Form 10-Q

CardioGenics Holdings Inc. - CGNH

Filed: June 14, 2010 (period: April 30, 2010)

Quarterly report which provides a continuing view of a company's financial position

Table of Contents

10-Q

PART I.

Item 1. Financial Statements (Unaudited)
Item 2. Management s Discussion and Analysis
Item 3. Quantative and Qualitative Disclosure About Market Risk
Item 4. Controls and Procedures

PART II.

Item 1. Legal Proceedings
Item 1A. Risk Factors
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Item 3. Defaults Upon Senior Securities
Item 4. (Removed and Reserved)
Item 5. Other Information
Item 6. Exhibits
SIGNATURES
EXHIBIT INDEX

EX-31.1 (Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002)

EX-31.2 (Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002)

EX-32.1 (Certifications required under Section 906 of the Sarbanes-Oxley Act of 2002)

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

FORM 10-Q

☑ **Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended APRIL 30, 2010.

☐ **Transition report under Section 13 or 15(d) of the Exchange Act**

For the transition period from to .

Commission file number 000-28761

CARDIOGENICS HOLDINGS INC.

(Exact name of registrant as specified in its Charter)

Nevada (State or other jurisdiction of incorporation or organization)	88-0380546 (I.R.S. Employer Identification No.)

6295 Northam Drive, Unit 8
Mississauga, Ontario L4V 1WB
(Address of Principal Executive Offices)

(905) 673-8501
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 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 or the Exchange Act. (Check one):

Large Accelerated filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☐ (Do not check if a smaller reporting company)	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 ☑

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 ☑

As of May 21, 2010 the Registrant had the following number of shares of its capital stock outstanding: 245,554,164 shares of Common Stock, 1 share of Series 1 Preferred Voting Stock, par value $0.0001, representing 16 exchangeable shares of the Registrant's subsidiary, CardioGenics ExchangeCo Inc., which are exchangeable into 250,642,262 shares of the Registrant's Common Stock, 380,931 shares of Series 2 Class B Common Stock and 21,500 shares of Series 3 Class B Common Stock.

CARDIOGENICS HOLDINGS INC.

FORM 10-Q

For the Quarter Ended April 30, 2010

INDEX

	Page
Part I. Financial Information	1
Item 1: Financial Statements (Unaudited)	1
Condensed Consolidated Balance Sheets at April 30, 2010 (Unaudited) and October 31, 2009	1
Condensed Consolidated Statements of Operations (Unaudited) for the Three and Six Months ended April 30, 2010 and 2009 (Unaudited) and cumulative from November 20, 1997 (Date of Inception) to April 30, 2010	2
Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited) for the Six Months ended April 30, 2010	3
Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months ended April 30, 2010 and 2009 and cumulative from November 20, 1997 (Date of Inception) to April 30, 2010	4
Notes to Condensed Consolidated Financial Statements at April 30, 2010 (Unaudited)	5-15
Item 2: Management's Discussion and Analysis	15-18
Item 3: Quantitative and Qualitative Disclosures About Market Risk	18
Item 4: Controls and Procedures	18

Part II. Other Information 19

Item 1: Legal Proceedings 19

Item 1A: Risk Factors 19

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds 19

Item 3: Defaults Upon Senior Securities 19

Item 4: Removed and Reserved 19

Item 5: Other Information 19

Item 6: Exhibits 19

Signatures 20

EX-31.1: CERTIFICATION
EX-31.2: CERTIFICATION
EX-32.1: CERTIFICATIONS

CardioGenics Holdings Inc.
(A Development Stage Company)
Condensed Consolidated Balance Sheets

