

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: 2011-11-07 | Period of Report: 2011-09-30  
SEC Accession No. 0001387131-11-002429

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FILER

**TherapeuticsMD, Inc.**

CIK: 25743 | IRS No.: 870233535 | State of Incorp.: UT | Fiscal Year End: 1231  
Type: 10-Q | Act: 34 | File No.: 000-16731 | Film No.: 111185618  
SIC: 2834 Pharmaceutical preparations

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-16731

THERAPEUTICSMD, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of Incorporation  
or Organization)

87-0233535

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

951 Broken Sound Parkway NW, Suite  
320, Boca Raton, FL 33487

(Address of Principal Executive Offices)

(561) 961-1911

(Issuer's Telephone Number)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

The number of shares outstanding of the Issuer's Common Stock as of November 7, 2011 was 81,204,766.



THERAPEUTICSMD, INC. AND SUBSIDIARIES  
f/k/a AMHN, INC.  
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**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>September</u> 30, 2011	<u>December</u> 31, 2010
	(Unaudited)	
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 4,238	\$ 1,245
Accounts receivable	2,100	-
Prepaid expense	999	-
Total current assets	<u>7,337</u>	<u>1,245</u>
Assets of discontinued operations	-	466,172
Total assets	<u>\$ 7,337</u>	<u>\$ 467,417</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable	\$ 15,182	\$ 1,934
Secured promissory note	-	543,531
Demand promissory notes	365,000	210,000
Dividends payable	41,359	41,359
Accrued interest	15,505	-
Liabilities of discontinued operations	-	578,145
Total current liabilities	<u>437,046</u>	<u>1,374,969</u>
Total liabilities	<u>437,046</u>	<u>1,374,969</u>
Commitments and Contingencies		
Stockholders' Deficit:		
Preferred stock -\$0.001; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock - par value \$0.001; 250,000,000 and shares authorized; 50,000,000 shares authorized; 16,575,209 shares issued and outstanding	16,575	16,575
Additional paid in capital	1,661,321	1,661,321
Accumulated deficit	(2,107,605)	(2,585,448)
Total stockholders' deficit	<u>(429,709)</u>	<u>(907,552)</u>
Total liabilities and stockholders' deficit	<u>\$ 7,337</u>	<u>\$ 467,417</u>

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATION**

	Three Months Ended		Nine Months	
	September		Ended	
	30,		September	
	2011	2010	30,	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating revenues	\$ 2,100	\$ -	\$ 2,100	\$ -
Operating expenses:				
General and administration	64,594	66,944	164,933	263,654
Total operating expense	<u>64,594</u>	<u>66,944</u>	<u>164,933</u>	<u>263,654</u>
Other income and (expense):				
Other income	-	-	5,000	-
Interest expense	<u>(11,732)</u>	<u>(55,587)</u>	<u>(19,097)</u>	<u>(64,086)</u>
Total other income and expense	<u>(11,732)</u>	<u>(55,587)</u>	<u>(14,097)</u>	<u>(64,086)</u>
Loss from continuing operations before taxes	(74,226)	(122,531)	(176,930)	(327,740)
Provision for income taxes	<u>(4,304)</u>	<u>-</u>	<u>(4,304)</u>	<u>-</u>
Loss from continuing operations	<u>(78,530)</u>	<u>(122,531)</u>	<u>(181,234)</u>	<u>(327,740)</u>
Discontinued Operations:				
Gain on disposal of discontinued operations	-	259,693	705,668	259,693
Loss from discontinued operations	-	(107,211)	(46,591)	(518,481)
Income (loss) from discontinued operations	<u>-</u>	<u>152,482</u>	<u>659,077</u>	<u>(258,788)</u>
Net income (loss)	<u>\$ (78,530)</u>	<u>\$ 29,951</u>	<u>\$ 477,843</u>	<u>\$ (586,528)</u>
Net income (loss) per share:				
From continuing operations, basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
From discontinued operations, basic and diluted	<u>0.00</u>	<u>0.01</u>	<u>0.04</u>	<u>(0.02)</u>
Net income (loss) per share, basic and diluted	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.03</u>	<u>\$ (0.04)</u>
Weighted average number of shares outstanding	<u>16,575,209</u>	<u>15,790,209</u>	<u>16,575,209</u>	<u>15,790,209</u>

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30,	
	2011	2010
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS</b>		
Net income (loss)	\$ 477,843	\$ (586,528)
Adjustments to reconcile net income (loss) to net cash flows from operating activities - continuing operations:		
Depreciation	-	34,556
Amortization of intangible assets	-	4,086
Cash received in acquisition of Spectrum Health Network, Inc.	-	2,844
Gain on disposal of discontinued operations	(705,668)	-
Changes in assets and liabilities		
Accounts receivable	(2,100)	5,033
Prepaid expense	(999)	9,023
Accounts payable	13,248	451,798
Accrued expenses and other liabilities	15,505	109,784
	<u>(202,171)</u>	<u>30,596</u>
Net cash flows provided by (used in) operating activities	(202,171)	30,596
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shareholder loan	155,000	-
	<u>155,000</u>	<u>-</u>
Net cash flows provided by financing activities	155,000	-
<b>DISCONTINUED OPERATIONS:</b>		
Operating activities	50,164	1,028,714
Investing activities	-	(285,500)
Financing activities	-	(550,000)
Gain from disposal	-	(200,029)
	<u>50,164</u>	<u>(6,815)</u>
Net cash flows provided by (used in) discontinued operations	50,164	(6,815)
Increase in cash	2,993	23,781
Cash, beginning of period	1,245	165
Cash, end of period	<u>\$ 4,238</u>	<u>\$ 23,946</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 18</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 4,304</u>	<u>\$ -</u>

**SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES:**

Accounts receivable	\$	-	\$	5,793
Fixed assets		-		231,580
Intangible assets		-		6,748
Accounts payable		-		(461,272)
Accrued expenses		-		(18,448)
Goodwill		-		288,443
Common stock issued by AMHN, Inc.		-		(50,000)
Cash from acquisition of Spectrum Health Network, Inc.	\$	-	\$	<u>2,844</u>



**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE A – THE COMPANY**

TherapeuticsMD, Inc. f/k/a AMHN, Inc. (the "Company") was incorporated in Utah in 1907 under the name Croff Mining Company ("Croff"). The Company changed its name to Croff Oil Company in 1952 and in 1996 changed its name to Croff Enterprises, Inc. On September 25, 2009, the Company changed its name to AMHN, Inc. and on September 25, 2009 approved a redomicile of the Company from Utah to Nevada. In February 2011, the Company relocated its corporate offices to 10611 N. Hayden Rd., Suite D106, Scottsdale, Arizona 85260. As of October 4, 2011, in connection with the closing of the Agreement and Plan of Merger ("Merger Agreement") with vitaMedMD, LLC, a Delaware limited liability company ("VitaMed"), as more fully described below in NOTE H – SUBSEQUENT EVENTS, the Company changed its name to TherapeuticsMD, Inc. and moved its corporate offices to that of its newly acquired subsidiary, VitaMed, at 951 Broken Sound Parkway NW, Suite 320, Boca Raton, FL 33487.

Business Overview

On June 1, 2010, the Company entered into an Agreement and Plan of Reorganization (the "Spectrum Acquisition Agreement") with Spectrum Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub"), Spectrum Health Network, Inc., a Delaware corporation ("Spectrum") and the sole shareholder of Spectrum (the "Sole Shareholder"). The terms of the Spectrum Acquisition Agreement provided for (i) the transfer of 100% of the issued and outstanding shares of common stock of Spectrum to the Company in exchange for the issuance to the Sole Shareholder of Spectrum of an aggregate of 500,000 shares of common stock of the Company (the "Company Common Stock") at a conversion ratio where one share of Spectrum was converted into 500 shares of Company Common Stock; (ii) the Company's assumption of all the assets and liabilities of Spectrum; (iii) the officers and directors of Spectrum to retain their respective positions in the Merger Sub; and (iv) Spectrum to become a wholly owned subsidiary of the Company. On June 11, 2010, the Closing Date of the Transaction pursuant to the terms and conditions of the Acquisition Agreement, the Company acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of Company Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub was merged with and into Spectrum as of the Effective Date of the Acquisition Agreement, the separate existence of Merger Sub ceased, and Spectrum became a wholly owned subsidiary of the Company. In conjunction with the Acquisition Agreement, the Company assumed the assets and liabilities of Spectrum totaling approximately \$247,000 and \$480,000, respectively. The excess of the purchase price over the net liabilities assumed was recorded as goodwill on the consolidated balance sheet.

Spectrum sells services for its digital signage waiting room network to independent physician associations ("IPAs") and is supported by ad revenue. Spectrum's markets its network to IPAs for a one-time fee per location for equipment and installation plus an ongoing monthly service fee per location for content delivery and network maintenance.

On February 15, 2011, after the Company defaulted under the payment terms of a Secured Promissory Note issued to Seatac on December 16, 2010 (the "Spectrum Note"), the Company and Seatac agreed that the Spectrum Note be satisfied through the transfer of the collateral for the Spectrum Note. In connection therewith, the shares of Spectrum owned by the Company were transferred to Seatac and the Spectrum Note was satisfied in full. See NOTE E – PROMISSORY NOTES, Secured Promissory Note to Seatac and NOTE G – DISCONTINUED OPERATIONS.

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE A – THE COMPANY (Continued)**

Business Overview (continued)

In conjunction with the settlement of the Spectrum Note to Seatac, and immediately after the transfer of the outstanding shares of Spectrum to Seatac, the Company's sole officer and director, Robert Cambridge, resigned. Upon his resignation, the majority shareholder owning 53.7% of the Company's 16,575,209 outstanding shares, elected Jeffrey D. Howes as the Company's sole officer and director to serve until the next annual meeting of shareholders or until his earlier termination or resignation.

Also in conjunction with the settlement of the Spectrum Note to Seatac, Spectrum and Seatac entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement with the Company (the "Spectrum Agreement"). Under the terms of the three-year renewable Spectrum Agreement, the Company was granted a license to promote, distribute and sell certain products developed and sold by Spectrum relative to its digital media network in the southeastern United States. The Spectrum Agreement relates to all current and future Spectrum products and/or services developed by Spectrum, specifically services pertaining to the digital signage waiting room network built for the multispecialty group practice and IPAs including (i) network subscriptions sold to multispecialty group practices and IPAs for software, hardware and content developed for and distributed by Spectrum, and (ii) advertising spots on Spectrum's network. The Company may earn up to thirty percent (30%) of fees paid for subscriptions and advertising spots.

On May 7, 2011, the Company entered into a Sales Representation Agreement with Mann Equity, LLC ("Mann") wherein Mann purchased from the Company the right to sell the Company's products as an independent distributor for the State of Florida for \$5,000. Pursuant to the terms of the one-year agreement, Mann can earn a commission of twenty percent (20%) for each contract sold for network subscriptions or advertising spots on the Spectrum network.

On October 4, 2011, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with VitaMedMD, LLC, a Delaware limited liability company ("VitaMed") and VitaMed Acquisition, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which the Company acquired 100% of VitaMed and as a result VitaMed became a wholly-owned subsidiary of the Company. The acquisition was accomplished through the merger of the Merger Sub with and into VitaMed with VitaMed being the surviving limited liability company (the "Merger"). The Merger became effective on October 4, 2011 upon the filing of a Certificate of Merger with the Delaware Secretary of State (the "Effective Time"). (See NOTE H – SUBSEQUENT EVENTS for further details).

Effective October 4, 2011, the Company's primary business is that of its newly acquired subsidiary, VitaMed, a specialty pharmaceutical company that has developed a patent-pending technology and business methodology to market both over-the-counter ("OTC") and prescription versions of nutritional supplements, drugs, medical foods and other medical products directly to consumers or through retail pharmacies. VitaMed's business model creates unique value propositions for patients, physician/providers and insurance payors by eliminating much of the inefficiencies associated with the traditional sales, marketing and distribution models. VitaMed offers superior-quality products for a lower overall cost to patients and payors while increasing efficiencies for physicians.

THERAPEUTICSMD, INC. AND SUBSIDIARIES  
f/k/a AMHN, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**NOTE A – THE COMPANY (Continued)**

Business Overview (continued)

VitaMed's technology allows it to collect and analyze data from various sources to improve patient compliance and education, facilitate product development and provide immediate feedback on effectiveness of therapies. The result is increased efficiency and communication between the patient, physician/provider and insurance payor, ultimately creating improved outcomes for all. This combination of efficient distribution and technology provides measurable customer benefits differentiating VitaMed from existing competitors in the market.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Interim reporting

While the information presented in the accompanying interim condensed consolidated financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. These interim financial statements follow the same accounting policies and methods of application as used in the December 31, 2010 audited financial statements of the Company. All adjustments are of a normal, recurring nature. Interim financial statements and the notes thereto do not contain all of the disclosures normally found in year-end audited financial statements and these Notes to Condensed Consolidated Financial Statements are abbreviated and contain only certain disclosures related to the nine month period ended September 30, 2011. It is suggested that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended December 31, 2010. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that can be expected for the year ending December 31, 2011.

Reclassifications

Certain 2010 amounts have been reclassified to conform to current year presentation.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2011-04, "*Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.*" ASU No. 2011-04 is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs, by ensuring that fair value has the same meaning in U.S. GAAP and IFRSs and that their respective disclosure requirements are the same except for inconsequential differences in wording and style. The amendments in ASU No. 2011-04 apply to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, a liability, or an instrument classified in a reporting entity's shareholders' equity in the financial statements. Some of the disclosures required by ASU No. 2011-04 are not required for nonpublic entities. These amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value

THERAPEUTICSMD, INC. AND SUBSIDIARIES  
f/k/a AMHN, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Standards (continued)

and for disclosing information about fair value measurements. For many of the requirements, the Board does not intend for the amendments to result in a change in the application of the requirements in Accounting Standards Codification ("ACS") Topic 820. Some of the amendments clarify the Board's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU No. 2011-04 did not have a material impact on the Company's results of operations or financial condition.

In December 2010, the FASB issued ASU No. 2010-29, *"Business Combinations (ASC Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations."* The amendments in this ASU affect any public entity as defined by ASC Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments in this ASU specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of ASU 2010-29 was incorporated in the Company's 2011 financial statements.

In December 2010, the FASB issued ASU 2010-28, *"Intangibles — Goodwill and Other (ASC Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts."* The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples, which require that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For public entities, the amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU 2010-28 did not have a material impact on the Company's results of operations or financial condition.

In April 2010, the FASB issued ASU 2010-17, *Revenue Recognition — Milestone Method* ("ASU 2010-17"). ASU 2010-17 provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. The following criteria must be met for a milestone to be considered substantive. The consideration earned by achieving the milestone should (i) be commensurate with either the level of effort required to achieve the milestone or

THERAPEUTICSMD, INC. AND SUBSIDIARIES  
f/k/a AMHN, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Standards (continued)

the enhancement of the value of the item delivered as a result of a specific outcome resulting from the vendor's performance to achieve the milestone; (ii) be related solely to past performance; and (iii) be reasonable relative to all deliverables and payment terms in the arrangement. No bifurcation of an individual milestone is allowed and there can be more than one milestone in an arrangement. Accordingly, an arrangement may contain both substantive and non-substantive milestones. ASU 2010-17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The adoption of ASU 2010-17 did not have a material effect on the Company's results of operations or financial condition.

In January, 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements*, which amends ASC 820, *Fair Value Measurements and Disclosures* ("ASU 2010-06") to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The Company adopted the provisions of ASU 2010-06 as required on January 1, 2010.

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements*, (amendments to FASB ASC Topic 605, *Revenue Recognition*) ("ASU 2009-13"). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-13 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. The adoption of ASU 2009-13 did not have a material impact on the Company's results of operations or financial condition.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

**NOTE C – GOING CONCERN**

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles in the United States of America, and assume that the Company will continue as a going concern. As discussed in NOTE H – SUBSEQUENT EVENTS, the Company closed the Merger Agreement with VitaMed on October 4, 2011 and the operation of VitaMed became the Company's primary focus. VitaMed began its business in 2008 and has not yet attained a level of revenue to allow it to meet its current overhead. The Company's management does not contemplate attaining profitable operations until late 2013, nor is there any assurance that such an operating level can ever be achieved. The Company will be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure, manufacturing expenses and significant marketing/investor related expenditures to gain market recognition, so that it can achieve a level of revenue adequate to support its cost structure, none of which can be assured.

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE C – GOING CONCERN (Continued)**

Management believes that the Company will need approximately \$5 million over the next twelve months. While initial operations have been funded with private placements of equity and bridge loans, there can be no assurance that adequate financing will continue to be available, and, if available, be on terms that are favorable. These conditions, in addition to the Company's accumulated deficit and recurring losses, gives rise to substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

**NOTE D – STOCKHOLDERS' EQUITY**

Preferred Stock

Currently, the Company is authorized to issue up to 10,000,000 shares of preferred stock at \$0.001 par value ("Preferred Stock"). As of September 30, 2011, the Company had zero shares of Preferred Stock issued and outstanding. Previously, on July 20, 2010, the Company's shareholders had approved a change in the par value of the Company's Preferred Stock from no par value to \$0.001 par value per share.

Common Stock

Currently, the Company is authorized to issue up to 250,000,000 shares of common stock at \$0.001 par value per share ("Common Stock"). As of September 30, 2011, the Company had 16,575,209 shares of Common Stock issued and outstanding. Previously, on July 20, 2010, the Company's shareholders had approved a change in the par value of the Company's Common Stock from \$0.10 par value to \$0.001 par value per share. All par value amounts and additional paid in capital amounts prior to the change have been reclassified in accordance with the staff accounting bulletin rules. As more fully described in NOTE H – SUBSEQUENT EVENTS, the Company closed the Merger Agreement with VitaMed on October 4, 2011 and subsequently issued an aggregate of 81,038,910 shares of its Common Stock in connection therewith. As of the date of this filing, the Company has 81,204,766 shares of Common Stock issued and outstanding.

