

Edgar Filing: DIRECT WIRELESS COMMUNICATIONS INC - Form 10QSB

DIRECT WIRELESS COMMUNICATIONS INC  
Form 10QSB  
May 17, 2004

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

FORM 10-QSB

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

For the quarterly period ended MARCH 31, 2004  
-----

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

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

Commission file number 333-62216  
-----

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

TEXAS 74-3002154  
(State or other jurisdiction of (IRS Employer Identification No.)  
incorporation or organization)

1116 S. OLD TEMPLE ROAD LORENA, TEXAS 76655  
(Address of principal executive offices)

(512) 583-4500  
(Issuer's telephone number)

(Former address)

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

Check whether the registrant filed all documents and reports required to be  
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of  
securities under a plan confirmed by a court. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common  
equity, as of the latest practicable date: 67,776,128  
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Transitional Small Business Disclosure Format (Check one): Yes  No

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HEALTH DISCOVERY CORPORATION Page 1  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(A Development Stage Company)  
Balance Sheet  
March 31, 2004

#### ASSETS:

Current Assets	
Cash	\$ 85,441
	-----
Total Current Assets	85,441
	-----
Other Assets	
Accounts Receivable - Stockholders	0
Accounts Receivable - Sale of Escrow Shares	0
Patent Costs	510
Accumulated Amortization	(23)
Other Intangibles	1,364,261
	-----
Total Other Assets	1,364,748
	-----
Total Assets	\$ 1,450,189

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LIABILITIES AND STOCKHOLDERS' EQUITY:		=====
Current Liabilities		
Accounts Payable - Trade	\$	28,255
Accrued Liabilities		33,463
Current Portion of Long-Term Debt		183,779
		-----
Total Current Liabilities		245,497
		-----
Long-Term Debt, Less Current Portion		253,721
		-----
Total Liabilities		499,218
		-----
Stockholders' Equity		
Common Stock, No Par Value, 200,000,000 Shares Authorized		
66,576,128 Shares		
Issued and Outstanding		2,112,023
Additional Paid-In Capital		216,719
Deficit Accumulated During Development Stage		(1,377,771)
		-----
Total Stockholders' Equity		950,971
		-----
Total Liabilities and Stockholders' Equity	\$	1,450,189
		=====

The Accompanying Notes are an Integral Part of These Financial Statements.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(A Development Stage Company)  
Statements of Loss  
For the Quarter Ended March 31, 2004 and the Period from  
April 6, 2001 (Date of Inception) to March 31, 2004

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	Quarter Ended March 31, 2004	April 6, 2001 (Inception) to March 31, 2004
	-----	-----
Revenues		
Capital Gain (Loss) on Sale of Assets	\$ 0	\$ (20)
Dividend Income	0	64
Miscellaneous Income	0	376
	-----	-----
Total Revenues	0	420
	-----	-----
Expenses		
Administrative Fees	0	50,719
Advertising	16,246	23,814
Amortization	9	23
Auto Expense	136	408
Bad Debt Expense	0	6,379
Bank Charges	92	481
Continuing Education	0	200
Dues and Subscriptions	0	1,404
Equipment Lease	226	470
Insurance	0	276
Interest	6,383	6,502

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License Fees	30	240,830
Meals and Entertainment	1,860	3,410
Office Expense	395	8,761
Other Expense	0	387
Outside Services	0	80,841
Postage and Delivery	326	3,219
Professional and Consulting Fees	35,662	677,259
Rent Expense	5,454	7,194
Repairs and Maintenance	0	239
Salaries and Wages	166,333	193,000
Stock Transaction Fees	663	11,144
Supplies	0	7,021
Taxes - Payroll	11,203	13,283
Telephone	2,679	8,241
Travel	21,595	32,686
	-----	-----
Total Expenses	269,292	1,378,191
	-----	-----
Net Loss Before Provision for Federal Income Tax	(269,292)	(1,377,771)
	-----	-----
Provision For Federal Income Tax	0	0
	-----	-----
Net Loss	\$ (269,292)	\$ (1,377,771)
	=====	=====
	-----	-----
Average Outstanding Shares	66,576,128	25,678,029
	-----	-----
Loss Per Share	\$ (0.00)	\$ (0.05)