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

	April 30, 2010 (Unaudited)	October 31, 2009 (Note 2)
Assets		
Current		
Cash and Cash Equivalents	$ 1,352,368	$ 2,388,516
Deposits and Prepaid Expenses	50,197	11,996
Refundable Taxes Receivable	9,357	14,878
Government Grants and Investment Tax Credits Receivable	187,753	175,554
	1,599,675	2,590,944
Property and Equipment, net	39,991	54,338
Patents, net	250,229	241,980
	290,220	296,318
Total assets	$ 1,889,895	$ 2,887,262
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 416,022	$ 651,037
Due to Director	60,465	147,102
Debentures Payable	—	25,000
Liabilities of Discontinued Operations	—	100,000
	476,487	923,139
Mandatorily redeemable Class B common stock; par value $.00001 per share:		
400,000 shares designated as series 2; 381,749 shares issued and outstanding	4	4
40,000 shares designated as series 3; 21,500 shares issued and outstanding	—	—
	4	4
Commitments and contingencies		
Stockholders' Equity		
Preferred stock; par value $.0001 per share, 50,000,000 shares authorized, none issued	—	—
Common stock; par value $.00001 per share; 650,000,000 shares authorized, 245,554,164 and 217,671,011 common shares and 250,642,262 and 276,655,415 exchangeable shares issued and outstanding as at April 30, 2010 and October 31, 2009 respectively	4,963	4,943
Additional paid-in capital	35,700,504	35,539,274
Deficit accumulated during development stage	(34,082,980)	(33,260,283)
Accumulated other comprehensive loss	(203,077)	(319,815)
Total CardioGenics Holdings Inc. stockholders' equity	1,419,410	1,964,119
Non-controlling interest	(6,006)	—

Total equity	1,413,404	1,964,119
Total liabilities and stockholders' equity	$ 1,889,895	$ 2,887,262

See notes to condensed consolidated financial statements.

CardioGenics Holdings Inc.
(A Development Stage Company)
Condensed Consolidated Statements of Operations (unaudited)
For the Three Months and Six Months Ended April 30, 2010 and 2009 and
Cumulative from November 20, 1997 (Date of Inception) to April 30, 2010

	For the three months Ended April 30,		For the six months Ended April 30,		Cumulative From November 20, 1997 (Date of Inception) to April 30,
	2010	2009	2010	2009	2010
Operating Expenses					
Amortization of Property and Equipment	$ 7,256	$ 6,074	$ 14,347	$ 12,222	$ 174,455
Amortization of Patent Application Costs	1,020	—	2,016	—	6,197
Write-off of Patent Application Costs	—	—	—	—	53,731
General and Administrative	158,168	31,492	449,622	56,035	3,478,844
Write-off of Goodwill	—	—	—	—	12,780,214
Research and Product Development, Net of Investment Tax Credits	179,875	39,548	312,685	71,042	2,908,401
Total operating expenses and operating loss	346,319	77,114	778,670	139,299	19,401,842
Other Expenses (Income)					
Interest Expense and Bank Charges (Net)	3,171	56,494	521	117,258	2,086,856
Loss on Change in Value of Derivative Liability	—	—	—	—	12,421,023
Loss on Foreign Exchange Transactions	83,043	14,414	102,208	14,414	116,554
Total other expenses (income)	86,214	70,908	102,729	131,672	14,624,433
Loss from Continuing Operations	(432,533)	(148,022)	(881,399)	(270,971)	(34,026,275)
Discontinued Operations					
Gain on Sale of Subsidiary	90,051	—	90,051	—	90,051
Loss from Discontinued Operations	—	—	(37,355)	—	(152,762)
Net Loss	(342,482)	(148,022)	(828,703)	(270,971)	(34,088,986)
Net Loss attributed to non-controlling interest	(2,482)	—	(6,006)	—	(6,006)
Net Loss attributed to CardioGenics Holdings Inc.	$ (340,000)	$ (148,022)	$ (822,697)	$ (270,971)	$ (34,082,980)
Basic and Fully Diluted Net Loss per Common Share attributable to CardioGenics Holdings Inc. Shareholders	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	
Weighted-average shares of Common Stock outstanding	496,055,298	292,089,211	495,201,671	289,094,335	

See notes to condensed consolidated financial statements.

CarioGenics Holdings Inc.
(A Development Stage Company)
Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited)
For the six months ended April 30, 2010

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Stockholders' Equity
Balance November 1, 2009	494,326,426	$ 4,943	$ 35,539,274	$ (33,260,283)	$ (319,815)		$ 1,964,119
Issuance of common shares in exchange for services rendered January 2010, $.14	350,000	4	48,996				49,000
Common shares issued on exercise of Warrants, February 2010	750,000	8	35,242				35,250
Common shares issued for cash, February 2010	770,000	8	76,992				77,000
Net loss attributable to noncontrolling interest						$ (6,006)	(6,006)
Comprehensive Income (Loss)							
Net Loss				(822,697)			(822,697)
Other Comprehensive Income (Loss)							
Currency Translation Adjustment					116,738		116,738
Total Comprehensive (Loss)							(705,959)
Balance at April 30, 2010	496,196,426	$ 4,963	$ 35,700,504	$ (34,082,980)	$ (203,077)	$ (6,006)	$ 1,413,404

See notes to condensed consolidated financial statements.