2009 Long Term Incentive Compensation Plan

Currently, the Company is authorized to issue up to 25,000,000 shares of its Common Stock pursuant to its Long Term Incentive Compensation Plan ("LTIP"). The shares under the LTIP may be issued to provide financial incentives to employees, directors, advisors and consultants of the Company. The LTIP was originally approved by the Company's shareholders on July 20, 2010 with 1,500,000 shares authorized for issuance. On July 18, 2011, the Company's shareholders approved an amendment to the LTIP to increase the number of shares authorized for issuance thereunder to 25,000,000. As of September 30, 2011, no options had been issued under the LTIP. As more fully described in NOTE H – SUBSEQUENT EVENTS, upon the closing of the Merger Agreement on October 4, 2011, the Company exchanged and converted VitaMed's previously issued non-qualified stock options for non-qualified stock options of the Company ("Options") for the purchase of an aggregate of 10,119,795 shares of the Company's Common Stock. An Option for the purchase of 3,069 shares was subsequently cancelled due to termination of employment. To date, no Options have been exercised.

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**NOTE E – PROMISSORY NOTES**

Secured Promissory Note to Seatac

As previously reported, the Company acquired 100% of the issued and outstanding shares of Spectrum on June 11, 2010 in exchange for the issuance of an aggregate of 500,000 shares of the Company's Common Stock and Spectrum became a wholly owned subsidiary of the Company. From the closing date of the Spectrum transaction through November 2010, Seatac had advanced approximately \$487,532 to the Company specifically to address payables (the "Advances"). In order for Seatac to secure a first position for repayment of the Advances, the Company issued the Spectrum Note. The Spectrum Note, together with accrued interest at the annual rate of four percent (4%), was due in one lump sum payment on demand (the "Maturity Date"). As security for the Company's obligations under the Spectrum Note, the Company pledged all of the capital stock of Spectrum pursuant to the terms of a Stock Pledge and Escrow Agreement dated December 16, 2010. Repayment of the Spectrum Note was guaranteed by Spectrum and secured by a blanket lien encumbering the assets of Spectrum. On December 31, 2010, the Company amended the Spectrum Note to increase the principal amount to \$543,531 to include additional advances made by Seatac from September through November 2010 in the aggregate of \$56,000, which amount was inadvertently not included in the initial principal amount disclosed. The foregoing description of the Spectrum Note, the Stock Pledge and Escrow Agreement, and related agreements is qualified, in entirety, by reference to each agreement, copies of which are attached as exhibits to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "Commission") on December 22, 2010, which filing and exhibits are incorporated herein by reference. In February 2011, Seatac notified the Company that it intended to make demand for payment under the Spectrum Note; however, the Company was unable to pay the balance. On February 15, 2011, the Spectrum Note was satisfied pursuant to the terms more fully described in NOTE G – DISCONTINUED OPERATIONS.

Convertible Promissory Notes

During 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of \$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). At September 30, 2011, the Company recorded accrued interest in the amount of \$5,696. The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes also contained anti-dilution provisions. The Convertible Notes remained unpaid at September 30, 2011. As more fully described in NOTE H – SUBSEQUENT EVENTS, on October 18, 2011, the Company and the Noteholders entered into Debt Conversion Agreements and converted the principal of the Convertible Notes into shares of the Company's Common Stock and accrued interest of approximately \$6,300 was forgiven and will be reported as other income in the fourth quarter of 2011.

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**NOTE E – PROMISSORY NOTES (Continued)**

Demand Promissory Note

On March 1, 2011, the Company entered into a Demand Promissory Note (the "March 2011 Note") with the Company's majority shareholder at the time wherein the Company could periodically borrow funds to satisfy its operational requirements. Interest accrued at 20% per annum. At September 30, 2011, the outstanding amount under the March 2011 Note totaled \$155,000, plus accrued interest totaling \$9,809. On October 3, 2011, an additional \$5,000 was advanced. As more fully described in *NOTE H – SUBSEQUENT EVENTS*, on October 4, 2011, the March 2011 Note plus accrued interest to date was forgiven. The forgiveness of this related party debt will be included as additional paid in capital in October 2011 in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

**NOTE F – COMMITMENTS AND CONTINGENCIES**

Exclusive Licensing, Distribution and Advertising Sales Agreement

On February 15, 2011, in conjunction with the settlement of the Spectrum Note, Spectrum and Seatac entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement with the Company (the "Agreement"). Under the terms of the three-year renewable Agreement, the Company was granted a license to promote, distribute and sell certain products developed and sold by Spectrum relative to its digital media network in the southeastern United States. The Agreement relates to all current and future Spectrum products and/or services developed by Spectrum, specifically services pertaining to the digital signage waiting room network built for the multispecialty group practice and IPAs including (i) network subscriptions sold to multispecialty group practices and IPAs for software, hardware and content developed for and distributed by Spectrum, and (ii) advertising spots on Spectrum's network. The Company may earn up to thirty percent (30%) of fees paid for subscriptions and advertising spots.

Consulting Agreement with Back Office Consultants, Inc.

On February 15, 2011, the Company entered into a Consulting Agreement with Back Office Consultants, Inc. ("Back Office") pursuant to which Back Office agrees to provide accounting and corporate compliance services to the Company for a monthly fee of \$7,000. During the nine months ended September 30, 2011, the Company recorded consulting expense totaling \$63,000. The one-year agreement has an effective date as of January 1, 2011. The President of Back Office is a former officer and current shareholder of the Company.



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**NOTE G – DISCONTINUED OPERATIONS**

*America's Minority Health Network, Inc.*

On July 1, 2010, pursuant to the terms of the 4% Secured Promissory Note ("April 2010 Note"), Seatac made demand for the aggregated amount of \$925,885, including principal of \$900,000 and interest through June 30, 2010. On July 11, 2010, Seatac added a one-time late charge equivalent to six percent (6%) of the unpaid amount, or \$55,553, bringing the amount payable and past due under the April 2010 Note to \$981,438. The Company's obligation to repay the April 2010 Note was (i) secured by a pledge by the Company of all of the capital stock of the Company's subsidiaries owned as of or acquired after the date of the April 2010 Note, pursuant to the terms of a Stock Pledge and Escrow Agreement dated April 1, 2010; (ii) guaranteed by the Company's subsidiary, America's Minority Health Network pursuant to a Guaranty Agreement dated April 1, 2010; and (iii) secured by a blanket lien encumbering the assets of the Company and the Company's subsidiaries pursuant to Security Agreements dated April 1, 2010. Payment of principal, interest and late charges under the April 2010 Note became past due, and as a result of the default, on July 30, 2010, Seatac informed the Company that it intended to exercise its remedies pursuant to which it could accept collateral in satisfaction of the Company's obligations. More particularly, Seatac stated that it intended to accept the following collateral in full satisfaction of the \$981,438 due under the April 2010 Note: (i) all rights, title and interest of the Company in the 1,000 shares of common stock of America's Minority Health Network, (ii) all rights, title and interest of the Company in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark, and (iii) all books and records of America's Minority Health Network held by the Company (collectively, the "Collateral").

Given the Company's unsuccessful attempts to obtain additional financing or agree to alternative arrangements with Seatac, it agreed and consented to Seatac's exercise of its remedies under the April 2010 Note and the foreclosure upon the Collateral. As part of the agreement and consent, the Company and its subsidiaries acknowledged that the Company and its subsidiaries were in default in payment of principal, interest, and late fees under the April 2010 Note and related loan documents in the aggregate of \$981,438, and that the debt was secured by a first priority security interest in all of the assets of the Company and its subsidiaries. Accordingly, on July 30, 2010, the Company and Seatac sent joint instruction to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark. The Company's settlement with Seatac did not include the surrender of Spectrum or the satisfaction of a trade payable to Seatac in the amount of \$480,465.

As a result of this transaction, the Company's financial statements have been prepared with the results of operations and cash flows of this disposed property shown as discontinued operations. All historical statements have been restated in accordance with GAAP.

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**NOTE G – DISCONTINUED OPERATIONS (Continued)**

Summarized financial information for discontinued operations for the periods listed below is as follows:

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Operating revenues	\$ 16,382	\$ 60,645
Operating expenses:		
Operating costs	12,267	81,084
General and administration	7,067	101,673
Sales and marketing	25,330	168,544
Depreciation and amortization	23,189	145,974
Total operating expense	<u>67,853</u>	<u>497,275</u>
Other expense		
Interest expense	-0-	(8,531)
Total other income and (expense)	<u>-0-</u>	<u>(8,531)</u>
Loss from discontinued operations	<u>\$ (51,471)</u>	<u>\$ (445,161)</u>

*Spectrum Health Network, Inc.*

On December 16, 2010, the Company and Seatac entered into a Note Purchase Agreement and issued the Spectrum Note in the principal amount of \$487,532 and subsequent advances by Seatac brought the total principal amount due to \$543,531. As security for the Company's obligations under the Note Purchase Agreement and Spectrum Note, the Company pledged all of the capital stock of Spectrum pursuant to the terms of a Stock Pledge and Escrow Agreement dated December 16, 2010. Repayment of the Spectrum Note was guaranteed by Spectrum and secured by a blanket lien encumbering the assets of Spectrum.

In February 2011, Seatac notified the Company that it intended to make demand for payment under the Spectrum Note; however, the Company was unable to pay the balance. In an effort to satisfy the Spectrum Note in full, Seatac and the Company: (i) acknowledged that the Company and Spectrum were unable to pay the aggregated principal and interest of \$547,155 due to Seatac under the Spectrum Note which was secured by a first priority security interest in all of the assets of the Company and Spectrum; (ii) sent joint instruction to the escrow agent, pursuant to which the escrow agent transferred the stock certificate representing all of the outstanding shares of Spectrum being held in escrow to Seatac; (iii) entered into a trademark assignment to transfer all rights, title and interest in the mark "Spectrum Health Network, Inc." and the goodwill associated with that mark; and (iv) entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement wherein Seatac and Spectrum licensed the Company to sell subscriptions to and advertising spots on the Spectrum digital-media network.

As a result of this transaction, the Company's financial statements have been prepared with the results of operations and cash flows of this disposed property shown as discontinued operations. All historical statements have been restated in accordance with GAAP.

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**NOTE G – DISCONTINUED OPERATIONS (Continued)**

Summarized financial information for discontinued operations for the periods listed below is as follows:

	July 1, 2010 through September 30, 2010	June 11, 2010 through September 30, 2010
Operating revenues	\$ 22,120	\$ 27,854
Operating expenses:		
Operating costs	32,625	39,568
General and administration	15,326	22,964
Depreciation and amortization	29,909	38,642
Total operating expense	77,860	101,174
Loss from discontinued operations	\$ (55,740)	\$ (73,320)

Summarized financial information for discontinued operations for the period January 1, 2011 through February 14, 2011 is as follows:

Operating revenues	\$ 12,573
Operating expenses:	
Operating costs	16,356
General and administration	32,989
Depreciation	9,819
Total operating expense	59,164
Loss from discontinued operations	\$ (46,591)

The components of the gain on disposal of discontinued operations during the period January 1, 2011 through February 14, 2011 is as follows:

Assets:	
Cash	\$ 5,817
Accounts receivable	12,573
Fixed assets, net	186,569
Intangible assets, net	288,443
Total assets transferred	\$ 493,402
Liabilities:	
Accounts payable	\$ 634,965
Other liabilities	16,950
Secured promissory note and accrued interest	547,155
Total liabilities of discontinued operations	\$ 1,199,070
Net gain on disposal of discontinued operations	\$ 705,668

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**NOTE H – SUBSEQUENT EVENTS**

Agreement and Plan of Merger with VitaMedMD, LLC

The Company entered into the Merger Agreement with VitaMed pursuant to which the Company would acquire 100% of VitaMed. Upon the closing of the Merger Agreement, the Merger became effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware on October 4, 2011 (the "Effective Time").

In preparation of and prior to the closing of the Merger Agreement, the Company completed the following required corporate actions with an effective date of October 3, 2011:

- a reverse split of its outstanding shares of Common Stock on a ratio of 1 for 100 (the "Reverse Split"),
- an increase of its authorized shares of Common Stock to 250,000,000,
- a change in the name of the Company to TherapeuticsMD, Inc., and
- an amendment to the Company's Long Term Incentive Compensation Plan ("LTIP") to increase the authorized shares for issuance thereunder to 25,000,000.

Exchange of Securities through the Merger Agreement

At the Effective Time, all outstanding membership units of VitaMed (the "Units") were exchanged for shares of the Company's Common Stock. In addition, all outstanding VitaMed options ("Options") and VitaMed warrants ("Warrants") were exchanged and converted into options and warrants for the purchase of the Company's Common Stock ("Company Options" and "Company Warrants"). All Units, Options and Warrants were exchanged on a pro-rata basis for shares or a right to acquire shares of the Company's Common Stock at a ratio of 1,227,425 to 1 (the "Conversion Ratio"). Pursuant to the Conversion Ratio, the Company subsequently (i) issued 58,407,331 shares of the Company's Common Stock in exchange for the outstanding Units, (ii) issued Company Options under the LTIP for the purchase of an aggregate of 10,119,795 shares of the Company's Common Stock (of which a Company Option for the purchase of 3,069 shares was subsequently cancelled due to termination of employment), (iii) issued Company Warrants for the purchase of an aggregate of 859,203 shares of the Company's Common Stock, and (iv) reserved 613,710 shares of the Company's Common Stock in connection with the Company's assumption of VitaMed's obligation to issue future Warrants to affiliates in consideration for their guarantee of a bank loan for the benefit of VitaMed (the "Reserved Warrants"). The Reserved Warrants will be issued to certain officers and directors of the Company once they are earned.

Change in Officers and Directors Pursuant to Merger Agreement

In connection with the Merger, the sole director serving on the Company's Board of Directors immediately prior to the Merger resigned and the following individuals were elected as directors:

Robert G. Finizio, Chairman  
John C.K. Milligan  
Brian Bernick, M.D.

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**NOTE H – SUBSEQUENT EVENTS (Continued)**

Change in Officers and Directors Pursuant to Merger Agreement (continued)

In addition, the sole officer of the Company immediately prior to the Merger resigned and the following individuals were named as officers:

Robert G. Finizio	Chief Executive Officer
John C.K. Milligan	President, Secretary
Daniel Cartwright	A.Chief Financial Officer, Vice President Finance, Treasurer
Mitchell Krassan	Executive Vice President, Chief Strategy Officer

The above officers hold the same positions in VitaMed. Officers serve at the pleasure of the Company's Board of Directors.

Change in Control Pursuant to Merger Agreement

As previously mentioned herein, pursuant to the Closing of the Merger, the Company issued 58,407,331 shares of its Common Stock to the members of VitaMed in exchange for 100% of their ownership thereof. Prior to the subject Merger, the members of VitaMed owned no shares of the Company. After giving effect to (i) the Reverse Split and (ii) the issuance of the Company's Common Stock in exchange for all of the outstanding units of VitaMed, there were 58,573,187 shares of the Company's Common Stock issued and outstanding after the Merger.

Securities Issued Pursuant to Stock Purchase Agreement with Pernix Therapeutics, LLC

On September 8, 2011, the Company entered into a Stock Purchase Agreement with Pernix Therapeutics, LLC, a Louisiana limited liability company ("Pernix"). Pursuant to the terms of the Stock Purchase Agreement, Pernix agreed to purchase 2,631,579 shares of the Company's Common Stock (the "Shares") at a purchase price of \$0.38 per share for a total purchase price of \$1,000,000 ("Purchase Price"). The closing of the Stock Purchase Agreement took place on October 5, 2011 wherein Pernix wired the Purchase Price for the benefit of the Company to VitaMed and the Company issued the Shares.

In connection with the Stock Purchase Agreement, the Company and Pernix entered into a Lock-Up Agreement of even date therewith, which, among other things, restricts the sale, assignment, transfer, encumbrance and other disposition of the Shares issued to Pernix. Pursuant to the terms of the Lock-Up Agreement, Pernix agreed that for a period of twelve (12) months from the date of the Lock-Up Agreement, it would not make or cause any sale of the Shares (the "Lock-Up Period"). After the completion of the Lock-Up Period, Pernix agreed not to sell or dispose of more than five percent (5%) of the Shares per quarter for the following twelve (12) month period.

The foregoing descriptions of the Stock Purchase Agreement and Lock-Up Agreement are qualified, in their entirety, by reference to each agreement, copies of which were attached as exhibits to the Current Report on Form 8-K filed with the Commission on September 14, 2011, which filing and exhibits are incorporated by reference.

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**NOTE H – SUBSEQUENT EVENTS (Continued)**

Debt Conversion Agreements with Energy Capital, LLC and First Conquest Investment Group, LLC

As previously reported, during 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of \$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes contained anti-dilution provisions.

On October 18, 2011, the Company and the Noteholders entered into Debt Exchange Agreements in which the principal amount of the Convertible Notes was converted. Pursuant to the terms thereof, an aggregate of 20,000,000 shares of the Company's Common Stock was issued to the Noteholders and their assigns. After the issuance, the Company had 81,204,766 shares of its Common Stock issued and outstanding.

The foregoing descriptions of the Convertible Notes and the Debt Conversion Agreements are qualified, in entirety, by reference to the each agreement, copies of which were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filing and exhibits are incorporated herein by reference.

Consulting Agreement with Lang Naturals, Inc.

On October 21, 2011, the Company and VitaMed entered into a Consulting Agreement (the "Lang Agreement") with Lang Naturals, Inc., the primary product manufacturer of VitaMed ("Lang"). Under the two-year Lang Agreement, a Lang representative will help evaluate improvements to existing products and new products as well as services including, but not limited to research, design, compliance, scientific and regulatory affairs and commercialization of products. Compensation to Lang included the issuance of a ten-year Warrant for 800,000 underlying shares which vested immediately upon issuance. In conjunction with the Warrant, Lang executed a Lock-Up Agreement under which Lang agreed that for a period of eighteen (18) months thereafter, Lang would not make or cause any sale of the Company's securities. The Lang Agreement, Warrant and Lock-Up Agreement were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filing and exhibits are incorporated herein by reference.