The Accompanying Notes are an Integral Part of These Financial Statements.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(A Development Stage Company)  
Statement of Changes in Stockholders' Equity  
For the Period from April 6, 2001 (Date of Inception)  
to March 31, 2004

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	Common Stock		Additional Paid-In Capital	Defi Accumu Dur Develo Sta
	----- Shares -----	----- Amount -----		
Balance - April 6, 2001 (Inception)	0	\$ 0	\$ 0	\$
Contributed Services	0	0	50,719	
Stock Issued for Cash	5,469,150	298,493	166,000	
Stock Issued as a dividend to the Shareholders of Direct Wireless Corporation	10,138,975	0	0	
Stock Issued to Officers of Direct Wireless Corporation	7,100,000	0	0	
Stock Issued for Services	6,342,439	589,746	0	
Stock Issued for Other Intangibles	33,650,564	864,261	0	
Cash Received for Sale of Escrowed Shares	3,875,000	359,523	0	

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Net Loss	0	0	0	(1,37
	-----	-----	-----	-----
Balance - March 31, 2004	66,576,128	\$ 2,112,023	\$ 216,719	\$ (1,37
	=====	=====	=====	=====

The Accompanying Notes are an Integral Part of These Financial Statements.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(A Development Stage Company)  
Statement of Cash Flows  
For the Period from April 6, 2001 (Date of Inception)  
to March 31, 2004

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	From Inception (April 6, 2001) to 3/31/04 -----
Cash Flows From Operating Activities	
Net Loss	\$ (1,377,771)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used for) Operating Activities	
Services Contributed	50,719
Services Provided for stock	589,746
Patent Costs	(510)
Amortization	23
Increase in Accounts Payable - Trade	28,255
Increase in Accrued Liabilities	33,463
	-----
Net Cash Provided (Used) by Operating Activities	(676,075)
	-----
Cash Flows From Investing Activities	
(Purchase) of Other Intangibles	(500,000)
	-----
Net Cash Provided (Used) by Investing Activities	(500,000)
	-----
Cash Flows From Financing Activities	
Proceeds from Notes Payable	437,500
Cash from Sale of Stock	824,016
	-----
	1,261,516
	-----
Net Increase in Cash	85,441
Cash, at Beginning of Period	0
Cash, at End of Period	\$ 85,441
	=====
Non-Cash Transactions:	
-----	
Services Contributed for Administration	\$ 50,719
	=====
Stock Issued for Professional and Consulting Services	\$ 589,746
	=====
Stock Issued for Other Intangibles	\$ 864,261

=====

The Accompanying Notes are an Integral Part of These Financial Statements.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(a Development Stage Company)  
Notes to Financial Statements  
March 31, 2004

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
-----

NATURE OF OPERATIONS AND DESCRIPTION OF DEVELOPMENT STAGE ACTIVITIES

Health Discovery Corporation (formerly known as Direct Wireless Communications, Inc.) (the Company) has been in the development stage since the date of incorporation on April 6, 2001. The Company was primarily engaged in the activity of developing technology for a wireless telephone system. As described in Item 1 of the (10 KSB dated 12-31-2003) filing, the Company has decided to abandon its efforts in the telecommunications industry and acquired new technologies in the biotechnology industry. During 2003, the Company acquired the assets of the Barnhill Group, LLC and Fractal Genomics in pursuit of it biotechnology focus.

BASIS OF ACCOUNTING

The financial statements of the Company have been prepared on the accrual basis of accounting. As such, revenue is recognized as earned and expenses are recorded when accrued. This basis of accounting conforms to generally accepted accounting principles.

BASIS FOR ASSIGNING AMOUNTS TO EQUITY SECURITIES ISSUED FOR OTHER THAN CASH

Shares of common stock issued to individuals and/or companies for other than cash have been assigned amounts equal to the fair value of the service provided or the fair value of the shares of the Company issued, whichever was most readily determinable.

CASH FLOWS

For the purpose of the cash flow statement, cash and cash equivalents represent funds deposited in banks and investments maturing within three months..

