared to $108,454, for the nine month period ended September 30, 2003. Operating expenses in 2004 consisted entirely of general and administrative expenses. The decrease of $22,040 from 2003 to 2004 was almost entirely attributable to a decrease in consulting and professional fees, which equaled $69,500 in the nine month period ended September 30, 2003.

OTHER INCOME (EXPENSE)

Other income (expense) for the nine month period ended September 30, 2004, was a net expense of $32,803, an increase of $1,491, as compared to a net expense of $31,312 for the nine month period ended September 30, 2003. Other

expense in 2003 and 2004 was attributable to interest expense from loans used in the construction of buildings at Sea Gardens and the two mortgages on the remaining land at the Sea Garden project.

NET LOSS

The Company had a net loss of $16,959 for the nine month period ended September 30, 2004, as compared to a net loss of $89,326 for the nine month period ended September 30, 2003. The decrease of $72,367 was attributable to the net income earned in the September 30, 2004 nine month period.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003, COMPARED TO THE YEAR ENDED DECEMBER 31, 2002

REVENUES

Revenue for the year ended December 31, 2003, was $904,908, an increase of $904,918, as compared to no revenue for the year ended December 31, 2002. The increase in revenues in 2003 was attributable to sales of units at the Sea Garden project, where the Company sold 10 units in 2003. We anticipate revenues for the fiscal year ending 2004 to consist mainly or completely of the sale of units at the Sea Garden Project.

COST OF REVENUE

Cost of revenue for the year ended December 31, 2003, was $861,757, or 95.23% of revenue. The cost of revenue relates to construction and other costs of units at the Sea Garden project. The Company had no revenue or cost of revenue for 2002.

GROSS PROFIT

Gross profit for the year ended December 31, 2003, was $43,161, or $4.77% of revenue. The gross profit relates to the sale of units at the Sea Garden project

OPERATING EXPENSES

Operating expenses for the year ended December 31, 2003, were $101,025, or 11.16% of revenue, as compared to $661,384, for the year ended December 31, 2002. Operating expenses in 2003 consisted of $69,500 in consulting and professional fees and $31,525 in general and administrative expenses. The decrease of $560,359 from 2002 to 2003 was almost entirely attributable to a decrease in consulting and professional fees, which equaled $631,756 in 2002.

OTHER INCOME (EXPENSE)

Other income (expense) for the year ended December 31, 2003, was a net expense of $82,015, an increase of $73,995, as compared to a net expense of $8,020 for the year ended December 31, 2002. The increase in other expense in 2003 was primarily attributable to $88,038 in interest expense from loans used in the construction of two buildings at Sea Gardens and the two mortgages on the remaining land at the Sea Garden project.

NET LOSS

The Company had a net loss of $132,822 for the fiscal year ended December 31, 2003, as compared to a net loss of $666,263 for the fiscal year ended December 31, 2002. The decrease of $533,441 was mostly attributable to the $560,359 decrease in consulting and professional fees in 2003. In addition, Altrimega generated revenue and minimal gross profit in 2003.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared on a going concern basis that contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized net income of $48,964and incurred a net loss of $(11,121) for the periods ended September 30, 2004 and September 30, 2003, respectively, and has an accumulated deficit of $816,044 at September 30, 2004. As of September 30, 2004, we had total assets of $1,645,916 and total liabilities of $2,031,451, a

31

difference of $385,535. Additionally, our current assets were $1,551,356 and our current liabilities were $2,031,451, creating a working capital deficit of $480,095. The majority of the assets, $1,500,577 consist of building sites contained within the Sea Garden town home community.

Consequently, the majority of our liabilities, $1,539,7885 are mortgage loans on the Sea Garden assets. Accounts payable to related parties equal to $263,688 are also included in our liabilities. Management recognizes that the Company must generate or obtain additional capital to enable it to continue operations. Management is planning to obtain additional capital principally through the sale of equity securities. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon the Company obtaining additional equity capital and ultimately obtaining profitable operations. However, no assurances can be given that Altrimega will be successful in these activities. Should any of these events not occur, the accompanying consolidated financial statements will be materially affected.

We had limited operations and revenues during the period ended September 30, 2004. Our shortfall in working capital has been met through advances from our president, John Gandy, and other shareholders who have advanced funds to pay expenses incurred by the Company from time to time. At no time during the period did these short term loans exceed $50,000.

For the nine months ended September 30, 2004, the Company provided net cash in operations of $353,037, no cash for investing activities and had $398,143 in cash provided by financing activities.

Cash provided by operating activities was $549,342 for the year ended December 31, 2003, compared to cash used of $1,394,603 for 2002. The decrease in cash used was due primarily to the sale of properties at the Sea Garden project and the decreased loss from continuing operations.

Cash used by financing activities was $594,656 during fiscal year 2003, compared to cash provided by financing activities of $1,441,656 during the same period in 2002. This difference was mainly due to payments on notes payable of $594,656 in 2003 and proceeds from notes payable of $1,493,656 in 2002.