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**NOTE H – SUBSEQUENT EVENTS (Continued)**

Issuance of Options

On October 21, 2011, the Company issued Options pursuant to the LTIP to employees for the purchase of an aggregate of 385,000 shares of the Company's Common Stock with a fair value of \$68,145. One ten-year Option for the purchase of 50,000 shares of the Company's Common Stock vests at the rate of 2,083.33 shares per month over a 24-month period and has an exercise price of \$0.38 per share. The remaining ten-year Options vest annually over a 48-month period and have an exercise price of \$0.38 per share, including an Option for the purchase of 300,000 shares of the Company's Common Stock granted to the Company's Chief Financial Officer, Daniel A. Cartwright. The valuation methodology used to determine the fair value of the Options was the Black-Scholes-Merton option-pricing model ("Black-Scholes Model"), an acceptable model in accordance with ASC 718-10. The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the weighted average risk-free interest rate, and the weighted average term of the Options. The Options were valued on the date of the grant using a term of three (3) years; volatility of 71.12%; risk free rate of 0.46%; and a dividend yield of 0%.

Issuance of Warrants

On October 21, 2011, the Company issued Common Stock Purchase Warrants ("Warrants") for the purchase of an aggregate of 1,584,211 shares of the Company's Common Stock with an exercise price of \$0.38 per share as listed below. The valuation methodology used to determine the fair value of the Warrants was the Black-Scholes Model as defined above.

- (a) The Company's Chief Financial Officer, Daniel A. Cartwright, received a ten-year Warrant for the purchase of 600,000 shares of the Company's Common Stock which vests monthly over a 44-month period with a fair value of \$172,200. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.
- (b) As previously mentioned, Lang received a ten-year Warrant for the purchase of 800,000 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$229,600. The Warrant was issued as compensation relating to a two-year Consulting Agreement with the Company. In conjunction with the issuance of the Warrant, Lang executed a Lock-Up Agreement. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.
- (c) A non-affiliate received a five-year Warrant for the purchase of 184,211 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$42,921. The Warrant was issued as commission for introduction of a funding source. The Warrant was valued on the date of the grant using a term of five (5) years; volatility of 75.72%; risk free rate of 1.08%; and a dividend yield of 0%.

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**NOTE H – SUBSEQUENT EVENTS (Continued)**

Software Licensing Agreement with Pernix

On November 3, 2011, the Company and VitaMed entered into a Software License Agreement ("License Agreement") with Pernix relative to VitaMed's patent pending OPERA™ system (Ongoing Physician, Payor and Patient Evaluation Reporting and Analysis). Under the terms of the License Agreement, Pernix will have the exclusive use for a period of five years of the OPERA™ system software in the field of pediatric medicine for a monthly fee of \$21,700.

Unaudited Condensed Consolidated Proforma Financial Statements

**PRO-FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro-forma consolidated financial statements give effect to the reverse acquisition of VitaMed by the Company and are based on estimates and assumptions set forth herein and in the notes to such pro-forma statements.

The Company entered into a Merger Agreement by and among VitaMed and VitaMed Acquisition, LLC, ("Merger Sub"), pursuant to which the Company would acquire 100% of VitaMed. The acquisition was accomplished by the merger of Merger Sub with and into VitaMed with VitaMed being the surviving limited liability company (the "Merger") in accordance with the Limited Liability Company Act of the State of Delaware. The Merger became effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware on October 4, 2011 (the "Effective Time").

Prior to the closing of this transaction, the Company effected a reverse stock split of its issued and outstanding shares of common stock on a ratio of 1 for 100 (the "Reverse Split"),

This Merger is being accounted for as a reverse acquisition and a recapitalization. VitaMed is the acquirer for accounting purposes.

The following unaudited pro-forma consolidated statement of operations for the nine months ended September 30, 2011 and the year ended December 31, 2010 gives effect to the above as if the Merger and related transactions had occurred at the beginning of the period. The unaudited pro-forma consolidated balance sheet of September 30, 2011 gives effect to the above as if the Merger and related transactions had occurred on September 30, 2011.



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**UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2011**

ASSETS	Historical		Adjustments		Consolidated
	TherapeuticsMD	VitaMed			
<b>Current Assets</b>					
Cash	\$ 4,238	\$ 153,944	\$ 1,000,000	E	\$ 1,158,182
Accounts receivable	2,100	32,304	(2,100)	D	32,304
Inventory	-0-	824,461	-0-		824,461
Prepaid expense	999	8,165	-0-		9,164
<b>Total current assets</b>	<b>7,337</b>	<b>1,018,874</b>	<b>997,900</b>		<b>2,024,111</b>
<b>Fixed Assets, net of accumulated depreciation of \$51,651</b>					
	-0-	103,471	-0-		103,471
<b>Other Assets</b>					
Deposits	-0-	31,949	-0-		31,949
Intangible assets	-0-	10,000	-0-		10,000
Total other assets	-0-	41,949	-0-		41,949
<b>TOTAL ASSETS</b>	<b>\$ 7,337</b>	<b>\$ 1,164,294</b>	<b>\$ 997,900</b>		<b>\$ 2,169,531</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 15,182	\$ 532,548	-0-		\$ 547,730
Note, credit lines and loans payable, net of debt discount of \$95,576	210,000	1,797,470	(210,000)	F	1,797,470
Note and loans payable related parties, net of debt discount of \$67,199	155,000	185,468	(155,000)	C	185,468
Dividends payable	41,359	-0-	-0-		41,359
Other accrued expenses	15,505	-0-	(9,809)	C	-0-
			(5,696)	F	
<b>TOTAL LIABILITIES</b>	<b>437,046</b>	<b>2,515,486</b>	<b>(380,505)</b>		<b>2,572,027</b>
<b>Stockholders' Equity</b>					
Common stock	16,575	-0-	(16,409)	A	81,205
			58,407	B	
			2,632	E	
			20,000	F	
Members contributions	-0-	5,489,950	(5,489,950)	G	-0-
Additional paid in capital	1,661,321	1,169,903	16,409	A	7,529,444
			(58,407)	B	
			164,809	C	
			997,368	E	
			195,696	F	
			3,382,345	G	
Accumulated deficit	(2,107,605)	(8,011,045)	(2,100)	D	(8,013,145)
			2,107,605	G	
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(429,709)</b>	<b>(1,351,192)</b>	<b>1,378,405</b>		<b>(402,496)</b>
<b>TOTAL LIABILITIES AND STOCK-</b>					

HOLDERS' EQUITY

\$ 7,337    \$ 1,164,294    \$ 997,900    \$ 2,169,531

- A To reflect the reverse stock split of the Company's shares of common stock issued and outstanding on a one hundred for one (100:1) basis dated October 4, 2011.
- B To record the issuance of 58,407,331 (post reverse split shares as of October 4, 2011 to the shareholders of VitaMed.
- C To record the forgiveness of debt.
- D The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and the Company did not receive any historical benefits for these items in the historical period presented herein.
- E To record common stock issued pursuant to a stock purchase agreement dated October 5, 2011 with Pernix Therapeutics, LLC.
- F To record common stock issued pursuant to a debt conversion agreement dated October 18, 2011 with Energy Capital, LLC and First Conquest Investment Group, LLC.
- G Purchase accounting adjustment. Accumulated Deficit recorded against Additional Paid in Capital.

**UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Historical		Adjustments		Consolidated
	TherapeuticsMD	VitaMed			
Sales	\$ 2,100	\$ 1,533,806	\$ (2,100)	B	\$ 1,533,806
Cost of sales	-0-	685,450	-0-		685,450
Gross profit	<u>2,100</u>	<u>848,356</u>	<u>(2,100)</u>		<u>848,356</u>
<b>Expenses:</b>					
Sales, general and administration	164,933	4,274,098	(164,933)	B	4,274,098
Research and development	-0-	80,541	-0-		80,541
Depreciation expense	-0-	24,996	-0-		24,996
Total operating expenses	<u>164,933</u>	<u>4,379,635</u>	<u>(164,933)</u>		<u>4,379,635</u>
Operating loss	<u>(162,833)</u>	<u>(3,531,279)</u>	<u>162,833</u>		<u>(3,531,279)</u>
<b>Other income (expense):</b>					
Other income	5,000	-0-	(5,000)	B	-0-
Interest expense	(19,097)	(123,666)	3,592	A	(123,666)
			<u>15,505</u>	B	
Total other income (expense)	<u>(14,097)</u>	<u>(123,666)</u>	<u>14,097</u>		<u>(123,666)</u>
Loss from continuing operations before taxes	(176,930)	(3,654,945)	176,930		(3,654,945)
Provision for income taxes	4,304	-0-	(4,304)		-0-
Loss from continuing operations	<u>(181,234)</u>	<u>(3,654,945)</u>	<u>181,234</u>		<u>(3,654,945)</u>
<b>Discontinued operations:</b>					
Gain on disposal of discontinued operations	705,668	-0-	(705,668)	B	-0-
Loss from discontinued operations	<u>(46,591)</u>	<u>-0-</u>	<u>46,591</u>	B	<u>-0-</u>
Net loss from discontinued operations	<u>659,077</u>	<u>(3,654,945)</u>	<u>(659,077)</u>		<u>-0-</u>
Net income (loss)	<u>\$ 477,843</u>	<u>\$ (3,654,945)</u>	<u>\$ (477,843)</u>		<u>\$ (3,654,945)</u>
Basic and diluted loss per common share					<u>\$ (0.05)</u>
Weighted average common shares outstanding, basic and diluted					<u>81,204,766</u>

(A) The proforma adjustment to interest expense reflects accrued expense associated with forgiveness of debt.

(B) The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and we did not receive any historical benefits for these items in the historical period presented herein.

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 30, 2010**

	Historical		Adjustments		Consolidated
	TherapeuticsMD	VitaMed			
Sales	\$ 48,217	\$ 1,241,921	\$ (48,217)	A	\$ 1,241,921
Cost of sales	-0-	556,390	-0-		556,390
Gross profit	<u>48,217</u>	<u>685,531</u>	<u>(48,217)</u>		<u>685,531</u>
<b>Expenses:</b>					
Operating	71,932	-0-	(71,932)	A	-0-
Sales, general and administration	382,860	3,650,959	(382,860)	A	3,650,959
Research and development	-0-	65,402	-0-		65,402
Depreciation expense	61,383	22,783	(61,383)	A	22,783
Total operating expenses	<u>516,175</u>	<u>3,739,144</u>	<u>(516,175)</u>		<u>3,739,144</u>
Operating loss	<u>(467,958)</u>	<u>(3,053,613)</u>	<u>467,958</u>		<u>(3,053,613)</u>
<b>Other income (expense):</b>					
Other income	22,138	-0-	(22,138)	A	-0-
Interest expense	(64,086)	-0-	64,086	A	-0-
Total other income (expense)	<u>(41,948)</u>	<u>-0-</u>	<u>41,948</u>		<u>-0-</u>
Loss from continuing operations before taxes	(509,906)	(3,053,613)	509,906		(3,053,613)
Provision for income taxes	-0-	-0-	-0-		-0-
Loss from continuing operations	<u>(509,906)</u>	<u>(3,053,613)</u>	<u>509,906</u>		<u>(3,053,613)</u>
<b>Discontinued operations:</b>					
Gain on disposal of discontinued operations	259,693	-0-	(259,693)	A	-0-
Loss from discontinued operations	(445,161)	-0-	445,161	A	-0-
Net loss from discontinued operations	<u>(185,468)</u>	<u>-0-</u>	<u>185,468</u>		<u>-0-</u>
Net loss	<u>\$ (695,374)</u>	<u>\$ (3,053,613)</u>	<u>\$ 695,374</u>		<u>\$ (3,053,613)</u>
Basic and diluted loss per common share					<u>\$ (0.04)</u>
Weighted average common shares outstanding, basic and diluted					<u>81,204,766</u>

(A) The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and we did not receive any historical benefits for these items in the historical period presented herein.

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

### **General**

The following discussion and analysis provides information which management of the Company believes to be relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's condensed consolidated financial statements and the notes to the financial statements, which are included in this report. This information should also be read in conjunction with the information contained in our Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 15, 2011, including the audited financial statements and notes included therein. The reported results will not necessarily reflect future results of operations or financial condition.

Throughout this Quarterly Report on Form 10-Q (the "Report"), the terms "we," "us," "our," "Therapeutics," or "our Company" refers to TherapeuticsMD, Inc., f/k/a AMHN, Inc., a Nevada corporation.

### **Caution Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains "forward-looking statements", as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this report. Forward-looking statements are often identified by words like "believe," "expect," "estimate," "anticipate," "intend," "project" and similar words or expressions that, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as "may," "will," "should," "plans," "predicts," "potential," or "continue," or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or achievements. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements in an effort to conform these statements to actual results.

The Company's website is [www.therapeuticsmd.com](http://www.therapeuticsmd.com). The Company's subsidiary's website is [www.vitamedmd.com](http://www.vitamedmd.com).

Our Common Stock is currently traded on the OTCQB under the symbol "AMHN." In conjunction with the recent corporate actions described herein, the Company requested its trading symbol be changed to more closely align with the Company's new name. The Company expects the new trading symbol to be assigned on or about November 14, 2011.

### **Overview**

The Company was incorporated in Utah in 1907 under the name Croff Mining Company ("Croff"). The Company changed its name to Croff Oil Company in 1952 and in 1996 changed its name to Croff Enterprises, Inc. In the twenty (20) years prior to 2008, the Company's operations consisted entirely of oil and natural gas production. Due to a spin-off of its operations in December 2007, the Company had no

business operations or revenue source and had reduced its operations to a minimal level, although it continued to file reports required under the Securities Exchange Act of 1934. As a result of the spin-off, the Company was a "shell company" under the rules of the Commission. After completion of subsequent transactions as described below, the Company changed its name to AMHN, Inc. on September 14, 2009 and on September 25, 2009 approved a redomicile of the Company from Utah to Nevada. As of October 4, 2011, in connection with the closing of the Agreement and Plan of Merger ("Merger Agreement") with vitaMedMD, LLC, a Delaware limited liability company ("VitaMed"), as more fully described below in *Recent Events*, the Company changed its name to TherapeuticsMD, Inc. and moved its corporate offices to that of its newly acquired subsidiary, VitaMed, at 951 Broken Sound Parkway NW, Suite 320, Boca Raton, FL 33487.

After closing the Merger Agreement on October 4, 2011, the Company's primary business became that of its newly acquired subsidiary, VitaMed. VitaMed is a specialty pharmaceutical company that has developed a patent-pending technology and business methodology to market both over-the-counter ("OTC") and prescription versions of nutritional supplements, drugs, medical foods and other medical products directly to consumers or through retail pharmacies. VitaMed's business model creates unique value propositions for patients, physician/providers and insurance payors by eliminating much of the inefficiencies associated with the traditional sales, marketing and distribution models. VitaMed offers superior-quality products for a lower overall cost to patients and payors while increasing efficiencies for physicians. VitaMed's technology allows it to collect and analyze data from various sources to improve patient compliance and education, facilitate product development and provide immediate feedback on effectiveness of therapies. The result is increased efficiency and communication between the patient, physician/provider and insurance payor, ultimately creating improved outcomes for all. This combination of efficient distribution and technology provides measurable customer benefits differentiates VitaMed from existing competitors in the market.

#### Agreement and Plan of Reorganization with America's Minority Health Network, Inc.

On July 6, 2009, the Company entered into an Agreement and Plan of Reorganization (the "July 2009 Acquisition Agreement") with AMHN Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub"), America's Minority Health Network, Inc., a Delaware corporation ("America's Minority Health Network") and the major shareholders of the America's Minority Health Network (the "Major Shareholders"). The terms of the July 2009 Acquisition Agreement, which closed on July 27, 2009, provided for (i) the transfer of 100% of the issued and outstanding shares of common stock of America's Minority Health Network in exchange for the issuance to the shareholders of American's Minority Health Network of an aggregate of 13,693,689 shares of common stock of the Company (the "Company Common Stock"); (ii) the resignations of the Company's officers and directors prior to the consummation of the Agreement and the election and appointment of officers and directors as directed by America's Minority Health Network; and (iii) America's Minority Health Network to become a wholly owned subsidiary of the Company. A full description of the terms of the July 2009 Acquisition Agreement (the "Transaction") is set forth the Company's Current Report on Form 8-K filed with the Commission on July 10, 2009. In accordance with the provisions of this triangulated merger, Merger Sub merged with and into America's Minority Health Network as of the Effective Date, as that term is defined therein. Upon consummation of the July 2009 Acquisition Agreement and all transactions contemplated therein, the separate existence of Merger Sub ceased, the Company became the surviving parent corporation, and America's Minority Health Network became its wholly owned subsidiary. As a result of the Transaction, (i) the Company ceased being a shell company, (ii) its sole business became that of America's Minority Health Network, and (iii) the Company experienced a change in control in which the former shareholders of America's Minority Health Network acquired control of the Company. For accounting purposes, the Transaction was treated as a reverse merger.

Secured Note to Seatac Digital Resources, Inc., Subsequent Default under Note, and Transfer of America's Minority Health Network, Inc.

On April 1, 2010, the Company issued a 4% Secured Promissory Note (the "Note") in the principal base amount of \$800,000 (the "Principal Base Amount") to Seatac Digital Resources, Inc. ("Seatac") pursuant to the terms of that certain Note Purchase Agreement (the "Note Purchase Agreement") of even date therewith. As consideration for the Note, Seatac surrendered certain promissory notes totaling \$800,000 previously issued by the Company to Seatac between June 1, 2009 and March 31, 2010 and (collectively known as the "Prior Notes"). The Principal Base Amount of the Note, plus any and all additional advances made to the Company thereafter (the "Aggregated Principal Amount"), together with accrued interest at the annual rate of four percent (4%), was due in one lump sum payment on June 30, 2010 (the "Maturity Date"). The Note provided that the Note would automatically renew on the Maturity Date for additional ninety (90) day periods (the "Extended Maturity Date") unless ten (10) days prior to the Extended Maturity Date the Holder provided written notice to the Company of its intent not to renew. If the Company committed any Event of Default (as defined in the Note Purchase Agreement), then the unpaid principal amount of, and accrued interest on the Note could be accelerated by Seatac and become due and payable, whereupon the interest rate would be increased to a rate of ten percent (10%) per annum, subject to the limitations of applicable law.