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)

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(a Development Stage Company)  
Notes to Financial Statements  
March 31, 2004

### NOTE B - RELATED PARTY TRANSACTIONS

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Direct Wireless Corporation provided office space and administrative services to the Company until September 30, 2003. The estimated value for the services provided totaled \$15,300 since inception and are recorded as administrative services in the accompanying financial statements.

### NOTE C - OTHER INTANGIBLES

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On August 26, 2003 Health Discovery Corporation acquired the patents, patent rights, all pending intellectual property, proprietary software, and websites of Barnhill Group, LLC through the issue of 29,825,564 common stock shares of Health Discovery Corporation (then known as Direct Wireless Communications, Inc.). The purchase of Barnhill Group, LLC's assets was recorded at \$596,511, which was the market value of the shares issued at the date of acquisition. The purchase is recorded as other intangibles in the accompanying financial statements.

On September 30, 2003 Health Discovery Corporation acquired the patents, patent rights, all pending intellectual property, proprietary software, and websites of Fractal Genomics, LLC through the issue of 3,825,000 common stock shares of Health Discovery Corporation (then known as Direct Wireless Communications, Inc.). In addition to the common stock shares issued for the acquisition of Fractal Genomics, LLC's assets, the Company agreed to execute a note for \$500,000 paid in quarterly installments to the seller. The purchase of Fractal Genomics, LLC's assets was recorded at \$767,750, which was the market value of the shares issued at the date of acquisition plus the amount of the note. The purchase is recorded as other intangibles in the accompanying financial statements.

### NOTE D - LICENSE FEES EXPENSE - LICENSE AGREEMENT

-----

Effective April 30, 2001, the Company entered into a license agreement with Direct Wireless Corporation. The Company had agreed to pay \$10,000,000 under the terms of the license agreement to be paid as the Company gains money from the sale or sales of sub-licenses for the United States. The Company had also agreed to pay a percentage of all fees collected of licensed products to Direct Wireless under the terms of the agreement.

As a result of the Barnhill Group Acquisition, the license agreement was canceled.

The accompanying financial statements include \$240,440 of license fees expensed that have been paid to Direct Wireless from inception. No amortization of such fees have occurred during the development stage.

HEALTH DISCOVERY CORPORATION  
(FORMERLY KNOWN AS DIRECT WIRELESS COMMUNICATIONS, INC.)  
(a Development Stage Company)  
Notes to Financial Statements  
March 31, 2004

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## NOTE E - ESCROW AGREEMENT

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The Company has established an irrevocable escrow agreement with a brokerage firm. The funds received from the sale of escrow shares were recorded as additional capital in the accompanying financial statements. As of March 31, 2004, the escrow agent does not have any shares remaining in the escrow fund.

## NOTE F - FEDERAL INCOME TAXES

-----

At March 31, 2004, the Company had net operating loss carryforwards totaling \$1,377,771, which will expire in 2024. Realization of deferred assets resulting from the NOL carryforwards have been offset by a valuation allowance.

## NOTE G - NOTE PAYABLE

-----

As part of the purchase of Fractal Genomics, LLC's assets, Health Discovery Corporation agreed to pay an additional \$500,000 in eight equal installments of \$62,500 plus interest at the rate of six percent (6%) per annum with the initial payment due and payable on January 2, 2004 and thereafter on the following dates: April 1, 2004; July 1, 2004; October 1, 2004; January 1, 2005; April 1, 2005; July 1, 2005; and October 1, 2005. In the event that any payment of principal and interest is not made within fifteen (15) days after the due date thereof, then all of the then unpaid principal and relevant accrued interest shall become immediately due and payable. As of March 31, 2004, there is a balance of \$437,500.

Following are maturities schedule of the note:

Year Ended December 31, -----	Amount -----
2004	\$ 183,779
2005	253,721
	-----
	\$ 437,500
	=====

## NOTE H - OUTSTANDING WARRANTS

-----

At March 31, 2004, Health Discovery Corporation had outstanding warrants to purchase 1,200,000 shares of its common stock. The warrants are exercisable at a price of \$0.01 per share.

ITEM 2. MANAGEMENT'S PLAN OF OPERATIONS.