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

The Company is at present meeting its current obligations from its monthly cash flows, which during 2003, and to date in 2004 has included cash from operations, investor capital, and loans from related parties. However, due to insufficient cash generated from operations, The Company currently does not have internally generated cash sufficient to pay all of its incurred expenses and other liabilities. As a result, the Company is dependent on investor capital and loans to meet its expenses and obligations. Although related party loans have allowed the Company to meet its obligations in the recent past, there can be no assurances that the Company's present methods of generating cash flow will be sufficient to meet future obligations. There can be no assurances that the Company will be able to raise sufficient additional capital in the future.

We have incurred losses since inception. Management believes that it will require approximately $150,000 in additional capital to fund overall Company operations for the next twelve months. This amount does not include monies necessary to construct new townhouse units at Sea Garden. The Company currently has approximately $44,640 in cash and cash equivalents as of September 30, 2004.

Plan Of Operation For 2004

As of September 30, 2004, the Company currently derives it revenue from the sale of developed or undeveloped real estate parcels. At present, the Company has one project generating revenues, Sea Garden Town Homes, located in North Myrtle Beach, South Carolina These Town Homes sell in the $95,000 to $105,000 range per Town Home unit. Fifteen units have been completed year to date and eleven of these units have been sold. Thirty-three additional units are under construction and are scheduled for completion by the end of the first quarter of 2005. The Company anticipates based on current sales, deposits and demand for new units that all units will be sold by the end of the first quarter of 2005.

It is important for the Company to raise capital funds through the sale of its common stock in order to provide funding for additional projects. The projected revenues and subsequent net earnings from the Sea Garden project are not adequate to cover the Company's annual operating costs on an ongoing basis.

32

The Company's current intentions are to locate, evaluate and proceed to finance and develop multiple projects located primarily in the Myrtle Beach, South Carolina area and the Carolinas area of the United States. Management believes that these areas provide the population growth necessary to achieve profits from new construction projects. For the last three years, Horry County, South Carolina has been one of the top three fastest growing counties in the United States. In 1997, Horry County showed a population of only 180,000. Based on current projections and the 2000 census data, the county will have a permanent population of 500,000. The principal industries of the area are tourism related. Myrtle Beach is considered a drive-in market, where tourists will drive their cars rather than fly to the destination. The tourism industry in Myrtle Beach has developed three seasons, spring golf, summer beach vacations and fall golf. The spring and fall golf seasons bring approximately 150,000 visitors per week to play on the areas over 100 golf courses. The summer vacation season brings in approximately 400,000 visitors per week. The average tourist stay is one week.

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

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

At present, the Company has no other real estate projects.

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

- We have reduced administrative expenses to a minimum by consolidating management responsibilities to our president and chief executive officer.

- We intend to seek either equity or further debt funding.

- We intend to attempt to obtain the professional services of third-parties through favorable financing arrangements or payment by the issuance of our common stock.

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

Management has implemented this plan to attempt to overcome the Company's serious going concern conditions. The first step is to reduce operating costs. To this end the Company's President and Chief Executive Officer, John Gandy, has assumed almost all of the Company's functions from sales and marketing, locating and evaluating new real estate projects, most accounting functions, shareholder relations and general administrative functions. Mr. Gandy has foregone any compensation for the last half of 2003, and has committed to continue with no compensation through at least the first six months of 2004. The Company's Chief Financial Officer is receiving no compensation. The Company anticipates reduced consulting expense in the next fiscal year. Only one consultant is on hand for additional help in evaluating projects and working with the accounting and reporting functions of the Company. Administrative expenses, including mostly legal and accounting charges, will constitute the largest expense items for the year. The Company has made arrangements with these outside professionals to work more efficiently with them to help reduce the overall costs associated with these services.

In addition, the Company has located some potential sources of equity financing that could contribute to the Company's financial requirements in the upcoming fiscal year. This element is especially critical to the Company's going concern situation. Before these sources can be fully explored, the Company must complete the approval of the Proposals.

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

The Company's future capital requirements will depend on many factors, including an increase in the Company's real estate projects, and other factors including the results of future operations.

33

From time to time, Altrimega may evaluate potential acquisitions involving complementary businesses, content, products or technologies. As of September 30, 2004, Altrimega had no agreements or understanding with respect to any such acquisition. Altrimega's future capital requirements will depend on many factors, including an increase in Altrimega's real estate projects, and other factors including the results of future operations. However, on December 17, 2004, Altrimega Health Corporation, d/b/a Creative Holdings & Marketing Corporation signed a definitive Share Exchange Agreement to acquire all of the outstanding shares of common stock of Top Gun Sports & Entertainment, Inc., in exchange for the issuance of 15,750,000 shares of the Altrimega Health Corporation common stock to the current shareholders of Top Gun Sports & Entertainment, Inc. The closing of the transaction is conditioned upon Altrimega's shareholders approving a change of the C