As security for the Company's obligations under the Note Purchase Agreement and the Note, the Company pledged all of the capital stock of America's Minority Health Network pursuant to the terms of a Stock Pledge and Escrow Agreement. Repayment of the Note was also guaranteed by America's Minority Health Network and was additionally secured by a blanket lien encumbering the assets of the Company and America's Minority Health Network. On July 1, 2010, Seatac made demand for the aggregated amount of \$925,885, including principal of \$900,000 and interest through June 30, 2010. On July 11, 2010, Seatac added a one-time late charge equivalent to six percent (6%) of the unpaid amount, or \$55,553, bringing the amount payable and past due under the April 2010 Note to \$981,438. Thereafter, payment of principal, interest and late charges under the April 2010 Note became past due, and as a result of the default, Seatac informed the Company that it intended to exercise its remedies and would accept the following collateral in full satisfaction of the \$981,438 due under the April 2010 Note: (i) all rights, title and interest of the Company in the 1,000 shares of common stock of America's Minority Health Network, (ii) all rights, title and interest of the Company in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark, and (iii) all books and records of America's Minority Health Network held by the Company (collectively, the "Collateral").

The Company was unsuccessful in its attempts to obtain additional financing or reach an alternative arrangement with Seatac. As a result, we agreed and consented to Seatac's exercise of its remedies under the April 2010 Note and the foreclosure upon the Collateral. As part of the agreement and consent, the Company and America's Minority Health Network acknowledged that each were in default in payment of principal, interest, and late fees under the April 2010 Note and related loan documents in the aggregate of \$981,438 and that the debt was secured by a first priority security interest in all of the assets of the Company and all of its subsidiaries. Accordingly, on July 30, 2010, the Company and Seatac sent joint instructions to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark. The Company's settlement with Seatac included the surrender of America's Minority Health Network; however, did not include the satisfaction of a trade payable to Seatac in the amount of \$455,061.

In conjunction with the settlement, Robert Cambridge and Charles Richardson resigned their positions as officers and directors of America's Minority Health Network.

Corporate Changes Including Name Changes, Redomicile, Change in Par Value, Increase in Authorized Shares of Common Stock, and Amendments to Long Term Incentive Compensation Plan

On September 14, 2009, the Company changed its name to AMHN, Inc. On September 23, 2009, the Company's Board of Directors approved the redomicile of the Company from Utah to Nevada and approved the 2009 Long Term Incentive Compensation Plan ("LTIP"). On March 28, 2010, the Company's Board of Directors approved a single revision to the LTIP to increase the number of shares available for issuance to an aggregate of 1,500,000 shares. The Company subsequently approved a change in the par value of the Company's Common and Preferred Stock to \$0.001 per share. On July 20, 2010, the Company's shareholders owning an aggregate of 8,900,898 shares (or 55%) of the Company's outstanding shares approved the actions. As mentioned herein at *RECENT EVENTS*, as of October 3, 2011, the Company effected a name change to TherapeuticsMD, Inc., increased its authorized shares of Common Stock to 250,000,000 and amended the LTIP to increase the number of shares available for issuance thereunder to 25,000,000.

Agreement and Plan of Reorganization with Spectrum Health Network, Inc.

On June 1, 2010, the Company entered into an Agreement and Plan of Reorganization (the "Spectrum Acquisition Agreement") with Spectrum Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub"), Spectrum Health Network, Inc., a Delaware corporation ("Spectrum") and the sole shareholder of Spectrum (the "Sole Shareholder"). Spectrum is a digital signage waiting room network built for the multispecialty group practice and independent physician associations ("IPAs"). The terms of the Spectrum Acquisition Agreement provided for (i) the transfer of 100% of the issued and outstanding shares of common stock of Spectrum to the Company in exchange for the issuance to the Sole Shareholder of Spectrum of an aggregate of 500,000 shares of common stock of the Company (the "Company Common Stock") at a conversion ratio where one share of Spectrum was converted into 500 shares of Company Common Stock; (ii) the Company's assumption of all the assets and liabilities of Spectrum; (iii) the officers and directors of Spectrum to retain their respective positions in the Merger Sub; and (iv) Spectrum to become a wholly owned subsidiary of the Company. On June 11, 2010, the Closing Date of the Transaction pursuant to the terms and conditions of the Acquisition Agreement, the Company acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of Company Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub was merged with and into Spectrum as of the Effective Date of the Acquisition Agreement, the separate existence of Merger Sub ceased, and Spectrum became a wholly owned subsidiary of the Company. In conjunction with the Acquisition Agreement, the Company assumed the assets and liabilities of Spectrum totaling approximately \$247,000 and \$480,000, respectively. The excess of the purchase price over the net liabilities assumed was recorded as goodwill on the consolidated balance sheet.

Secured Note to Seatac, Subsequent Default under Note, and Transfer of Spectrum Health Network, Inc.

Since the closing date of the Spectrum transaction through November 2010, Seatac had advanced approximately \$487,532 to the Company specifically to address payables (the "Advances"). In order for Seatac to secure a first position for repayment of the Advances, the Company issued the Spectrum Note. The Spectrum Note, together with accrued interest at the annual rate of four percent (4%), was due in one lump sum payment on demand (the "Maturity Date"). As security for the Company's obligations under the Spectrum Note, the Company pledged all of the capital stock of Spectrum pursuant to the terms of a Stock Pledge and Escrow Agreement dated December 16, 2010. Repayment of the Spectrum Note was guaranteed by Spectrum and secured by a blanket lien encumbering the assets of Spectrum. On December 31, 2010, the Company amended the Spectrum Note to increase the principal amount to \$543,531 to include additional advances made by Seatac from September through November 2010 in the aggregate of \$56,000, which amount was inadvertently not included in the initial principal amount disclosed. The foregoing description of the Spectrum Note, the Stock Pledge and Escrow Agreement, and related agreements is qualified, in entirety, by reference to each agreement, copies of which are attached as exhibits to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "Commission") on December 22, 2010, which filing and exhibits are incorporated herein by reference.



In February 2011, Seatac notified the Company that it intended to make demand for payment under the Spectrum Note; however, the Company was unable to pay the balance. In an effort to satisfy the Spectrum Note in full, Seatac and the Company: (i) acknowledged that the Company and Spectrum were unable to pay the aggregated principal and interest of \$547,155 due to Seatac under the Spectrum Note which was secured by a first priority security interest in all of the assets of the Company and Spectrum; (ii) sent joint instruction to the escrow agent, pursuant to which the escrow agent transferred the stock certificate representing all of the outstanding shares of Spectrum being held in escrow to Seatac; (iii) entered into a trademark assignment to transfer all rights, title and interest in the mark "Spectrum Health Network, Inc." and the goodwill associated with that mark; and (iv) entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement wherein Seatac and Spectrum licensed the Company to sell subscriptions to and advertising spots on the Spectrum digital-media network. See NOTE G – DISCONTINUED OPERATIONS in the accompanying condensed consolidated financial statements for more details.

#### Change in Control and Officers and Directors

On December 17, 2010, the Company experienced a change in control when shareholders owning an aggregate of 8,900,898 shares of the Company's Common Stock (or 53.7% of the Company's 16,575,209 outstanding shares) sold those shares to an entity not previously affiliated with the Company or its shareholders. As mentioned herein at RECENT EVENTS, the Company experienced a second change of control pursuant to the closing of the Merger Agreement with VitaMed and reconstituted the Company's officers and directors as required thereunder.

#### Exclusive Licensing, Distribution and Advertising Sales Agreement

On February 15, 2011, in conjunction with the settlement of the Spectrum Note, Spectrum and Seatac entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement with the Company (the "Agreement"). Under the terms of the three-year renewable Agreement, the Company was granted a license to promote, distribute and sell certain products developed and sold by Spectrum relative to its digital media network in the southeastern United States. The Agreement relates to all current and future Spectrum products and/or services developed by Spectrum, specifically services pertaining to the digital signage waiting room network built for the multispecialty group practice and IPAs including (i) network subscriptions sold to multispecialty group practices and IPAs for software, hardware and content developed for and distributed by Spectrum, and (ii) advertising spots on Spectrum's network. The Company may earn up to thirty percent (30%) of fees paid for subscriptions and advertising spots.

#### Consulting Agreement with Back Office Consultants, Inc.

On February 15, 2011, the Company entered into a Consulting Agreement with Back Office Consultants, Inc. ("Back Office") pursuant to which Back Office agrees to provide accounting and corporate compliance services to the Company for a monthly fee of \$7,000. During the nine months ended September 30, 2011, the Company recorded consulting expense totaling \$63,000. The one-year agreement has an effective date as of January 1, 2011. The President of Back Office is a former officer and current shareholder of the Company.

#### Demand Promissory Note

On March 1, 2011, the Company entered into a Demand Promissory Note (the "March 2011 Note") with the Company's majority shareholder at the time wherein the Company could periodically borrow funds to satisfy its operational requirements. Interest accrued at 20% per annum. At September 30, 2011, the outstanding amount under the March 2011 Note totaled \$155,000, plus accrued interest totaling \$9,809. On October 3, 2011, an additional \$5,000 was advanced. As more fully described in RECENT EVENTS herein, on October 4, 2011, the March 2011 Note plus accrued interest to date was forgiven. The forgiveness of this related party debt will be included as additional paid in capital in October 2011 in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

## Convertible Notes

During 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of \$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes contained anti-dilution provisions. Aggregated accrued interest on the Notes through September 30, 2011 was \$5,696. As more fully described in *RECENT EVENTS* herein, on October 18, 2011, the Company and the Noteholders entered into Debt Exchange Agreements in which the principal amount of the Convertible Notes was converted and accrued interest totaling approximately \$6,300 was forgiven and will be reported as other income in the fourth quarter of 2011. Pursuant to the terms thereof, an aggregate of 20,000,000 shares of the Company's Common Stock was issued to the Noteholders and their assigns.

## Sales Representation Agreement

On May 7, 2011, the Company entered into a Sales Representation Agreement ("Agreement") with Mann Equity, LLC ("Mann") wherein Mann purchased from the Company the right to sell the Company's products as an independent distributor for the State of Florida for \$5,000. Pursuant to the terms of the one-year agreement, Mann can earn a commission of twenty percent (20%) for each contract sold for network subscription or advertising spots.

## **Recent Events**

### Agreement and Plan of Merger with VitaMedMD, LLC

The Company entered into a Merger Agreement by and among VitaMed and VitaMed Acquisition, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which the Company would acquire 100% of VitaMed. The acquisition was accomplished by the merger of Merger Sub with and into VitaMed with VitaMed being the surviving limited liability company (the "Merger") in accordance with the Limited Liability Company Act of the State of Delaware. The Merger became effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware on October 4, 2011 (the "Effective Time").

In preparation of and prior to the closing of the Merger Agreement, the Company completed the following required corporate actions with an effective date of October 3, 2011:

- a reverse split of its outstanding shares of Common Stock on a ratio of 1 for 100 (the "Reverse Split"),
- an increase of its authorized shares of Common Stock to 250,000,000,
- a change in the name of the Company to TherapeuticsMD, Inc., and
- an amendment to the Company's Long Term Incentive Compensation Plan ("LTIP") to increase the authorized shares for issuance thereunder to 25,000,000.

### Exchange of Securities through the Merger Agreement

At the Effective Time, all outstanding membership units of VitaMed (the "Units") were exchanged for shares of the Company's Common Stock. In addition, all outstanding VitaMed options ("Options") and VitaMed warrants ("Warrants") were exchanged and converted into options and warrants for the purchase of the Company's Common Stock ("Company Options" and "Company Warrants"). All Units, Options and Warrants were exchanged on a pro-rata basis for shares or a right to acquire shares of the Company's Common Stock at a ratio of 1.227425 to 1 (the "Conversion Ratio"). Pursuant to the Conversion Ratio, the Company subsequently (i) issued 58,407,331 shares of the Company's Common Stock in exchange for the outstanding Units, (ii) issued Company Options under the LTIP for the purchase of an aggregate of 10,119,795 shares of the Company's Common Stock (of which a Company Option for 3,069 shares was subsequently cancelled due to termination of employment), (iii) issued Company Warrants for the purchase of an aggregate of 859,203 shares of the Company's Common Stock, and (iv) reserved 613,710 shares of the Company's Common Stock in connection with the Company's assumption of VitaMed's obligation to subsequently issue Warrants to affiliates in consideration for their guarantee of a bank loan for the benefit of VitaMed (the "Reserved Warrants"). The Reserved Warrants will be issued to certain officers and directors of the Company once they are earned.

### Change in Officers and Directors Pursuant to Merger Agreement

In connection with the Merger, the sole director serving on the Company's Board of Directors immediately prior to the Merger resigned and the following individuals were elected as directors:

Robert G. Finizio, Chairman  
John C.K. Milligan  
Brian Bernick, M.D.

In addition, the sole officer of the Company immediately prior to the Merger resigned and the following individuals were named as officers:

Robert G. Finizio Chief Executive Officer  
John C.K. Milligan President, Secretary  
Daniel A. Chief Financial Officer, Vice President Finance,  
Cartwright Treasurer  
Mitchell Krassan Executive Vice President, Chief Strategy Officer

The above officers hold the same positions in VitaMed. Officers serve at the pleasure of the Company's Board of Directors.

### Change in Control Pursuant to Merger Agreement

As previously mentioned herein, pursuant to the Closing of the Merger, the Company issued 58,407,331 shares of its Common Stock to the members of VitaMed in exchange for 100% of their ownership thereof. Prior to the subject Merger, the members of VitaMed owned no shares of the Company. After giving effect to (i) the Reverse Split and (ii) the issuance of the Company's Common Stock in exchange for all of the outstanding units of VitaMed, there were 58,573,187 shares of the Company's Common Stock issued and outstanding after the Merger.

### Securities Issued Pursuant to Stock Purchase Agreement with Pernix Therapeutics, LLC

On September 8, 2011, the Company entered into a Stock Purchase Agreement with Pernix Therapeutics, LLC, a Louisiana limited liability company ("Pernix"). Pursuant to the terms of the Stock Purchase Agreement, Pernix agreed to purchase 2,631,579 shares of the Company's Common Stock (the "Shares") at a purchase price of \$0.38 per share for a total purchase price of \$1,000,000 ("Purchase Price"). The closing of the Stock Purchase Agreement took place on October 5, 2011 wherein Pernix wired the Purchase Price for the benefit of the Company to VitaMed and the Company issued the Shares.

In connection with the Stock Purchase Agreement, the Company and Pernix entered into a Lock-Up Agreement of even date therewith, which, among other things, restricts the sale, assignment, transfer, encumbrance and other disposition of the Shares issued to Pernix. Pursuant to the terms of the Lock-Up Agreement, Pernix agreed that for a period of twelve (12) months from the date of the Lock-Up Agreement, it would not make or cause any sale of the Shares (the "Lock-Up Period"). After the completion of the Lock-Up Period, Pernix agreed not to sell or dispose of more than five percent (5%) of the Shares per quarter for the following twelve (12) month period.

The foregoing descriptions of the Stock Purchase Agreement and Lock-Up Agreement are qualified, in their entirety, by reference to each agreement, copies of which were attached as exhibits to the Current Report on Form 8-K filed with the Commission on September 14, 2011, which filing and exhibits are incorporated by reference.

#### Debt Conversion Agreements with Energy Capital, LLC and First Conquest Investment Group, LLC

As previously reported, during 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of \$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes contained anti-dilution provisions. Aggregated accrued interest on the Notes through September 30, 2011 was \$5,696.

On October 18, 2011, the Company and the Noteholders entered into Debt Exchange Agreements in which the principal amount of the Convertible Notes was converted and accrued interest of approximately \$6,300 was forgiven and will be reported as other income in the fourth quarter of 2011. Pursuant to the terms thereof, an aggregate of 20,000,000 shares of the Company's Common Stock was issued to the Noteholders and their assigns. After the issuance, the Company had 81,204,766 shares of its Common Stock issued and outstanding.

The foregoing descriptions of the Convertible Notes and the Debt Conversion Agreements are qualified, in entirety, by reference to the each agreement, copies of which were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filings and exhibits are incorporated herein by reference.

#### Consulting Agreement with Lang Naturals, Inc.

On October 21, 2011, the Company and VitaMed entered into a Consulting Agreement (the "Agreement") with Lang Naturals, Inc., the primary product manufacturer of VitaMed ("Lang"). Under the two-year Agreement, a Lang representative will help evaluate improvements to existing products and new products as well as services including but not limited to research, design, compliance, scientific and regulatory affairs and commercialization of products. The compensation paid to Lang included the issuance of a ten-year Warrant for the purchase of 800,000 shares of the Company's Common Stock which vested immediately upon issuance. In conjunction with the Warrant, Lang executed a Lock-Up Agreement under which Lang agreed that for a period of eighteen (18) months thereafter, Lang would not make or cause any sale of the Company's securities. The Consulting Agreement, Warrant and Lock-Up Agreement were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filing and exhibits are incorporated herein by reference.

### Issuance of Options

On October 21, 2011, the Company issued Non-Qualified Stock Options ("Options") pursuant to the LTIP to employees for the purchase of an aggregate of 385,000 shares of the Company's Common Stock with a fair value of \$68,145. One ten-year Option for the purchase of 50,000 shares vests at the rate of 2,083.33 shares per month over a 24-month period and has an exercise price of \$0.38 per share. The remaining ten-year Options vest annually over a 48-month period and have an exercise price of \$0.38 per share, including an Option for the purchase of 300,000 shares granted to the Company's Chief Financial Officer, Daniel A. Cartwright. The valuation methodology used to determine the fair value of the Options was the Black-Scholes-Merton option-pricing model ("Black-Scholes Model"), an acceptable model in accordance with ASC 718-10. The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the weighted average risk-free interest rate, and the weighted average term of the Options. The Options were valued on the date of the grant using a term of three (3) years; volatility of 71.12%; risk free rate of 0.46%; and a dividend yield of 0%.

### Issuance of Warrants

On October 21, 2011, the Company issued Common Stock Purchase Warrants ("Warrants") for the purchase of an aggregate of 1,584,211 shares of the Company's Common Stock with an exercise price of \$0.38 per share as listed below. The valuation methodology used to determine the fair value of the Warrants was the Black-Scholes Model as defined above.