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We have not realized any earned income since inception. While we have entered into agreements to perform analyses of clinical data using our computational technologies, we will earn income from those efforts after the identification and patenting of new biomarkers. We have, however, secure both joint ownership rights and/or first options for worldwide exclusive rights to our discoveries in these agreements. We have been able to fund our operations though a private offering of our common stock under rules providing exemptions for such offerings

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and will continue to do so.

### OUR TECHNOLOGY.

Using our technologies, we intend to become the first company to perform the total process of identifying a particular clinical medical problem to be solved and performing the entire process leading to the identification of the genes or proteins (called biomarkers), and the relationships among them (called pathways), that are relevant to the solution of the medical problem. This process will consist of an assessment of the clinical problem, the determination of the clinical trial set-up (the number of patients and what medical conditions they represent), the proper selection and procurement of high quality specimens for analysis, an analytical evaluation of the specimens through laboratory tests to produce the clinical data, and the mathematical evaluation of the data using pattern recognition techniques and fractal geometric modeling to produce an accurate determination of the relevant genes and proteins and the manners in which they interact.

We will provide pharmaceutical and diagnostic companies with all aspects of "first phase" diagnostic and drug discovery from expert assessment of the clinical dilemma through proper selection and procurement of high quality specimens. We will then apply our proprietary analytical evaluation methods and state-of-the-art computational analysis to produce relevant and accurate clinical data, producing accurate biomarker and pathway discoveries, resulting in patent protection of our biomarker discoveries for future development.

### OUR MARKET

Developing and evaluating new drugs and medical therapies in less time and at lower cost is of enormous potential benefit for modern healthcare. Genuinely new products must pass a series of both in-vitro and in-vivo testing in order to demonstrate their safety and effectiveness for a specific clinical application. Historically, the endpoints of these trials were traditional ones tied to the actual disease being evaluated, such as a decrease in mortality or an objective/semi-objective decrease in clinical symptoms associated with the condition. In the last 10 to 15 years, there has been a move by the U.S. Food and Drug Administration (FDA) to incorporate other endpoints, including genes that are biomarkers for the existence or absence of a particular disease, which are nontraditional findings that are related to the presence or absence of disease. Examples of successful application of biomarker data to therapeutic evaluation include the drugs Betaseron for use against multiple sclerosis and Herceptin in the treatment of breast cancer.

Our goal is to leverage the FDA's expedited approval process by producing more relevant and predictable biomarkers for drug discovery. By speeding up approval, new and better medicines and diagnostic markers can be developed for patients worldwide.

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Using our established relationships and signed discovery contracts with top US medical and cancer centers and our recently acquired fractal genomics computational technologies, our goal is to overcome the difficulties encountered with biomarker discovery and become the first company, to our knowledge, to perform the total process of "first-phase" discovery by identifying a particular clinical problem to be solved and performing the entire process leading to the identification of the genes or proteins (called biomarkers), and the relationships among them (called pathways) that are relevant to the solution of the medical problem as described below. Once we discover these new biomarkers and pathways, we intend to immediately file patent applications to protect the

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discoveries such as with the patents filed for our Leukemia discovery.

These patent-protected biomarkers and pathways represent the products of our company. After our discovery is patent protected, the process of selling or licensing the newly discovered biomarkers and pathways will begin. The information will then be sold or licensed to diagnostic companies for development into new state-of-the-art diagnostic assays and the same information will be sold or licensed to pharmaceutical companies for further development into the next generation of therapeutic targets.

Intellectual property is a key asset in diagnostic and drug discovery. Our products will be based on intellectual property, which includes the discovered biomarkers and pathways produced through our own internal research programs, as well as joint discovery efforts with academic institutions, diagnostic and pharmaceutical companies worldwide.

### OUR CORPORATE STRATEGY

Our goal is to develop a product line of newly discovered biomarkers and pathways, which will include human genes and genetic variations, as well as gene, protein, and metabolite expression differences. In drug discovery, biomarkers can help elicit disease targets and pathways and validate mechanisms of drug action. They may also be pharmacodynamic indicators of drug activity, response and toxicity for use in clinical development.

We intend to provide pharmaceutical and diagnostic companies with all aspects of "first phase" diagnostic and drug discovery from expert assessment of the clinical dilemma through proper selection and procurement of high quality specimens. We will then apply our proprietary analytical evaluation methods and state-of-the-art computational analysis to produce relevant and accurate clinical data, producing accurate biomarker and pathway discoveries, resulting in patent protection of our biomarker discoveries for future development.