CardioGenics Holdings Inc.
(A Development Stage Company)
Condensed Consolidated Statements of Cash Flows (unaudited)
Six Months Ended April 30, 2010 and 2009 and
Cumulative from November 20, 1997 (Date of Inception) to April 30, 2010

	Six Months Ended April 30		Cumulative from November 20, 1997 (Date of Inception) To April 30,
	2010	**2009**	**2010**
Cash flows from operating activities			
Net Loss for the Period	$ (828,703)	$ (270,971)	$ (34,088,986)
Adjustments to reconcile net loss for the period to net cash used in operating activities			
Amortization of Property and Equipment	14,347	12,222	174,455
Amortization of Patent Application Costs	2,016	–	6,197
Write-off of Patent Application Costs	–	–	53,731
Write-off of Goodwill	–	–	12,780,214
Amortization of Deferred Debt Issuance Costs	–	–	511,035
Loss on Extinguishment of Debt	–	–	275,676
Loss on Change in Value of Derivative Liability	–	–	12,421,023
Interest Accrued and Foreign Exchange Loss on Debt	–	74,292	922,539
Unrealized Foreign Currency Exchange Gains	–	10,040	25,092
Beneficial Conversion Charge included in Interest Expense	–	–	452,109
Common Stock Issued as Employee or Officer/Director Compensation	–	–	2,508,282
Common Stock Issued for Services Rendered	49,000	–	451,312
Stock Options Issued for Services Rendered	–	–	192,238
Stock Options Issued to Directors and Committee Chairman	–	–	54,582
Changes in Operating Assets and Liabilities, Net of Acquisition			
Deposits and Prepaid Expenses	(37,367)	58	(48,574)
Refundable Taxes Receivable	6,554	5,652	(7,460)
Investment Tax Credits Receivable	–	104,208	(155,502)
Accounts Payable and Accrued Expenses	(360,371)	28,935	(377,232)
Advances	–	–	131
Net cash used in operating activities	(1,154,524)	(35,564)	(3,849,138)
Cash flows from investing activities			
Cash Acquired from Acquisition	–	–	195,885
Purchase of Property and Equipment	–	(269)	(193,366)
Patent Application Costs	(10,265)	(419)	(269,980)
Net cash used in investing activities	(10,265)	(688)	(267,461)
Cash flows from financing activities			
Due to Director	(96,860)	10,537	775,572
Issue of Debentures	–	371,333	1,378,305
Issue of Common Shares on Exercise of Stock options	–	28	31
Issue of Common Shares on Exercise of Warrants	35,250	–	35,250
Issue of Common Shares for Cash	77,000	–	3,645,847
Redemption of 10% Senior Convertible Debentures	(25,000)	(369,972)	(394,972)
Net cash provided by (used in) financing activities	(9,610)	11,926	5,440,033

Effect of foreign exchange on cash and cash equivalents	138,251	2,525	28,934
Cash and Cash Equivalents			
Increase (decrease) in cash and cash equivalents during the period	(1,036,148)	(21,801)	1,352,368
Beginning of Period	2,388,516	253,873	—
End of Period	$ 1,352,368	$ 232,072	$ 1,352,368

See notes to condensed consolidated financial statements.

1. Nature of Business

CardioGenics Inc. ("CardioGenics") was incorporated on November 20, 1997 in the Province of Ontario, Canada, and carries on the business of development and commercialization of diagnostic test products to the In Vitro Diagnostics testing market. CardioGenics has several test products that are in various stages of development.

CardioGenics' business is that of a development-stage company, with a limited history of operations and whose revenues, to date, have been primarily comprised of grant revenue and Scientific Research Tax Credits from government agencies. There can be no assurance that the Company will be successful in obtaining regulatory approval for marketing of any of the existing or future products that the Company will succeed in developing.

On July 31, 2009, CardioGenics acquired the business of JAG Media Holdings, Inc. ("JAG Media")(see Note 4). The business acquired is that of gathering and compiling financial and investment information from various financial institutions and other Wall Street professionals. Revenues of the acquired business of JAG Media are generated by releasing such financial information to subscribers in a consolidated format on a timely basis through facsimile transmissions and a web site. Further, software focused on streaming video solutions was acquired through the acquisition of JAG Media by CardioGenics. Historically, further development of this software has been limited as a result of JAG Media's lack of financial resources.