- (a) The Company's Chief Financial Officer, Daniel A. Cartwright, received a ten-year Warrant for the purchase of 600,000 shares of the Company's Common Stock that vest monthly over a 44-month period with a fair value of \$172,200. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.
- (b) As discussed above, Lang received a ten-year Warrant for the purchase of 800,000 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$229,600. The Warrant was issued as compensation relating to a two-year Consulting Agreement with the Company. In conjunction with the issuance of the Warrant, Lang executed a Lock-Up Agreement. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.
- (c) A non-affiliate received a five-year Warrant for the purchase of 184,211 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$42,921. The Warrant was issued as commission for introduction of a funding source. The Warrant was valued on the date of the grant using a term of five (5) years; volatility of 75.72%; risk free rate of 1.08%; and a dividend yield of 0%.

### Software Licensing Agreement with Pernix

On November 3, 2011, the Company and VitaMed entered into a Software License Agreement ("License Agreement") with Pernix relative to VitaMed's patent pending OPERA™ system (Ongoing Physician, Payor and Patient Evaluation Reporting and Analysis). Under the terms of the License Agreement, Pernix will have the exclusive use for a period of five years of the OPERA™ system software in the field of pediatric medicine for a monthly fee of \$21,700.

## Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

The following information presents the results of operations for the Company's continuing operations through for the three month periods ended September 30, 2011 and 2010. As outlined in *Recent Events* herein, the Company closed a Merger Agreement with VitaMed on October 4, 2011. For more information, see *NOTE H – SUBSEQUENT EVENTS, UNAUDITED CONDENSED CONSOLIDATED PRO-FORMA FINANCIAL STATEMENTS* in the accompanying condensed consolidated financial statements. The unaudited pro-forma consolidated statement of operations for the nine months ended September 30, 2011 and the year ended December 31, 2010 gives effect as if the Merger had occurred at the beginning of the period. The unaudited pro-forma consolidated balance sheet of September 30, 2011 assumes gives effect as if the Merger had occurred on September 30, 2011.

### CONTINUING OPERATIONS OF THERAPEUTICS

*Results for the three month periods ended September 30, 2011 and 2010*

#### Revenues

The Company had revenues totaling \$2,100 and \$0 from continuing operations during the three month periods ended September 30, 2011 or 2010, respectively.

#### General and Administration

The Company's general and administrative expenses consist of accounting and administrative costs, professional fees and other general corporate expenses. General and administrative expenses for the three month period ended September 30, 2011 were \$64,594 compared to \$66,944 for the three month period ended September 30, 2010. The decrease was largely the result of terminated consulting fee arrangements associated with investor and public relations partially offset by increases in legal and accounting costs.

#### Other Expenses

The Company's interest expense for the three month period ended September 30, 2011 was \$11,732 compared to \$55,587 for the same period in 2010. The decrease in interest expense was primarily the result of the elimination of certain note obligations and related interest expense of the July 30, 2010 payoff of the April 1, 2010 Secured Promissory Note to Seatac Digital Resources, Inc. through the transfer of America's Minority Network, Inc. (as described above) partially offset by interest accrued on the March 2011 Note due to the Company's major shareholder.

*Results for the nine month periods ended September 30, 2011 and 2010*

#### Revenues and Network Operating Costs

The Company had revenues totaling \$2,100 and \$0 from continuing operations during nine month periods ended September 30, 2011 or 2010, respectively.

## General and Administration

The Company's general and administrative expenses consist of accounting and administrative costs, professional fees and other general corporate expenses. General and administrative expenses for the nine month period ended September 30, 2011 were \$164,933 compared to \$263,654 for the nine month period ended September 30, 2010. The decrease was largely the result of terminated consulting fee arrangements associated with investor and public relations partially offset by increases in legal and accounting costs.

## Other Expenses

The Company's interest expense for the nine month period ended September 30, 2011 was \$19,097 compared to \$64,086 for the same period in 2010. The decrease in interest expense was primarily the result of the elimination of certain note obligations and related interest expense of the July 30, 2010 payoff of the April 1, 2010 Secured Promissory Note to Seatac Digital Resources, Inc. through the transfer of America's Minority Network, Inc. (as described above) partially offset by interest accrued on the March 2011 Note due to the Company's major shareholder.

## **DISCONTINUED OPERATIONS**

The gains and losses from the disposition of certain income-producing assets and associated liabilities, operating results, and cash flows are reflected as discontinued operations in the consolidated financial statements for all periods presented. Although net earnings are not affected, the Company has reclassified results that were previously included in continuing operations as discontinued operations for qualifying dispositions.

### Spectrum Health Network, Inc.

	July 1, 2010 through September 30, 2010	June 11, 2010 through September 30, 2010
Operating revenues	\$ 22,120	\$ 27,854
Operating expenses:		
Operating costs	32,625	39,568
General and administration	15,326	22,964
Depreciation and amortization	29,909	38,642
Total operating expense	77,860	101,174
Loss from discontinued operations	\$ (55,740)	\$ (73,320)

Summarized financial information for discontinued operations for the period January 1, 2011 through February 14, 2011 is as follows:

Operating revenues	\$ 12,573
Operating expenses:	
Operating costs	16,356
General and administration	32,989
Depreciation	9,819
Total operating expense	59,164
Loss from discontinued operations	\$ (46,591)

America's Minority Health Network, Inc.

On July 31, 2010, America's Minority Health Network was released to Seatac (as described above), and was not a subsidiary of the Company during the three and nine months ended September 30, 2011, therefore no comparative information is available. However, the results for each respective period in 2010 are listed below.

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Operating revenues	\$ 16,382	\$ 60,645
Operating expenses:		
Operating costs	12,267	81,084
General and administration	7067	101,673
Sales and marketing	25,330	168,544
Depreciation and amortization	23,189	145,974
Total operating expense	67,853	497,275
Other expense		
Interest expense	-0-	(8,531)
Total other income and (expense)	-0-	(8,531)
Loss from discontinued operations	\$ (51,471)	\$ (445,161)

### Liquidity and Capital Resources

At September 30, 2011, the Company's cash balance was \$4,238. Outstanding liabilities as of September 30, 2011 totaled \$437,046 including \$164,809 in a note payable and accrued interest due to a related party. The Company's working capital deficit as of September 30, 2011 was \$429,709.

As discussed in *Recent Events*, the Company closed the Merger Agreement with VitaMed on October 4, 2011 and the operation of VitaMed became the Company's primary focus. VitaMed began its business in 2008 and has not yet attained a level of revenue to allow it to meet its current overhead. The Company's management does not contemplate attaining profitable operations until late 2013, nor is there any assurance that such an operating level can ever be achieved. The Company will be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure, manufacturing expenses and significant marketing/investor related expenditures to gain market recognition, so that it can achieve a level of revenue adequate to support its cost structure, none of which can be assured. Management believes that the Company will need approximately \$5 million over the next twelve months. While initial operations have been funded with private placements of equity and bridge loans, there can be no assurance that adequate financing will continue to be available, and, if available, be on terms that are favorable.

### Off-Balance Sheet Arrangements

None.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and as such, is not required to provide the information required under this item.



## **Item 4. Controls and Procedures**

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms and is accumulated and communicated to Robert G. Finizio, the Company's Chief Executive Officer, as appropriate, in order to allow timely decisions in connection with required disclosure.

### Evaluation of Disclosure Controls and Procedures

Mr. Finizio and Daniel A. Cartwright, currently serving as the Company's Chief Executive Officer and Chief Financial Officer respectively, evaluated the effectiveness of the design and operation of our Company's disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) as of the end of the period covered by this quarterly report. Based on such evaluation, they concluded that the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC's rules and forms. During the most recently completed nine-month period ended September 30, 2011, there has been no significant change in the Company's internal control over financial reporting that has affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

### Changes in Internal Controls

During the nine months ended September 30, 2011, there were no significant changes in internal controls of the Company, or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

None.

### **Item 1A. Risk Factors.**

The Company is a smaller reporting company and is not required to provide the information required by this item.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

### **Item 3. Defaults upon Senior Securities.**

None.

### **Item 4. [R emoved and Reserved.]**

### **Item 5. Other Information.**

None.

**Item 6. Exhibits.**

<b>Exh.</b>	<b>Date</b>	<b>Description</b>
2.1	July 6, 2009	Agreement and Plan of Reorganization among Croff Enterprises, Inc., AMHN Acquisition Corp., America's Minority Health Network, Inc., and the Major Shareholders. <sup>(1)</sup>
2.2	June 11, 2010	Agreement and Plan of Reorganization (for the acquisition of Spectrum Health Network, Inc.) <sup>(2)</sup>
2.3	October 25, 2007	Croff Enterprises, Inc. Plan of Corporate Division and Reorganization <sup>(3)</sup>
2.4	July 18, 2011	Agreement and Plan of Merger by and among AMHN, Inc., VitaMedMD, LLC and VitaMed Acquisition, LLC <sup>(9)</sup>
3.1	September 14, 2009	Articles of Amendment to Articles of Incorporation (to change name to AMHN, Inc.) <sup>(4)</sup>
3.2	July 27, 2009	Certificate of Merger of AMHN Acquisition Corp. with and into America's Minority Health Network, Inc. <sup>(5)</sup>
3.3	December 7, 2007	Articles of Amendment of Croff Enterprises, Inc. (to increase authorized common shares from 20,000,000 to 50,000,000) <sup>(3)</sup>
3.4	July 20, 2010	Articles of Conversion filed in the State of Nevada <sup>(6)</sup>
3.5	July 20, 2010	Articles of Incorporation filed in the State of Nevada <sup>(6)</sup>
3.6	August 3, 2010	Certificate of Amendment and Restatement to the Articles of Incorporation of AMHN, Inc. (to change name and increase authorized shares)
3.7	n/a	Bylaws for the State of Nevada <sup>(7)</sup>
10.1	November 9, 2010	Promissory Note to Philip M. Cohen for \$210,000 <sup>(8)</sup>
10.2	April 18, 2011	Convertible Promissory Note to First Conquest Investment Group, L.L.C. for \$105,000 <sup>(8)</sup>
10.3	April 18, 2011	Convertible Promissory Note to Energy Capital, LLC for \$105,000 <sup>(8)</sup>
10.4	May 7, 2011	Sales Representation Agreement with Mann Equity, LLC <sup>(8)</sup>
10.5	July 9, 2011	Lease Agreement <sup>(10)</sup>
10.6	September 8, 2011	Stock Purchase Agreement between the Company and Pernix Therapeutics, LLC <sup>(10)</sup>
10.7	September 8, 2011	Lock-Up Agreement between the Company and Pernix Therapeutics, LLC <sup>(10)</sup>
10.8	October 18, 2011	Debt Conversion Agreement with Energy Capital, LLC <sup>(11)</sup>
10.9	October 18, 2011	Debt Conversion Agreement with First Conquest Investment Group, LLC <sup>(11)</sup>
10.10	October 21, 2011	Consulting Agreement with Lang Naturals, Inc. <sup>(11)</sup>
10.11	October 21, 2011	Warrant to Lang Naturals, Inc. <sup>(11)</sup>
10.12	October 21, 2011	Lock-Up Agreement with Lang Naturals, Inc. <sup>(11)</sup>
<a href="#">10.13</a>	<a href="#">November 3, 2011</a>	<a href="#">Software License Agreement with Pernix Therapeutics, LLC*</a>
<a href="#">31.1</a>	<a href="#">November 7, 2011</a>	<a href="#">Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14a and Rule 14d-14(a)*</a>
<a href="#">31.2</a>	<a href="#">November 7, 2011</a>	<a href="#">Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14a and Rule 14d-14(a)*</a>

32.1	<a href="#">November 7, 2011</a>	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350*</a>
32.2	<a href="#">November 7, 2011</a>	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350*</a>
101.INS	n/a	XBRL Instance Document*
101.SCH	n/a	XBRL Taxonomy Extension Schema Document*
101.CAL	n/a	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	n/a	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	n/a	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	n/a	XBRL Taxonomy Extension Presentation Linkbase Document*

- (1) Filed as an exhibit to Form 8-K filed with the Commission on July 10, 2009 and incorporated herein by reference.
- (2) Filed as an exhibit to Current Report on Form 8-K filed with the Commission on June 14, 2010 and incorporated herein by reference.
- (3) Filed as an exhibit to Form 10-K for the year ended December 31, 2007 filed with the Commission on May 8, 2008 and incorporated herein by reference.
- (4) Filed as an exhibit to Form 10-Q for quarter ending September 30, 2009 filed with the Commission on November 16, 2009 and incorporated herein by reference.
- (5) Filed as an exhibit to Form 10-K filed with the Commission on March 17, 2010 and incorporated herein by reference.
- (6) Filed as an exhibit to Form 10-Q for quarter ending June 30, 2010 filed with the Commission on August 3, 2010 and incorporated herein by reference.
- (7) Filed as an exhibit to Definitive 14C Information Statement filed with the Commission on June 29, 2010 and incorporated herein by reference.
- (8) Filed as an exhibit to Form 10-Q for quarter ending March 30, 2011 filed with the Commission on May 19, 2011 and incorporated herein by reference.
- (9) Filed as an exhibit to Form 8-K filed with the Commission on July 21, 2011 and incorporated herein by reference.
- (10) Filed as an exhibit to Form 8-K filed with the Commission on October 12, 2011 and incorporated herein by reference.
- (11) Filed as an exhibit to Form 8-K filed with the Commission on October 24, 2011 and incorporated herein by reference.
- \* Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 7, 2011

TherapeuticsMD, INC.

By: /s/ Robert G. Finizio

\_\_\_\_\_  
Robert Finizio  
Chief Executive Officer

By: /s/ Daniel A. Cartwright

\_\_\_\_\_  
Daniel A. Cartwright  
Chief Financial Officer



A Division of TherapeuticsMD

951 Broken Sound Parkway NW, Suite 320 | Boca Raton, FL  
33487

[TherapeuticsMD, Inc. 10-Q](#)

Exhibit 10.13

## VITAMEDMD SOFTWARE LICENSE AGREEMENT

**PLEASE READ THIS DOCUMENT CAREFULLY AS VITAMED IS WILLING TO LICENSE THIS SOFTWARE TO LICENSEE ONLY ON THE CONDITION THAT LICENSEE ACCEPT ALL OF THE TERMS CONTAINED IN THIS LICENSE AGREEMENT.**

**THIS SOFTWARE LICENSE AGREEMENT** (the "Agreement") is entered this 3rd day of November, 2011 (the "Effective Date") by and between vitaMedMD, LLC, a Delaware limited liability company ("VitaMed"), a division of TherapeuticsMD, Inc., a Nevada corporation, with offices located at 951 Broken Sound Parkway NW, Suite 320, Boca Raton, FL 33487 ("VitaMedMD") and Pernix Therapeutics, LLC, a Louisiana limited liability company, with offices located at 10003 Woodloch Forest, Suite 950, The Woodlands, TX 77380 ("Licensee").

- 1. License Grant and Price.** Subject to the terms and conditions of this Agreement, VitaMed grants to Licensee a license to use the software program further identified on [Exhibit A](#) hereto (the "Software") in the territory and the medical field set forth on [Exhibit A](#) for 5 years. No other rights are granted. The fees for the use of the Software are also set forth and detailed on [Exhibit A](#).
- 2. Restrictions.** The Software contains copyrighted material, trade secrets, and other proprietary materials of VitaMed. Licensee agree that in order to protect those proprietary materials, except as expressly permitted by applicable law, neither Licensee nor a third party acting on Licensees behalf will: (a) decompile, disassemble or reverse engineer the Software; (b) modify or create derivative works of the Software; (c) use the Software in any manner to provide service bureau, commercial time-sharing or other computer services to third parties; (d) transmit the Software or provide its functionality, in whole or in part, over the Internet or other network (except as expressly permitted in [Exhibit A](#)); or (e) sell, distribute, rent, lease, sublicense or otherwise transfer the Software to a third party.
- 3. Ownership.** The Software is licensed, not sold, to Licensee for use only under the terms and conditions of this Agreement, and VitaMed reserves all rights not expressly granted to Licensee in this Agreement. VitaMed and/or its licensors retain title to the Software, and all intellectual property rights therein.
- 4. Termination.** This Agreement is effective until terminated. Upon any violation of any of the provisions of this Agreement, rights to use the Software shall automatically terminate and the Software must be returned to VitaMed or all copies of the Software destroyed. Licensee may also terminate this Agreement at any time by destroying all copies of the Software in Licensees possession or control. The provisions of paragraphs 2, 3, 4, 7, 8, 10, 11, 12 and 13 will survive any termination of this Agreement.
- 5. Limited Product Warranty.** VitaMed warrants to Licensee that the Software will substantially conform to any documentation provided with this Agreement. VitaMed's limited warranty is nontransferable and is limited to the Licensee.
- 6. Remedies.** VitaMed's entire liability and Licensees exclusive remedy for any breach of warranty shall be, at VitaMed's option, to: (a) repair or replace the Software, or (b) refund the price paid by Licensee for the Software. These remedies are void if failure of the Software has resulted from accident, abuse, or misapplication.



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33487

7. **DISCLAIMER OF WARRANTY.** THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT REPLACE ALL OTHER WARRANTIES. VITAMED EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD-PARTY RIGHTS WITH RESPECT TO THE SOFTWARE OR MEDIA, AND ANY WARRANTIES OF NON-INTERFERENCE OR ACCURACY OF INFORMATIONAL CONTENT. NO VITAMED DEALER, AGENT, OR EMPLOYEE IS AUTHORIZED TO MAKE ANY MODIFICATION, EXTENSION, OR ADDITION TO THIS WARRANTY. Some jurisdictions do not allow limitations on how long an implied warranty lasts, so some of the above limitations may not apply to Licensee.