We will provide any or all levels of "First Phase" biomarker discovery is based on the belief that in order to discover the most clinically relevant biomarkers, the computational component must begin at the inception of the clinical dilemma to be solved. This pathway includes several critical levels of decision-making all of which are part of our business strategy.

### THE FIRST LEVEL OF DISCOVERY IS ASSESSMENT OF THE CLINICAL DILEMMA.

Is the desired biomarker or pathway to be identified related to early diagnosis, metastasis, treatment response or some other aspect of a given disease process? Based on the clinical question to be answered along with the incidence, prevalence and nature of the particular disease, we will establish a clinical study with the appropriate number of necessary specimens. We expect that these studies will provide statistically significant results once the biomarker and pathway discovery is completed.

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### THE SECOND LEVEL OF DISCOVERY IS THE PROPER IDENTIFICATION AND PROCUREMENT OF THE MOST RELEVANT AND PROFESSIONALLY COLLECTED CLINICAL SPECIMENS.

Based on the clinical dilemma to be solved, does the appropriate clinical trial determined by our team of experts require blood, serum, aspirate fluid, tissue or some other clinically relevant specimen? Once the correct decision is made, we will procure the specimens necessary for the discovery from highly reputable institutions, like MD Anderson Cancer Center in Houston, Texas, where we believe proper collection and informed consent are completed under the strictest

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scientific protocol.

THE THIRD LEVEL OF DISCOVERY IS THE ANALYTICAL COMPONENT.

The clinical specimens must then be analyzed and converted into relevant clinical data. Our team of experts make the determination of which analytical method is appropriate for the most successful biomarker and pathway discovery. Our experts constantly monitor improvements in these techniques worldwide. The techniques we currently expect to use include mass spectroscopy, MALDI, SELDI, DNA methylation, gene chip analysis, 2-D Gel Electrophoresis, as well as other proprietary techniques developed by companies and academic institutions with which we have relationships.

THE FOURTH LEVEL OF DISCOVERY IS THE COMPUTATIONAL COMPONENT.

The data generated from the analytical component must then be computationally analyzed for the discovery of new biomarkers, patterns among those biomarkers and causality pathways. Our team of experts decides which of the current leading computational algorithms, such as the fractal geometry modeling (FGM) techniques owned by the Company, are best suited to solve the particular clinical dilemma in question. The data is then computationally analyzed, and the new biomarkers and pathways are discovered and patent protected.

THE FIFTH LEVEL OF DISCOVERY  
PATENT PROTECT THE DISCOVERY.

Newly discovered biomarkers and pathways will be patented for future license to diagnostic companies for use in biomarker assays and to pharmaceutical companies for use in developing drug targets.

THE SIXTH LEVEL OF DISCOVERY  
DEFINE THE CLINICAL VALIDITY AND UTILITY OF DISCOVERED BIOMARKERS.

Biomarkers uncovered through the four stages of discovery will be subsequently validated independently in larger, clinically relevant populations. Clinical validity of a biomarker is confirmed by its presence in the clinical condition in question and its ability to differentiate one disease state from another, or a diseased state from a healthy state. Markers validated by our processes will provide: vastly improved diagnostic capabilities; may identify potential therapeutic targets for pharmaceutical intervention (e.g. membrane signaling proteins and inhibitors); and markers suitable for monitoring disease progression following therapeutic intervention. Application of clinically validated biomarkers in such a manner will result in improved individual patient care and the advancement of the field of personalized medicine. This unique approach to biomarker discovery and its additional validation in relevant clinical samples advances the commercial potential of biomarkers uncovered by Health Discovery Corporation to diagnostic and therapeutic partners. Integration of the six levels of biomarker discovery results in improved efficiencies in translation of this information into commercial and medically valuable products.

The goal of Health Discovery Corporation is to produce more relevant and predictable biomarkers for drug discovery so that new and better medicines and diagnostic markers can be developed for patients worldwide.