References herein to CardioGenics common shares has been retrospectively adjusted to reflect the exchange ratio of 20.957 established in the Share Purchase Agreement.

On October 27, 2009, the name of the Company was changed from JAG Media Holdings, Inc. to CardioGenics Holdings Inc.

2. Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the condensed consolidated financial position of CardioGenics Holdings Inc. and its subsidiaries as of April 30, 2010, their results of operations for the three and six months ended April 30, 2010 and 2009, and the period from November 20, 1997 (date of inception) to April 30, 2010, changes in stockholders' equity for the six months ended April 30, 2010 and cash flows for the six months ended April 30, 2010 and 2009, and the period from November 20, 1997 (date of inception) to April 30, 2010. CardioGenics Holdings Inc and its subsidiaries are referred to together herein as the "Company". Pursuant to rules and regulations of the SEC, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from these consolidated financial statements unless significant changes have taken place since the end of the most recent fiscal year. Accordingly, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements, notes to consolidated financial statements and the other information in the audited consolidated financial statements of the Company as of October 31, 2009 and 2008 (the "Audited Financial Statements") included in the Company's Form 10-K that was previously filed with the SEC on February 16, 2010 and from which the October 31, 2009 consolidated balance sheet was derived.

The results of the Company's operations for the three and six months ended April 30, 2010 are not necessarily indicative of the results of operations to be expected for the full year ending October 31, 2010.

The accompanying condensed consolidated financial statements have been prepared using the accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has incurred operating losses and has experienced negative cash flows from operations since inception. The Company has an accumulated deficit at April 30, 2010 of approximately $34.1 million. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The Company has funded its activities to date almost exclusively from debt and equity financings. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company will continue to require substantial funds to continue research and development, including preclinical studies and clinical trials of its products, and to commence sales and marketing efforts, if the FDA and other regulatory approvals are obtained. In order to meet its operating cash flow requirements Management's plans include financing activities such as private placements of its common stock and issuances of convertible debt instruments. Management is also actively pursuing industry collaboration activities including product licensing and specific project financing.

While the Company believes it will be successful in obtaining the necessary financing to fund its operations, meet revenue projections and manage costs, there are no assurances that such additional funding will be achieved and that it will succeed in its future operations. The accompanying condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Company be unable to continue in existence.

3. Summary of Significant Accounting Policies.

(a) Research and Development Costs

Expenditures for research and development are expensed as incurred and include, among other costs, those related to the production of prototype products, including payroll costs. Amounts expected to be received from governments under Scientific Research Tax Credit arrangements are offset against current expenses. The Company recognizes revenue from restricted grants in the period in which the Company has incurred the expenditures in compliance with the specific restrictions.

(b) Net Loss Per Common Share

Basic loss per share is computed by dividing loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the period. The computation of diluted earnings (loss) per share does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings (loss) per share.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. By their nature, these estimates are subject to uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be material.

(d) Discontinued Operations

As a result of the sale of JAG Media, certain reclassifications of assets, liabilities, revenues costs and expenses have been made to the prior period condensed consolidated financial statements to conform to the April 30, 2010 financial statement presentation. Specifically, we have reclassified the results of operations of JAG Media for all periods presented to discontinued operations within the statement of operations. In addition, the liabilities of JAG Media have been reclassified liabilities of discontinued operations.

(e) Financial Instruments

The carrying values of cash and cash equivalents, and accounts payable approximate their fair values due to their short-term nature. Debentures approximate their fair value based upon the borrowing rates available for the nature of the underlying debt.

(f) Effects of Recent Accounting Pronouncements

In December 2007, "Non-controlling Interest in Consolidated Financial Statements" was pronounced, which will change the accounting and reporting for minority interests, which will be re-characterized as non-controlling interests and classified as a component of equity within the consolidated balance sheets. This pronouncement is effective as of the beginning of the first fiscal year beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this pronouncement has had minimal impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2008, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlements)" was pronounced. This requires a portion of this type of convertible debt to be recorded as equity and to record interest expense on the debt portion at a rate that would have been charged on nonconvertible debt with the same terms. This pronouncement takes effect in the first quarter of fiscal years beginning after December 15, 2008 and will be applied retrospectively for all periods presented. It will be effective for the Company on November 1, 2009. The adoption did not have any effect on its condensed consolidated financial statements.