8. **UNDER NO CIRCUMSTANCES SHALL A PARTY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, STATUTORY, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OF ANY KIND WHATSOEVER, OR FOR ANY LOST PROFITS, BUSINESS OR REVENUE, LOSS OF USE OR GOODWILL, OR OTHER LOST ECONOMIC ADVANTAGE, ARISING OUT OF OR RELATED TO THE AGREEMENT OR THE BREACH HEREOF, WHETHER SUCH CLAIMS ARE BASED ON BREACH OF CONTRACT, STRICT LIABILITY, TORT, ANY FEDERAL OR STATE STATUTORY CLAIM, OR ANY OTHER LEGAL THEORY, EVEN IF A PARTY KNEW, SHOULD HAVE KNOWN, OR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATION SHALL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THE AGREEMENT IS DETERMINED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. IN NO CASE SHALL VITAMED'S TOTAL LIABILITY EXCEED THE ACTUAL MONEY PAID FOR THE SOFTWARE.** Some jurisdictions do not allow the exclusion or limitation of incidental or consequential damages, so some of the above limitations or exclusions may not apply.

9. **Export Law Assurances.** Licensee agrees and certifies that neither the Software nor any other technical data received from VitaMed will be exported outside the United States except as authorized and as permitted by the laws and regulations of the United States.

10. **Indemnification.** Except to the extent VitaMed has acted at Licensee's direction or in accordance with Licensee's specifications, VitaMed will indemnify, defend and hold harmless Licensee from all costs and expenses (including reasonable attorneys' fees and court costs) arising from actual or alleged: (a) Acts or omissions constituting gross negligence or willful misconduct, committed by VitaMed; (b) Failure by VitaMed to comply with applicable governmental laws and regulations. Licensee will indemnify, defend and hold harmless VitaMed from all costs and expenses (including reasonable attorneys' fees and court costs) arising from actual or alleged: (y) Act or omission constituting gross negligence or willful misconduct, committed by Licensee; (z) Failure by Licensee to comply with applicable governmental laws and regulations. If a claim covered under this Section 10 appears likely or is made, the party against whom the claim is made will promptly provide the other party with notice of such claim. An indemnifying party under this Section 10 shall have the right to control defense of a claim as to which it has agreed is covered under this Section 10, subject to participation rights of the indemnified party at such party's expense. An indemnifying party may settle any such claim subject to consent of the indemnified party, which consent shall not be unreasonably withheld or delayed.



A Division of TherapeuticsMD

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33487

11. Equitable Relief. The parties acknowledge that monetary damages will not be an adequate remedy if a party breaches its obligations with respect to proprietary rights or confidentiality under this Agreement, and such breach will result in irreparable harm. The parties therefore agree that, in the event of any such breach, the non-breaching party shall be entitled to appropriate mandatory or prohibitory injunctive relief against the breaching party, in addition to any other remedies at law, in equity or under the Agreement.

12. Force Majeure. A party shall be relieved from an obligation (other than the obligation to make payments or an obligation relating to proprietary rights or confidentiality), while a cause, outside of its reasonable control, and that it cannot reasonably avoid, prevents the performance of such obligation.

13. General.

(a) The parties are independent contractors with respect to all matters arising under the Agreement. Nothing in the Agreement shall be deemed to establish an agency partnership, joint venture, association or employment relationship between the parties.

(b) No waiver of any part of the Agreement shall be effective unless made in writing by the waiving party. No waiver of any breach of the Agreement shall constitute a waiver of any other breach of the same, or any other provision, of the Agreement.

(c) All provisions of this Agreement and any information exchanged by the parties that is identified as confidential or proprietary shall be considered confidential to the disclosing party and shall not be disclosed by the receiving party to any third party unless allowed by law or the disclosing party.

(d) The Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior oral and written understandings, arrangements and agreements between the parties relating to such subject matter. Headings are included in the Agreement for convenience only and shall not affect the meaning or construction of the Agreement's provisions.

(e) The Agreement shall inure to the benefit of, and be binding upon the parties, their successors and permitted assigns.

(f) If any provision of the Agreement is held to be unenforceable, all remaining provisions shall remain in full force and effect.

(g) Except as provided under the Agreement, party shall not directly or indirectly solicit or offer employment to, or directly or indirectly accept services, by an employee or contractor of the other party, during the term of the Agreement and for one (1) year thereafter, without the prior written consent of the other party. For purposes of the Agreement, use of general employment advertising and independent employment agencies, if not directed at one or more of the other party's employees, shall not constitute solicitation.



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(h) Each party shall maintain all commercially reasonable and adequate insurance protection covering its respective activities and responsibilities hereunder, including coverage for statutory workers' compensation, comprehensive general liability for bodily injury and tangible property damage, as well as adequate coverage for vehicles.

(i) Enforcement. The Agreement shall be governed by and construed in accordance with the law of the State of Florida, applied without regard to its law of conflicts. Each party hereby submits to the jurisdiction of the state and federal courts located in Palm Beach County, Florida for the purposes of settling all claims raised in connection with this Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Software License Agreement to be executed by their duly authorized representatives as of the Effective Date.

**VITAMEDMD**

**LICENSEE: PERNIX THERAPEUTICS, LLC**

By: /s/ Robert G. Finizio

By: /s/ Cooper Collins

Name: Robert G. Finizio

Name: Cooper Collins

Title: Chief Executive  
Officer

Title: President/CEO





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## **Exhibit A**

1) Software:

VitaMedMD's patent pending OPERA™ system (Ongoing Physician, Payor and Patient Evaluation Reporting and Analysis) which continuously gathers and correlates essential data on patients, usage patterns, compliance, therapeutic impact and product and service satisfaction. OPERA is also a tool for delivering education to patients and health care providers while creating an opportunity for healthcare providers to earn a "fee for service, " as well as leverage the data to improve compliance in order to reduce risk and the cost of claims.

2) Territory: United States of America

3) Exclusivity Terms of License: For a term of 5 years use of the Software will be exclusive to the Licensee in the field of Pediatric Medicine. Use in other fields or professions is forbidden, however the use in Pediatric field is exclusive to the Licensee this term. Other fields can be added to this License with the written consent of VitaMedMD.

4) VitaMedMD will make a good faith effort to share market data with Licensee that is relevant to Pediatrics in accordance with HIPPA.

5) Quote Below

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To: *Pernix Therapeutics Holdings, Inc.*  
*33219 Forest West Dr*  
*Magnolia, TX 77354*

3/22/2011

Quantity	Product	Monthly List Price	Discount	Monthly Total
1	Provider (1-15,000) OPERA Application Software Service **	\$ 45,000.00	69%	\$ 13,950.00
1	Unlimited Consumer OPERA Application Software Service**	\$ 15,000.00	70%	\$ 4,500.00
1	Support and Maintenance *	\$ 5,000.00	35%	\$ 3,250.00
			<b>Monthly Total</b>	<b>\$ 21,700.00</b>

All quotes are valid for 30 days from date issued

\* Installation quoted separately

\*\* 60 month term

EXHIBIT 31.1

CERTIFICATION PURSUANT TO  
SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Finizio, certify that:

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

November 7, 2011

/s/ Robert G. Finizio

Robert G. Finizio  
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO  
SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Daniel A. Cartwright, certify that:

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

November 7, 2011

/s/ Daniel A. Cartwright

Daniel A. Cartwright  
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of TherapeuticsMD, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Robert G. Finizio, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Robert G. Finizio

Robert G. Finizio

Chief Executive Officer

November 7, 2011

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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EXHIBIT 32.2

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of TherapeuticsMD, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Daniel A. Cartwright, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Daniel A. Cartwright

Daniel A. Cartwright  
Chief Financial Officer  
November 7, 2011

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**Condensed Consolidated  
Balance Sheets  
(Parenthetical) (USD \$)**

**Sep. 30, 2011 Dec. 31, 2010**

**Condensed Consolidated Balance Sheets**

<u>Preferred stock, par value</u>	\$ 0.001	\$ 0.001
<u>Preferred stock, shares authorized</u>	10,000,000	10,000,000
<u>Preferred stock, shares issued</u>	0	0
<u>Preferred stock, shares outstanding</u>	0	0
<u>Common stock, par value</u>	\$ 0.001	\$ 0.001
<u>Common stock, shares authorized</u>	250,000,000	50,000,000
<u>Common stock, shares issued</u>	16,575,209	16,575,209
<u>Common stock, shares outstanding</u>	16,575,209	16,575,209

<b>Condensed Consolidated Statements of Operations (Unaudited) (USD \$)</b>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>Sep. 30, 2011</b>	<b>Sep. 30, 2010</b>	<b>Sep. 30, 2011</b>	<b>Sep. 30, 2010</b>
<b><u>Condensed Consolidated Statements Of Operations</u></b>				
<u>Operating revenues</u>	\$ 2,100		\$ 2,100	
<b><u>Operating expenses:</u></b>				
<u>General and administration</u>	64,594	66,944	164,933	263,654
<u>Total operating expense</u>	64,594	66,944	164,933	263,654
<b><u>Other expense:</u></b>				
<u>Other income</u>			5,000	
<u>Interest expense</u>	(11,732)	(55,587)	(19,097)	(64,086)
<u>Total other income and expense</u>	(11,732)	(55,587)	(14,097)	(64,086)
<u>Loss from continuing operations before taxes</u>	(74,226)	(122,531)	(176,930)	(327,740)
<u>Provision for income taxes</u>	(4,304)		(4,304)	
<u>Loss from continuing operations</u>	(78,530)	(122,531)	(181,234)	(327,740)
<b><u>Discontinued Operations:</u></b>				
<u>Gain on disposal of discontinued operations</u>		259,693	705,668	259,693
<u>Loss from discontinued operations</u>		(107,211)	(46,591)	(518,481)
<u>Income (loss) from discontinued operations</u>		152,482	659,077	(258,788)
<u>Net income (loss)</u>	\$ (78,530)	\$ 29,951	\$ 477,843	\$ (586,528)
<b><u>Net income (loss) per share:</u></b>				
<u>From continuing operations, basic and diluted</u>	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.02
<u>From discontinued operations, basic and diluted</u>	\$ 0.00	\$ 0.01	\$ 0.04	\$ (0.02)
<u>Net income (loss) per share, basic and diluted</u>	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.04
<u>Weighted average number of shares outstanding</u>	16,575,209	15,790,209	16,575,209	15,790,209



**Document and Entity  
Information**

**9 Months Ended  
Sep. 30, 2011**

**Nov. 07, 2011**

**Document And Entity Information**

<u>Entity Registrant Name</u>	TherapeuticsMD, Inc.	
<u>Entity Central Index Key</u>	0000025743	
<u>Document Type</u>	10-Q	
<u>Document Period End Date</u>	Sep. 30, 2011	
<u>Amendment Flag</u>	false	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Is Entity a Well-known Seasoned Issuer?</u>	No	
<u>Is Entity a Voluntary Filer?</u>	No	
<u>Is Entity's Reporting Status Current?</u>	Yes	
<u>Entity Filer Category</u>	Smaller Reporting Company	
<u>Entity Common Stock, Shares Outstanding</u>		81,204,766
<u>Document Fiscal Period Focus</u>	Q3	
<u>Document Fiscal Year Focus</u>	2011	

**DISCONTINUED  
OPERATIONS**

**9 Months Ended  
Sep. 30, 2011**

**Discontinued Operations:  
DISCONTINUED  
OPERATIONS**

**NOTE G – DISCONTINUED OPERATIONS**

*America's Minority Health Network, Inc.*

On July 1, 2010, pursuant to the terms of the 4% Secured Promissory Note ("April 2010 Note"), Seatac made demand for the aggregated amount of \$925,885, including principal of \$900,000 and interest through June 30, 2010. On July 11, 2010, Seatac added a one-time late charge equivalent to six percent (6%) of the unpaid amount, or \$55,553, bringing the amount payable and past due under the April 2010 Note to \$981,438. The Company's obligation to repay the April 2010 Note was (i) secured by a pledge by the Company of all of the capital stock of the Company's subsidiaries owned as of or acquired after the date of the April 2010 Note, pursuant to the terms of a Stock Pledge and Escrow Agreement dated April 1, 2010; (ii) guaranteed by the Company's subsidiary, America's Minority Health Network pursuant to a Guaranty Agreement dated April 1, 2010; and (iii) secured by a blanket lien encumbering the assets of the Company and the Company's subsidiaries pursuant to Security Agreements dated April 1, 2010. Payment of principal, interest and late charges under the April 2010 Note became past due, and as a result of the default, on July 30, 2010, Seatac informed the Company that it intended to exercise its remedies pursuant to which it could accept collateral in satisfaction of the Company's obligations. More particularly, Seatac stated that it intended to accept the following collateral in full satisfaction of the \$981,438 due under the April 2010 Note: (i) all rights, title and interest of the Company in the 1,000 shares of common stock of America's Minority Health Network, (ii) all rights, title and interest of the Company in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark, and (iii) all books and records of America's Minority Health Network held by the Company (collectively, the "Collateral").

Given the Company's unsuccessful attempts to obtain additional financing or agree to alternative arrangements with Seatac, it agreed and consented to Seatac's exercise of its remedies under the April 2010 Note and the foreclosure upon the Collateral. As part of the agreement and consent, the Company and its subsidiaries acknowledged that the Company and its subsidiaries were in default in payment of principal, interest, and late fees under the April 2010 Note and related loan documents in the aggregate of \$981,438, and that the debt was secured by a first priority security interest in all of the assets of the Company and its subsidiaries. Accordingly, on July 30, 2010, the Company and Seatac sent joint instruction to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark "America's Minority Health Network, Inc." and the goodwill associated with such mark. The Company's settlement with Seatac did not include the surrender of Spectrum or the satisfaction of a trade payable to Seatac in the amount of \$480,465.

As a result of this transaction, the Company's financial statements have been prepared with the results of operations and cash flows of this disposed property shown as discontinued operations. All historical statements have been restated in accordance with GAAP.

Summarized financial information for discontinued operations for the periods listed below is as follows:

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Operating revenues	\$ 16,382	\$ 60,645
Operating expenses:		
Operating costs	12,267	81,084
General and administration	7,067	101,673
Sales and marketing	25,330	168,544
Depreciation and amortization	23,189	145,974
Total operating expense	<u>67,853</u>	<u>497,275</u>
Other expense		
Interest expense	-0-	(8,531)
Total other income and (expense)	<u>-0-</u>	<u>(8,531)</u>
Loss from discontinued operations	<u>\$ (51,471)</u>	<u>\$ (445,161)</u>

*Spectrum Health Network, Inc.*

On December 16, 2010, the Company and Seatac entered into a Note Purchase Agreement and issued the Spectrum Note in the principal amount of \$487,532 and subsequent advances by Seatac brought the total principal amount due to \$543,531. As security for the Company's obligations under the Note Purchase Agreement and Spectrum Note, the Company pledged all of the capital stock of Spectrum pursuant to the terms of a Stock Pledge and Escrow Agreement dated December 16, 2010. Repayment of the Spectrum Note was guaranteed by Spectrum and secured by a blanket lien encumbering the assets of Spectrum.

In February 2011, Seatac notified the Company that it intended to make demand for payment under the Spectrum Note; however, the Company was unable to pay the balance. In an effort to satisfy the Spectrum Note in full, Seatac and the Company: (i) acknowledged that the Company and Spectrum were unable to pay the aggregated principal and interest of \$547,155 due to Seatac under the Spectrum Note which was secured by a first priority security interest in all of the assets of the Company and Spectrum; (ii) sent joint instruction to the escrow agent, pursuant to which the escrow agent transferred the stock certificate representing all of the outstanding shares of Spectrum being held in escrow to Seatac; (iii) entered into a trademark assignment to transfer all rights, title and interest in the mark "Spectrum Health Network, Inc." and the goodwill associated with that mark; and (iv) entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement wherein Seatac and Spectrum licensed the Company to sell subscriptions to and advertising spots on the Spectrum digital-media network.

As a result of this transaction, the Company's financial statements have been prepared with the results of operations and cash flows of this disposed property shown as discontinued operations. All historical statements have been restated in accordance with GAAP.

**THERAPEUTICSMD, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE G – DISCONTINUED OPERATIONS (Continued)**

Summarized financial information for discontinued operations for the periods listed below is as follows:

	July 1, 2010 through September 30, 2010	June 11, 2010 through September 30, 2010
Operating revenues	\$ 22,120	\$ 27,854
Operating expenses:		
Operating costs	32,625	39,568
General and administration	15,326	22,964
Depreciation and amortization	29,909	38,642
Total operating expense	<u>77,860</u>	<u>101,174</u>
Loss from discontinued operations	<u>\$ (55,740)</u>	<u>\$ (73,320)</u>

Summarized financial information for discontinued operations for the period January 1, 2011 through February 14, 2011 is as follows:

Operating revenues	<u>\$ 12,573</u>
Operating expenses:	
Operating costs	16,356
General and administration	32,989
Depreciation	9,819
Total operating expense	<u>59,164</u>
Loss from discontinued operations	<u>\$ (46,591)</u>

The components of the gain on disposal of discontinued operations during the period January 1, 2011 through February 14, 2011 is as follows:

Assets:	
Cash	\$ 5,817
Accounts receivable	12,573
Fixed assets, net	186,569
Intangible assets, net	288,443
Total assets transferred	<u>\$ 493,402</u>
Liabilities:	
Accounts payable	\$ 634,965
Other liabilities	16,950
Secured promissory note and accrued interest	547,155
Total liabilities of discontinued operations	<u>\$1,199,070</u>
Net gain on disposal of discontinued operations	<u>\$ 705,668</u>

## GOING CONCERN

**9 Months Ended  
Sep. 30, 2011**

### Going Concern GOING CONCERN

#### NOTE C – GOING CONCERN

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles in the United States of America, and assume that the Company will continue as a going concern. As discussed in NOTE H – SUBSEQUENT EVENTS, the Company closed the Merger Agreement with VitaMed on October 4, 2011 and the operation of VitaMed became the Company's primary focus. VitaMed began its business in 2008 and has not yet attained a level of revenue to allow it to meet its current overhead. The Company's management does not contemplate attaining profitable operations until late 2013, nor is there any assurance that such an operating level can ever be achieved. The Company will be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure, manufacturing expenses and significant marketing/investor related expenditures to gain market recognition, so that it can achieve a level of revenue adequate to support its cost structure, none of which can be assured.