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### PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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We are the plaintiff in Health Discovery Corporation vs Bill G. Williams and Shirley K. Williams in the 74th Judicial District McLennan County Texas. We obtained a temporary restraining order prohibiting Mr and Mrs. Williams from selling any of our common stock. The restraining order has expired and a hearing will be scheduled on our claims that defendants were selling our stock in a manner which artificially depressed the market price of our stock.

### ITEM 2. CHANGES IN SECURITIES.

There have been no material changes in securities.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

There has been no material default by the Company in the payment of principal, interest, a sinking or purchase fund installment or other material default in the Company's Senior Securities.

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

No matters have been submitted to a vote of the holders of the common stock or other securities of the Company during the reporting period

### ITEM 5. OTHER MATTERS.

There are no other matters upon which the Company is reporting.

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## PART II--OTHER INFORMATION (CONTINUED)

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

#### (A) EXHIBITS

- 3.1 Articles of Incorporation. Registrant incorporates by reference Exhibit 3.1 to Registration Statement on Form SB-2, File No. 333-62216, filed 6/04/2001.
- 3.1(a) Articles of Amendment to Articles of Incorporation. Registrant incorporates by reference Exhibit 2.2 to Form 10-QSB, File No. 333-62216, filed 11/14/2001.
- 3.1(b) Articles of Amendment to Articles of Incorporation changing Registrant name from Direct Wireless Communications, Inc., to Health Discovery Corporation. Registrant incorporates by reference Exhibit 3.1(b) to Form 10-QSB File No. 333-62216 Filed 3/30/2004.
- 3.2 By-Laws. Registrant incorporates by reference Exhibit 3.2 to Registration Statement on Form SB-2, File No. 333-62216, filed 6/04/2001.
- 4.1 Copy of Specimen Certificate for shares of common stock. Registrant incorporates by reference Exhibit 4.1 to Registration Statement on Form SB-2, File No. 333-62216, filed 6/04/2001.
- 4.1(b) Copy of Specimen Certificate for shares of common stock. Registrant incorporates by reference Exhibit 4.1(b) to Form 10-K, filed 3/30/2004.

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- 4.2 Excerpt from By-Laws. Registrant incorporates by reference Exhibit 4.2 to Registration Statement on Form SB-2, File No. 333-62216, filed 6/04/2001.
  - 4.2(a) Corrected Article 3.02 of By-Laws. Registrant incorporates by reference Exhibit 4.2(A) to Amendment No. 2 to Registration Statement on Form SB-2, File No. 333-62216, filed 8/15/2001
  - 4.3(a) Non Qualified stock option agreements dated October 30, 2003 between registrant and David Cooper. Registrant incorporates by reference Exhibit 4.3(a) to Form 10-K, filed 3/30/2004.
  - 4.3(b) Non Qualified stock option agreements dated October 30,2003 between registrant and Joe Fanelli. Registrant incorporates by reference Exhibit 4.3(b) to Form 10-K, filed 3/30/2004.
  - 10.1(a) Technology License Agreement dated May 15, 2001, as amended July 17, 2001 between Direct Wireless Corporation and Direct Wireless Communications, Inc. Registrant incorporates by reference Exhibit 10.1(a) to Amendment No.1 to Registration Statement on Form SB-2, File No. 333-62216, filed 7/24/2001.
  - 10.2 Asset purchase agreement between registrant dated September 15,2003 and Barnhill Group LLC. Registrant incorporates by reference Exhibit 10.2 to Form 10-K, filed 3/30/2004.
  - 10.3 Asset purchase agreement between registrant dated December 30,2003 and Fractal Genomics LLC. Registrant incorporates by reference Exhibit 10.3 to Form 10-K, filed 3/30/2004.
  - 23. Certifications of Chief Financial Officer
- (B) REPORTS ON FORM 8-K.
- 8-K Filed January 20, 2004 Item 2 Acquisition or Disposition of Assets.

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SIGNATURES

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

	Health Discovery Corporation Registrant
Date: May 14, 2004	/s/ Stephen D. Barnhill M.D. ----- Printed Name Stephen D. Barnhill M.D. Title Chief Executive Officer
Date: May 14, 2004	/s/ Robert S. Braswell IV ----- Printed Name Robert S. Braswell IV Title Chief Administrative Officer / Secretary