In October 2009, the FASB issued guidance related to revenue recognition for arrangements with multiple deliverables. This guidance eliminates the residual method of allocation and requires the relative selling price method when allocating deliverables of a multiple deliverable revenue arrangement. The determination of the selling price for each deliverable requires the use of a hierarchy designed to maximize the use of available objective evidence including, vendor specific objective evidence, third party evidence of selling price, or estimated selling price. The guidance is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, and must be adopted in the same period using the same transition method. If adoption is elected in a period other than the beginning of a fiscal year, the amendments in these standards must be applied retrospectively to the beginning of the fiscal year. Full retrospective application of these amendments to prior fiscal years is optional. Early adoption of these standards may be elected. The Company is currently evaluating the impact of this new accounting standard on its condensed consolidated financial statements.

On November 1, 2009, the Company adopted authoritative accounting guidance that requires the ownership interests in subsidiaries held by parties other than the parent, and income attributable to those parties, be clearly identified and distinguished in the parent's consolidated financial statements. Consequently, the Company's non-controlling interest is disclosed as a separate component of the Company's consolidated equity on the condensed consolidated balance sheet. Further, earnings and other comprehensive income are separately attributed to both the controlling and non-controlling interests. Loss per share calculated based on net loss attributable to the Company's controlling interest.

4. Acquisition

On July 31, 2009, the Company completed a reverse acquisition of privately held CardioGenics Inc. ("CardioGenics"), an Ontario, Canada Corporation. The acquisition was effected pursuant to a Share Purchase Agreement dated May 22, 2009 by and among the Company, CardioGenics Inc. and CardioGenics ExchangeCo Inc., the Company's wholly owned subsidiary ("ExchangeCo"). In accordance with the terms of the Share Purchase Agreement, 99% of the holders of common shares of CardioGenics Inc. (two (2) minority shareholders of CardioGenics Inc. holding in aggregate 173,869 common shares of CardioGenics Inc. did not participate) surrendered their CardioGenics Common Shares. CardioGenics Inc. caused the Company to issue to ExchangeCo or CardioGenics' shareholders 422,183,610 shares of the Company's common stock, par value $0.00001 (the "Share Consideration"). The CardioGenics Inc.'s shareholders had the option to receive their pro-rata allocation of the Share Consideration in the form of (a) the Company's common stock (the "JAG Consideration Shares") or (b) exchangeable shares of ExchangeCo. Inc., which shares shall be exchangeable at any time after July 31, 2009 into a number of shares of the Company's common stock equal to such shareholders' pro rata allocation of the Share Consideration (the "Exchangeable Shares"). The Exchangeable Shares have the same voting rights, dividend entitlements and other attributes as JAG Media common stock. Exchangeable Shares will automatically be exchanged for JAG Media common stock five years from July 31, 2009, and in certain other events. The Share Consideration provides the former CardioGenics shareholders with direct and/or indirect ownership of approximately 85% of JAG Media's outstanding common stock (on a fully diluted basis) as of July 31, 2009.

On July 31, 2009, 145,528,195 common shares of JAG Media were issued to former shareholders of CardioGenics and 276,655,415 common shares of JAG Media were issued to ExchangeCo. These shares are not registered for resale and, therefore, shall remain subject to the rights and restrictions of Rule 144. All Exchangeable Shares received by the CardioGenics shareholders in exchange for their CardioGenics Common Shares (and any JAG Media common stock into which such Exchangeable Shares may be exchanged) shall not be registered for resale prior to six (6) months following July 31, 2009 and, therefore, shall remain subject to the rights and restrictions of Rule 144 prior to any such registration.

The Share Consideration provided the CardioGenics Inc.'s shareholders with direct and/or indirect ownership of approximately 85% of the Company's outstanding common stock (on a fully diluted basis) as of July 31, 2009. Based on the five-day average price of the Company's common stock of $0.16 per share, the purchase price approximated was $11,573,536, plus approximately $342,880 of acquisition costs plus the fair value of options and warrants assumed of $644,806.