Management believes that the Company will need approximately \$5 million over the next twelve months. While initial operations have been funded with private placements of equity and bridge loans, there can be no assurance that adequate financing will continue to be available, and, if available, be on terms that are favorable. These conditions, in addition to the Company's accumulated deficit and recurring losses, gives rise to substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

## SUBSEQUENT EVENTS

**9 Months Ended  
Sep. 30, 2011**

[Subsequent Events](#)

[\[Abstract\]](#)

[SUBSEQUENT EVENTS](#)

### NOTE H - SUBSEQUENT EVENTS

#### Agreement and Plan of Merger with VitaMedMD, LLC

The Company entered into the Merger Agreement with VitaMed pursuant to which the Company would acquire 100% of VitaMed. Upon the closing of the Merger Agreement, the Merger became effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware on October 4, 2011 (the "Effective Time").

In preparation of and prior to the closing of the Merger Agreement, the Company completed the following required corporate actions with an effective date of October 3, 2011:

- a reverse split of its outstanding shares of Common Stock on a ratio of 1 for 100 (the "Reverse Split"),
- an increase of its authorized shares of Common Stock to 250,000,000,
- a change in the name of the Company to TherapeuticsMD, Inc., and
- an amendment to the Company's Long Term Incentive Compensation Plan ("LTIP") to increase the authorized shares for issuance thereunder to 25,000,000.

#### Exchange of Securities through the Merger Agreement

At the Effective Time, all outstanding membership units of VitaMed (the "Units") were exchanged for shares of the Company's Common Stock. In addition, all outstanding VitaMed options ("Options") and VitaMed warrants ("Warrants") were exchanged and converted into options and warrants for the purchase of the Company's Common Stock ("Company Options" and "Company Warrants"). All Units, Options and Warrants were exchanged on a pro-rata basis for shares or a right to acquire shares of the Company's Common Stock at a ratio of 1,227425 to 1 (the "Conversion Ratio"). Pursuant to the Conversion Ratio, the Company subsequently (i) issued 58,407,331 shares of the Company's Common Stock in exchange for the outstanding Units, (ii) issued Company Options under the LTIP for the purchase of an aggregate of 10,119,795 shares of the Company's Common Stock (of which a Company Option for the purchase of 3,069 shares was subsequently cancelled due to termination of employment), (iii) issued Company Warrants for the purchase of an aggregate of 859,203 shares of the Company's Common Stock, and (iv) reserved 613,710 shares of the Company's Common Stock in connection with the Company's assumption of VitaMed's obligation to issue future Warrants to affiliates in consideration for their guarantee of a bank loan for the benefit of VitaMed (the "Reserved Warrants"). The Reserved Warrants will be issued to certain officers and directors of the Company once they are earned.

#### Change in Officers and Directors Pursuant to Merger Agreement

In connection with the Merger, the sole director serving on the Company's Board of Directors immediately prior to the Merger resigned and the following individuals were elected as directors:

Robert G. Finizio, Chairman  
John C.K. Milligan  
Brian Bernick, M.D.

In addition, the sole officer of the Company immediately prior to the Merger resigned and the following individuals were named as officers:

Robert G. Finizio	Chief Executive Officer
John C.K. Milligan	President, Secretary
Daniel A. Cartwright	Chief Financial Officer, Vice President Finance, Treasurer
Mitchell Krassan	Executive Vice President, Chief Strategy Officer

The above officers hold the same positions in VitaMed. Officers serve at the pleasure of the Company's Board of Directors.

#### Change in Control Pursuant to Merger Agreement

As previously mentioned herein, pursuant to the Closing of the Merger, the Company issued 58,407,331 shares of its Common Stock to the members of VitaMed in exchange for 100% of their ownership thereof. Prior to the subject Merger, the members of VitaMed owned no shares of the Company. After giving effect to (i) the Reverse Split and (ii) the issuance of the Company's Common Stock in exchange for all of the outstanding units of VitaMed, there were 58,573,187 shares of the Company's Common Stock issued and outstanding after the Merger.

#### Securities Issued Pursuant to Stock Purchase Agreement with Pernix Therapeutics, LLC

On September 8, 2011, the Company entered into a Stock Purchase Agreement with Pernix Therapeutics, LLC, a Louisiana limited liability company ("Pernix"). Pursuant to the terms of the Stock Purchase Agreement, Pernix agreed to purchase 2,631,579 shares of the Company's Common Stock (the "Shares") at a purchase price of \$0.38 per share for a total purchase price of \$1,000,000 ("Purchase Price"). The closing of the Stock Purchase Agreement took place on October 5, 2011 wherein Pernix wired the Purchase Price for the benefit of the Company to VitaMed and the Company issued the Shares.

In connection with the Stock Purchase Agreement, the Company and Pernix entered into a Lock-Up Agreement of even date therewith, which, among other things, restricts the sale, assignment, transfer, encumbrance and other disposition of the Shares issued to Pernix. Pursuant to the terms of the Lock-Up Agreement, Pernix agreed that for a period of twelve (12) months from the date of the Lock-Up Agreement, it would not make or cause any sale of the Shares (the "Lock-Up Period"). After the completion of the Lock-Up Period, Pernix agreed not to sell or dispose of more than five percent (5%) of the Shares per quarter for the following twelve (12) month period.

The foregoing descriptions of the Stock Purchase Agreement and Lock-Up Agreement are qualified, in their entirety, by reference to each agreement, copies of which were attached as exhibits to the Current Report on Form 8-K filed with the Commission on September 14, 2011, which filing and exhibits are incorporated by reference.

#### Debt Conversion Agreements with Energy Capital, LLC and First Conquest Investment Group, LLC

As previously reported, during 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of

\$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes contained anti-dilution provisions.

On October 18, 2011, the Company and the Noteholders entered into Debt Exchange Agreements in which the principal amount of the Convertible Notes was converted. Pursuant to the terms thereof, an aggregate of 20,000,000 shares of the Company's Common Stock was issued to the Noteholders and their assigns. After the issuance, the Company had 81,204,766 shares of its Common Stock issued and outstanding.

The foregoing descriptions of the Convertible Notes and the Debt Conversion Agreements are qualified, in entirety, by reference to the each agreement, copies of which were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filing and exhibits are incorporated herein by reference.

#### Consulting Agreement with Lang Naturals, Inc.

On October 21, 2011, the Company and VitaMed entered into a Consulting Agreement (the "Lang Agreement") with Lang Naturals, Inc., the primary product manufacturer of VitaMed ("Lang"). Under the two-year Lang Agreement, a Lang representative will help evaluate improvements to existing products and new products as well as services including, but not limited to research, design, compliance, scientific and regulatory affairs and commercialization of products. Compensation to Lang included the issuance of a ten-year Warrant for 800,000 underlying shares which vested immediately upon issuance. In conjunction with the Warrant, Lang executed a Lock-Up Agreement under which Lang agreed that for a period of eighteen (18) months thereafter, Lang would not make or cause any sale of the Company's securities. The Lang Agreement, Warrant and Lock-Up Agreement were attached as exhibits to the Company's Current Report on Form 8-K filed with the Commission on October 24, 2011, which filing and exhibits are incorporated herein by reference.

#### Issuance of Options

On October 21, 2011, the Company issued Options pursuant to the LTIP to employees for the purchase of an aggregate of 385,000 shares of the Company's Common Stock with a fair value of \$68,145. One ten-year Option for the purchase of 50,000 shares of the Company's Common Stock vests at the rate of 2,083.33 shares per month over a 24-month period and has an exercise price of \$0.38 per share. The remaining ten-year Options vest annually over a 48-month period and have an exercise price of \$0.38 per share, including an Option for the purchase of 300,000 shares of the Company's Common Stock granted to the Company's Chief Financial Officer, Daniel A. Cartwright. The valuation methodology used to determine the fair value of the Options was the Black-Scholes-Merton option-pricing model ("Black-Scholes Model"), an acceptable model in accordance with ASC 718-10. The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the weighted average risk-free interest rate, and the weighted average term of the Options. The Options were valued on the date of the grant using a term of three (3) years; volatility of 71.12%; risk free rate of 0.46%; and a dividend yield of 0%.

#### Issuance of Warrants

On October 21, 2011, the Company issued Common Stock Purchase Warrants ("Warrants") for the purchase of an aggregate of 1,584,211 shares of the Company's Common Stock with an exercise price of \$0.38 per share as listed below. The valuation methodology used to determine the fair value of the Warrants was the Black-Scholes Model as defined above.

- (a) The Company's Chief Financial Officer, Daniel A. Cartwright, received a ten-year Warrant for the purchase of 600,000 shares of the Company's Common



Stock which vests monthly over a 44-month period with a fair value of \$172,200. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.

- (b) As previously mentioned, Lang received a ten-year Warrant for the purchase of 800,000 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$229,600. The Warrant was issued as compensation relating to a two-year Consulting Agreement with the Company. In conjunction with the issuance of the Warrant, Lang executed a Lock-Up Agreement. The Warrant was valued on the date of the grant using a term of ten (10) years; volatility of 68.99%; risk free rate of 2.23%; and a dividend yield of 0%.

- (c) A non-affiliate received a five-year Warrant for the purchase of 184,211 shares of the Company's Common Stock which vested immediately upon issuance with a fair value of \$42,921. The Warrant was issued as commission for introduction of a funding source. The Warrant was valued on the date of the grant using a term of five (5) years; volatility of 75.72%; risk free rate of 1.08%; and a dividend yield of 0%.

#### Software Licensing Agreement with Pernix

On November 3, 2011, the Company and VitaMed entered into a Software License Agreement ("License Agreement") with Pernix relative to VitaMed's patent pending OPERA™ system (Ongoing Physician, Payor and Patient Evaluation Reporting and Analysis). Under the terms of the License Agreement, Pernix will have the exclusive use for a period of five years of the OPERA™ system software in the field of pediatric medicine for a monthly fee of \$21,700.

#### Unaudited Condensed Consolidated Proforma Financial Statements

##### PRO-FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro-forma consolidated financial statements give effect to the reverse acquisition of VitaMed by the Company and are based on estimates and assumptions set forth herein and in the notes to such pro-forma statements.

The Company entered into a Merger Agreement by and among VitaMed and VitaMed Acquisition, LLC, ("Merger Sub"), pursuant to which the Company would acquire 100% of VitaMed. The acquisition was accomplished by the merger of Merger Sub with and into VitaMed with VitaMed being the surviving limited liability company (the "Merger") in accordance with the Limited Liability Company Act of the State of Delaware. The Merger became effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware on October 4, 2011 (the "Effective Time").

Prior to the closing of this transaction, the Company effected a reverse stock split of its issued and outstanding shares of common stock on a ratio of 1 for 100 (the "Reverse Split"),

This Merger is being accounted for as a reverse acquisition and a recapitalization. VitaMed is the acquirer for accounting purposes.

The following unaudited pro-forma consolidated statement of operations for the nine months ended September 30, 2011 and the year ended December 31, 2010 gives effect to the above as if the Merger and related transactions had occurred at the beginning of the period. The unaudited pro-forma consolidated balance sheet of September 30, 2011 gives effect to the above as if the Merger and related transactions had occurred on September 30, 2011.

**THERAPEUTICSM D, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2011**

	Historical				
	TherapeuticsMD	VitaMed			
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 4,238	\$ 153,944	\$ 1,000,000	E	\$ 1,158,182
Accounts receivable	2,100	32,304	(2,100)	D	32,304
Inventory	-0-	824,461	-0-		824,461
Prepaid expense	999	8,165	-0-		9,164
<b>Total current assets</b>	<b>7,337</b>	<b>1,018,874</b>	<b>997,900</b>		<b>2,024,111</b>
<b>Fixed Assets, net of accumulated</b>					
depreciation of \$51,651	-0-	103,471	-0-		103,471
<b>Other Assets</b>					
Deposits	-0-	31,949	-0-		31,949
Intangible assets	-0-	10,000	-0-		10,000
Total other assets	-0-	41,949	-0-		41,949
<b>TOTAL ASSETS</b>	<b>\$ 7,337</b>	<b>\$ 1,164,294</b>	<b>\$ 997,900</b>		<b>\$ 2,169,531</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 15,182	\$ 532,548	-0-		\$ 547,730
Note, credit lines and loans payable, net of debt discount of \$95,576	210,000	1,797,470	(210,000)	F	1,797,470
Note and loans payable related parties, net of debt discount of \$67,199	155,000	185,468	(155,000)	C	185,468
Dividends payable	41,359	-0-	-0-		41,359
Other accrued expenses	15,505	-0-	(9,809)	C	-0-
			(5,696)	F	
<b>TOTAL LIABILITIES</b>	<b>437,046</b>	<b>2,515,486</b>	<b>(380,505)</b>		<b>2,572,027</b>
<b>Stockholders' Equity</b>					
Common stock	16,575	-0-	(16,409)	A	81,205
			58,407	B	
			2,632	E	
			20,000	F	
Members contributions	-0-	5,489,950	(5,489,950)	G	-0-
Additional paid in capital	1,661,321	1,169,903	16,409	A	7,529,444
			(58,407)	B	
			164,809	C	
			997,368	E	
			195,696	F	
			3,382,345	G	

Accumulated deficit	(2,107,605)	(8,011,045)	(2,100)	D	(8,013,145)
			2,107,605	G	
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(429,709)</b>	<b>(1,351,192)</b>	<b>1,378,405</b>		<b>(402,496)</b>
<b>TOTAL LIABILITIES AND STOCK-</b>					
HOLDERS' EQUITY	\$ 7,337	\$ 1,164,294	\$ 997,900		\$ 2,169,531

- A To reflect the reverse stock split of the Company's shares of common stock issued and outstanding on a one hundred for one (100:1) basis dated October 4, 2011.
- B To record the issuance of 58,407,331 (post reverse split shares as of October 4, 2011 to the shareholders of VitaMed.
- C To record the forgiveness of debt.
- D The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and the Company did not receive any historical benefits for these items in the historical period presented herein.
- E To record common stock issued pursuant to a stock purchase agreement dated October 5, 2011 with Pernix Therapeutics, LLC.
- F To record common stock issued pursuant to a debt conversion agreement dated October 18, 2011 with Energy Capital, LLC and First Conquest Investment Group, LLC.
- G Purchase accounting adjustment. Accumulated Deficit recorded against Additional Paid in Capital.

**UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011**

	Historical				
	TherapeuticsMD	VitaMed	Adjustments		Consolidated
Sales	\$ 2,100	\$ 1,533,806	\$ (2,100)	B	\$ 1,533,806
Cost of sales	-0-	685,450	-0-		685,450
Gross profit	2,100	848,356	(2,100)		848,356
<b>Expenses:</b>					
Sales, general and administration	164,933	4,274,098	(164,933)	B	4,274,098
Research and development	-0-	80,541	-0-		80,541
Depreciation expense	-0-	24,996	-0-		24,996
Total operating expenses	164,933	4,379,635	(164,933)		4,379,635
Operating loss	(162,833)	(3,531,279)	162,833		(3,531,279)
<b>Other income (expense):</b>					
Other income	5,000	-0-	(5,000)	B	-0-
Interest expense	(19,097)	(123,666)	3,592	A	(123,666)
			15,505	B	
Total other income (expense)	(14,097)	(123,666)	14,097		(123,666)
<b>Loss from continuing operations</b>					
before taxes	(176,930)	(3,654,945)	176,930		(3,654,945)
Provision for income taxes	4,304	-0-	(4,304)		-0-
Loss from continuing operations	(181,234)	(3,654,945)	181,234		(3,654,945)

Discontinued operations:					
Gain on disposal of discontinued operations	705,668	-0-	(705,668)	B	-0-
Loss from discontinued operations	(46,591)	-0-	46,591	B	-0-
Net loss from discontinued operations	659,077	(3,654,945)	(659,077)		-0-
Net income (loss)	\$ 477,843	\$ (3,654,945)	\$ (477,843)		\$ (3,654,945)
Basic and diluted loss per common share					\$ (0.05)
Weighted average common shares outstanding, basic and diluted					81,204,766

(A) The proforma adjustment to interest expense reflects accrued expense associated with forgiveness of debt.

(B) The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and we did not receive any historical benefits for these items in the historical period presented herein.

**THERAPEUTICSM D, INC. AND SUBSIDIARIES**  
**f/k/a AMHN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 30, 2010**

	Historical				Consolidated
	TherapeuticsMD	VitaMed	Adjustments		
Sales	\$ 48,217	\$ 1,241,921	\$ (48,217)	A	\$ 1,241,921
Cost of sales	-0-	556,390	-0-		556,390
Gross profit	48,217	685,531	(48,217)		685,531
Expenses:					
Operating	71,932	-0-	(71,932)	A	-0-
Sales, general and administration	382,860	3,650,959	(382,860)	A	3,650,959
Research and development	-0-	65,402	-0-		65,402
Depreciation expense	61,383	22,783	(61,383)	A	22,783
Total operating expenses	516,175	3,739,144	(516,175)		3,739,144
Operating loss	(467,958)	(3,053,613)	467,958		(3,053,613)
Other income (expense):					
Other income	22,138	-0-	(22,138)	A	-0-
Interest expense	(64,086)	-0-	64,086	A	-0-
Total other income (expense)	(41,948)	-0-	41,948		-0-

Loss from continuing operations					
before taxes	(509,906)	(3,053,613)	509,906		(3,053,613)
Provision for income taxes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>		<u>-0-</u>
Loss from continuing operations	<u>(509,906)</u>	<u>(3,053,613)</u>	<u>509,906</u>		<u>(3,053,613)</u>
Discontinued operations:					
Gain on disposal of discontinued operations	259,693	-0-	(259,693)	A	-0-
Loss from discontinued operations	<u>(445,161)</u>	<u>-0-</u>	<u>445,161</u>	A	<u>-0-</u>
Net loss from discontinued operations	<u>(185,468)</u>	<u>-0-</u>	<u>185,468</u>		<u>-0-</u>
Net loss	<u>\$ (695,374)</u>	<u>\$ (3,053,613)</u>	<u>\$ 695,374</u>		<u>\$ (3,053,613)</u>
Basic and diluted loss per common share					<u>\$ (0.04)</u>
Weighted average common shares outstanding, basic and diluted					<u>81,204,766</u>

(A) The proforma adjustments represent the estimated proforma impact on the Company. These items were not incurred on a historical basis and we did not receive any historical benefits for these items in the historical period presented herein.

## THE COMPANY

**9 Months Ended  
Sep. 30, 2011**

[Company](#)  
[THE COMPANY](#)

### **NOTE A – THE COMPANY (Continued)**

#### Business Overview (continued)

In conjunction with the settlement of the Spectrum Note to Seatac, and immediately after the transfer of the outstanding shares of Spectrum to Seatac, the Company's sole officer and director, Robert Cambridge, resigned. Upon his resignation, the majority shareholder owning 53.7% of the Company's 16,575,209 outstanding shares, elected Jeffrey D. Howes as the Company's sole officer and director to serve until the next annual meeting of shareholders or until his earlier termination or resignation.

Also in conjunction with the settlement of the Spectrum Note to Seatac, Spectrum and Seatac entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement with the Company (the "Spectrum Agreement"). Under the terms of the three-year renewable Spectrum Agreement, the Company was granted a license to promote, distribute and sell certain products developed and sold by Spectrum relative to its digital media network in the southeastern United States. The Spectrum Agreement relates to all current and future Spectrum products and/or services developed by Spectrum, specifically services pertaining to the digital signage waiting room network built for the multispecialty group practice and IPAs including (i) network subscriptions sold to multispecialty group practices and IPAs for software, hardware and content developed for and distributed by Spectrum, and (ii) advertising spots on Spectrum's network. The Company may earn up to thirty percent (30%) of fees paid for subscriptions and advertising spots.

On May 7, 2011, the Company entered into a Sales Representation Agreement with Mann Equity, LLC ("Mann") wherein Mann purchased from the Company the right to sell the Company's products as an independent distributor for the State of Florida for \$5,000. Pursuant to the terms of the one-year agreement, Mann can earn a commission of twenty percent (20%) for each contract sold for network subscriptions or advertising spots on the Spectrum network.

On October 4, 2011, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with VitaMedMD, LLC, a Delaware limited liability company ("VitaMed") and VitaMed Acquisition, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which the Company acquired 100% of VitaMed and as a result VitaMed became a wholly-owned subsidiary of the Company. The acquisition was accomplished through the merger of the Merger Sub with and into VitaMed with VitaMed being the surviving limited liability company (the "Merger"). The Merger became effective on October 4, 2011 upon the filing of a Certificate of Merger with the Delaware Secretary of State (the "Effective Time"). (See *NOTE H – SUBSEQUENT EVENTS* for further details).

Effective October 4, 2011, the Company's primary business is that of its newly acquired subsidiary, VitaMed, a specialty pharmaceutical company that has developed a patent-pending technology and business methodology to market both over-the-counter ("OTC") and prescription versions of nutritional supplements, drugs, medical foods and other medical products directly to consumers

or through retail pharmacies. VitaMed's business model creates unique value propositions for patients, physician/providers and insurance payors by eliminating much of the inefficiencies associated with the traditional sales, marketing and distribution models. VitaMed offers superior-quality products for a lower overall cost to patients and payors while increasing efficiencies for physicians.

VitaMed's technology allows it to collect and analyze data from various sources to improve patient compliance and education, facilitate product development and provide immediate feedback on effectiveness of therapies. The result is increased efficiency and communication between the patient, physician/provider and insurance payor, ultimately creating improved outcomes for all. This combination of efficient distribution and technology provides measurable customer benefits differentiating VitaMed from existing competitors in the market.

**STOCKHOLDERS  
EQUITY**

**9 Months Ended  
Sep. 30, 2011**

**Stockholders Deficit:**

**STOCKHOLDERS EQUITY**

**NOTE D – STOCKHOLDERS' EQUITY**

Preferred Stock

Currently, the Company is authorized to issue up to 10,000,000 shares of preferred stock at \$0.001 par value ("Preferred Stock"). As of September 30, 2011, the Company had zero shares of Preferred Stock issued and outstanding. Previously, on July 20, 2010, the Company's shareholders had approved a change in the par value of the Company's Preferred Stock from no par value to \$0.001 par value per share.

Common Stock

Currently, the Company is authorized to issue up to 250,000,000 shares of common stock at \$0.001 par value per share ("Common Stock"). As of September 30, 2011, the Company had 16,575,209 shares of Common Stock issued and outstanding. Previously, on July 20, 2010, the Company's shareholders had approved a change in the par value of the Company's Common Stock from \$0.10 par value to \$0.001 par value per share. All par value amounts and additional paid in capital amounts prior to the change have been reclassified in accordance with the staff accounting bulletin rules. As more fully described in *NOTE H – SUBSEQUENT EVENTS*, the Company closed the Merger Agreement with VitaMed on October 4, 2011 and subsequently issued an aggregate of 81,038,910 shares of its Common Stock in connection therewith. As of the date of this filing, the Company has 81,204,766 shares of Common Stock issued and outstanding.

2009 Long Term Incentive Compensation Plan

Currently, the Company is authorized to issue up to 25,000,000 shares of its Common Stock pursuant to its Long Term Incentive Compensation Plan ("LTIP"). The shares under the LTIP may be issued to provide financial incentives to employees, directors, advisors and consultants of the Company. The LTIP was originally approved by the Company's shareholders on July 20, 2010 with 1,500,000 shares authorized for issuance. On July 18, 2011, the Company's shareholders approved an amendment to the LTIP to increase the number of shares authorized for issuance thereunder to 25,000,000. As of September 30, 2011, no options had been issued under the LTIP. As more fully described in *NOTE H – SUBSEQUENT EVENTS*, upon the closing of the Merger Agreement on October 4, 2011, the Company exchanged and converted VitaMed's previously issued non-qualified stock options for non-qualified stock options of the Company ("Options") for the purchase of an aggregate of 10,119,795 shares of the Company's Common Stock. An Option for the purchase of 3,069 shares was subsequently cancelled due to termination of employment. To date, no Options have been exercised.



## PROMISSORY NOTES

**9 Months Ended  
Sep. 30, 2011**

### Promissory Notes PROMISSORY NOTES

#### NOTE E – PROMISSORY NOTES

##### Secured Promissory Note to Seatac

As previously reported, the Company acquired 100% of the issued and outstanding shares of Spectrum on June 11, 2010 in exchange for the issuance of an aggregate of 500,000 shares of the Company's Common Stock and Spectrum became a wholly owned subsidiary of the Company. From the closing date of the Spectrum transaction through November 2010, Seatac had advanced approximately \$487,532 to the Company specifically to address payables (the "Advances"). In order for Seatac to secure a first position for repayment of the Advances, the Company issued the Spectrum Note. The Spectrum Note, together with accrued interest at the annual rate of four percent (4%), was due in one lump sum payment on demand (the "Maturity Date"). As security for the Company's obligations under the Spectrum Note, the Company pledged all of the capital stock of Spectrum pursuant to the terms of a Stock Pledge and Escrow Agreement dated December 16, 2010. Repayment of the Spectrum Note was guaranteed by Spectrum and secured by a blanket lien encumbering the assets of Spectrum. On December 31, 2010, the Company amended the Spectrum Note to increase the principal amount to \$543,531 to include additional advances made by Seatac from September through November 2010 in the aggregate of \$56,000, which amount was inadvertently not included in the initial principal amount disclosed. The foregoing description of the Spectrum Note, the Stock Pledge and Escrow Agreement, and related agreements is qualified, in entirety, by reference to each agreement, copies of which are attached as exhibits to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "Commission") on December 22, 2010, which filing and exhibits are incorporated herein by reference. In February 2011, Seatac notified the Company that it intended to make demand for payment under the Spectrum Note; however, the Company was unable to pay the balance. On February 15, 2011, the Spectrum Note was satisfied pursuant to the terms more fully described in NOTE G – DISCONTINUED OPERATIONS.

##### Convertible Promissory Notes

During 2009, a non-affiliate business consultant ("Consultant") provided consulting services to the Company in the amount of \$210,000 (the "Debt"). The Company issued the Consultant a demand promissory note for \$210,000 dated November 9, 2010 (the "November 2010 Note") which was subsequently assigned to unaffiliated entities ("Noteholders"). On April 18, 2011, the Company and the Noteholders agreed that in exchange for the forbearance of the Noteholders not to make demand for repayment of the November 2010 Note for a minimum of sixty (60) days, the Company would (i) cancel the November 2010 Note and (ii) issue two convertible promissory notes to the Noteholders in the principal amount of \$105,000 each bearing interest at the rate of six percent (6%) per annum (the "Convertible Notes"). At September 30, 2011, the Company recorded accrued interest in the amount of \$5,696. The Convertible Notes were due on demand any time after sixty (60) days from the date of issuance (the "Maturity Date"). At the option of the Noteholders, the Convertible Notes could be converted into shares of the Company's Common Stock at any time after the Maturity Date at a fixed conversion price of \$0.0105 per share. The Convertible Notes also contained anti-dilution provisions. The Convertible Notes remained

unpaid at September 30, 2011. As more fully described in NOTE H – SUBSEQUENT EVENTS, on October 18, 2011, the Company and the Noteholders entered into Debt Conversion Agreements and converted the principal of the Convertible Notes into shares of the Company's Common Stock and accrued interest of approximately \$6,300 was forgiven and will be reported as other income in the fourth quarter of 2011.

#### Demand Promissory Note

On March 1, 2011, the Company entered into a Demand Promissory Note (the "March 2011 Note") with the Company's majority shareholder at the time wherein the Company could periodically borrow funds to satisfy its operational requirements. Interest accrued at 20% per annum. At September 30, 2011, the outstanding amount under the March 2011 Note totaled \$155,000, plus accrued interest totaling \$9,809. On October 3, 2011, an additional \$5,000 was advanced. As more fully described in NOTE H – SUBSEQUENT EVENTS, on October 4, 2011, the March 2011 Note plus accrued interest to date was forgiven. The forgiveness of this related party debt will be included as additional paid in capital in October 2011 in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

**COMMITMENTS AND  
CONTINGENCIES**

**9 Months Ended  
Sep. 30, 2011**

**Commitments And  
Contingencies**

**COMMITMENTS AND  
CONTINGENCIES**

**NOTE F – COMMITMENTS AND CONTINGENCIES**

**Exclusive Licensing, Distribution and Advertising Sales Agreement**

On February 15, 2011, in conjunction with the settlement of the Spectrum Note, Spectrum and Seatac entered into an Exclusive Licensing, Distribution and Advertising Sales Agreement with the Company (the "Agreement"). Under the terms of the three-year renewable Agreement, the Company was granted a license to promote, distribute and sell certain products developed and sold by Spectrum relative to its digital media network in the southeastern United States. The Agreement relates to all current and future Spectrum products and/or services developed by Spectrum, specifically services pertaining to the digital signage waiting room network built for the multispecialty group practice and IPAs including (i) network subscriptions sold to multispecialty group practices and IPAs for software, hardware and content developed for and distributed by Spectrum, and (ii) advertising spots on Spectrum's network. The Company may earn up to thirty percent (30%) of fees paid for subscriptions and advertising spots.

**Consulting Agreement with Back Office Consultants, Inc.**

On February 15, 2011, the Company entered into a Consulting Agreement with Back Office Consultants, Inc. ("Back Office") pursuant to which Back Office agrees to provide accounting and corporate compliance services to the Company for a monthly fee of \$7,000. During the nine months ended September 30, 2011, the Company recorded consulting expense totaling \$63,000. The one-year agreement has an effective date as of January 1, 2011. The President of Back Office is a former officer and current shareholder of the Company.

**Condensed Consolidated  
Statements of Cash Flows  
(Unaudited) (USD \$)**

**9 Months Ended  
Sep. 30, Sep. 30,  
2011 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS**

<u>Net income (loss)</u>	\$ 477,843	\$ (586,528)
<b><u>Adjustments to reconcile net loss to net cash flows from operating activities - continuing operations:</u></b>		
<u>Depreciation</u>		34,556
<u>Amortization of intangible assets</u>		4,086
<u>Cash received in acquisition of Spectrum Health Network, Inc.</u>		2,844
<u>Gain on disposal of discontinued operations</u>	(705,668)	
<b><u>Changes in assets and liabilities</u></b>		
<u>Accounts receivable</u>	(2,100)	5,033
<u>Prepaid expense and other assets</u>	(999)	9,023
<u>Accounts payable</u>	13,248	451,798
<u>Accrued expenses and other liabilities</u>	15,505	109,784
<u>Net cash flows provided by (used in) operating activities</u>	(202,171)	30,596

**CASH FLOWS FROM INVESTING ACTIVITIES**

**CASH FLOWS FROM FINANCING ACTIVITIES**

<u>Proceeds from shareholder loan</u>	155,000	
<u>Net cash flows provided by financing activities</u>	155,000	
<u>Operating activities</u>	50,164	1,028,714
<u>Investing activities</u>		(285,500)
<u>Financing activities</u>		(550,000)
<u>Gain from disposal</u>		(200,029)
<u>Net cash flows provided by discontinued operations</u>	50,164	(6,815)
<u>Decrease (increase) in cash</u>	2,993	23,781
<u>Cash, beginning of period</u>	1,245	165
<u>Cash, end of period</u>	4,238	23,946

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

<u>Interest paid</u>	18	
<u>Income taxes paid</u>	4,304	
<u>Accounts receivable</u>		5,793
<u>Fixed assets</u>		231,580
<u>Intangible assets</u>		6,748
<u>Accounts payable</u>		(461,272)
<u>Accrued expenses</u>		(18,448)
<u>Goodwill</u>		288,443
<u>Common stock issued by AMHN, Inc.</u>		(50,000)
<u>Cash from acquisition of Spectrum Health Network, Inc.</u>		\$ 2,844

**SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES**

**9 Months Ended  
Sep. 30, 2011**

[Summary Of Significant  
Accounting Policies](#)

[SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES](#)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Interim reporting

While the information presented in the accompanying interim condensed consolidated financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. These interim financial statements follow the same accounting policies and methods of application as used in the December 31, 2010 audited financial statements of the Company. All adjustments are of a normal, recurring nature. Interim financial statements and the notes thereto do not contain all of the disclosures normally found in year-end audited financial statements and these Notes to Condensed Consolidated Financial Statements are abbreviated and contain only certain disclosures related to the nine month period ended September 30, 2011. It is suggested that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended December 31, 2010. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that can be expected for the year ending December 31, 2011.

Reclassifications

Certain 2010 amounts have been reclassified to conform to current year presentation.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2011-04, *"Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs."* ASU No. 2011-04 is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRSs, by ensuring that fair value has the same meaning in U.S. GAAP and IFRSs and that their respective disclosure requirements are the same except for inconsequential differences in wording and style. The amendments in ASU No. 2011-04 apply to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, a liability, or an instrument classified in a reporting entity's shareholders' equity in the financial statements. Some of the disclosures required by ASU No. 2011-04 are not required for nonpublic entities. These amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the Board does not intend for the amendments to result in a change in the application of the requirements in Accounting Standards Codification ("ACS") Topic 820. Some of the amendments clarify the Board's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU No. 2011-04 did not have a material impact on the Company's results of operations or financial condition.

In December 2010, the FASB issued ASU No. 2010-29, *"Business Combinations (ASC Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations."* The amendments in this ASU affect any public entity as defined by ASC Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments in this ASU specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business

combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of ASU 2010-29 was incorporated in the Company's 2011 financial statements.

In December 2010, the FASB issued ASU 2010-28, *"Intangibles – Goodwill and Other (ASC Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts."* The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples, which require that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For public entities, the amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU 2010-28 did not have a material impact on the Company's results of operations or financial condition.

In April 2010, the FASB issued ASU 2010-17, *Revenue Recognition – Milestone Method* ("ASU 2010-17"). ASU 2010-17 provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. The following criteria must be met for a milestone to be considered substantive. The consideration earned by achieving the milestone should (i) be commensurate with either the level of effort required to achieve the milestone or the enhancement of the value of the item delivered as a result of a specific outcome resulting from the vendor's performance to achieve the milestone; (ii) be related solely to past performance; and (iii) be reasonable relative to all deliverables and payment terms in the arrangement. No bifurcation of an individual milestone is allowed and there can be more than one milestone in an arrangement. Accordingly, an arrangement may contain both substantive and non-substantive milestones. ASU 2010-17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The adoption of ASU 2010-17 did not have a material effect on the Company's results of operations or financial condition.

In January, 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements*, which amends ASC 820, *Fair Value Measurements and Disclosures* ("ASU 2010-06") to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The Company adopted the provisions of ASU 2010-06 as required on January 1, 2010.

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements*, (amendments to FASB ASC Topic 605, *Revenue Recognition*) ("ASU 2009-13"). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-13 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15,

2010, with early adoption permitted. The adoption of ASU 2009-13 did not have a material impact on the Company's results of operations or financial condition.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

**Condensed Consolidated  
Balance Sheets (Unaudited)  
(USD \$)**

	<b>Sep. 30, 2011</b>	<b>Dec. 31, 2010</b>
<b><u>Current Assets:</u></b>		
<u>Cash</u>	\$ 4,238	\$ 1,245
<u>Accounts receivable</u>	2,100	
<u>Prepaid expense</u>	999	
<u>Total current assets</u>	7,337	1,245
<u>Assets of discontinued operations</u>		466,172
<u>Total assets</u>	7,337	467,417
<b><u>Current Liabilities:</u></b>		
<u>Accounts payable</u>	15,182	1,934
<u>Secured promissory note</u>		543,531
<u>Demand promissory notes</u>	365,000	210,000
<u>Dividends payable</u>	41,359	41,359
<u>Accrued interest</u>	15,505	
<u>Liabilities of discontinued operations</u>		578,145
<u>Total current liabilities</u>	437,046	1,374,969
<u>Total liabilities</u>	437,046	1,374,969
<b><u>Stockholders Deficit:</u></b>		
<u>Preferred stock - par value \$0.001; 10,000,000 shares authorized; no shares issued and outstanding</u>		
<u>Common stock - par value \$0.001; 250,000,000 and shares authorized; 50,000,000 shares authorized; 16,575,209 shares issued and outstanding</u>	16,575	16,575
<u>Additional paid in capital</u>	1,661,321	1,661,321
<u>Accumulated deficit</u>	(2,107,605)	(2,585,448)
<u>Total stockholders deficit</u>	(429,709)	(907,552)
<u>Total liabilities and stockholders deficit</u>	\$ 7,337	\$ 467,417