A summary of the purchase price allocation is as follows:

Common stock issued	$	11,573,536
Acquisition costs incurred		342,880
Fair value of options and warrants assumed		644,806
Total purchase price	$	12,561,222

The purchase price has been allocated as follows based on the fair values of the assets and liabilities acquired:

Cash	$	195,885
Accounts Payable		(386,177)
Derivative liability for warrants assumed		(28,700)
Goodwill		12,780,214
Total	$	12,561,222

The following pro forma consolidated financial information presents the combined results of operations of JAG Media Holdings, Inc. and CardioGenics, Inc. as if the acquisition had occurred as of November 1, 2008, after giving effect to certain adjustments, including the issuance of JAG Media Holdings, Inc. common stock as part of the purchase price. For the purpose of this pro forma presentation, both JAG Media Holdings, Inc.'s and CardioGenics, Inc.'s financial information is presented for the three and six months ended April 30, 2009. The pro forma condensed consolidated financial information does not necessarily reflect the results of operations that would have occurred had JAG Media Holdings, Inc. and CardioGenics, Inc. been a single entity during such periods.

		Three Months Ended April 30, 2009		Six Months Ended April 30, 2009
Revenues	$	32,260	$	73,913
Net Loss	$	(380,760)	$	(927,518)
Weighted-average shares of Common stock outstanding: Basic and diluted		292,089,211		289,094,335
Basic and diluted net loss per common share	$	0.00	$	0.00

5. Due to Director

The amount due to a director is due on demand and carries no interest. On July 31, 2009, $885,000 due to a director was converted to 23,778,126 common shares of JAG Media. A beneficial conversion charge of $117,109 was credited against Additional Paid-in Capital. Accrued interest to July 31, 2009 on the director's loan of $108,635 was converted to 2,185,522 common shares of JAG Media at the same time. During the quarter ended April 30, 2010, $86,637 was repaid.

On January 28, 2009, the Company issued to a director and an officer of the Company a new series of Debentures in the amount of $371,333. The Debentures were for a term of two years and carry interest at 10% per annum. At July 31, 2009, the holders of the debentures exchanged the debentures, plus accrued interest, for 17,017,084 common shares of JAG Media common stock. A beneficial conversion charge of $335,000 was credited against additional paid-in capital.

6. Income Taxes

The Company adopted the provisions of the guidance for uncertainty in income taxes on August 1, 2007. The guidance clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statement, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition classification, interest and penalties accounting in interim periods disclosure and transition.

Based on the Company's evaluation, management has concluded that there are no significant tax positions requiring recognition in the condensed consolidated financial statements.

The Company has incurred losses in Canada since inception, which have generated net operating loss carryforwards for income tax purposes. The net operating loss carryforwards arising from Canadian sources as of April 30, 2010, approximated $7,017,000 (2009 - $3,169,000) which will expire from 2014 through 2030.

All fiscal years except 2009 have been assessed; however, claims relating to research and development credits are open for review for the fiscal years ended October 2009, 2008 and 2007.

As of April 30, 2010, the Company had net operating loss carryforwards from US sources of approximately $40,476,000 available to reduce future Federal taxable income which will expire from 2019 through 2030.
For the six months ended April 30, 2010 and 2009, the Company's effective tax rate differs from the statutory rate principally due to the net operating losses for which no benefit was recorded.

7. Debentures Payable

Current convertible debentures consist of:

	April 30, 2010	October 31, 2009
10% Senior Convertible Debentures	$ —	$ 25,000

The debenture was repaid in December 2009.

8. Stock Based Compensation

The Company follows the guidance for stock-based compensation. Stock-based employee compensation related to stock options for the six months ended April 30, 2010 and 2009 amounted to $-0-.

The fair value of each option granted is estimated on grant date using the Black-Scholes option pricing model which takes into account as of the grant date the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock and the risk-free interest rate for the term of the option. The Company granted to a consultant 300,000 stock options during the year ended October 31, 2009 and no stock options during the six months ended April 30, 2010.

The following is a summary of the common stock options granted, forfeited or expired and exercised under the Plan:

	Options	Weighted Average Exercise Price
Outstanding - October 31, 2008	9,901,198	$ 0.02
Granted	—	—
Forfeited/expired	(4,191,400)	$ 0.06
Exercised	(5,709,798)	$ 0.05
Assumed upon JAG Media acquisition	2,750,000	$ 0.25
Granted	300,000	$ 0.09
Outstanding – October 31, 2009	3,050,000	$ 0.23
Granted	—	—
Forfeited/Expired	—	—
Exercised	—	—
Outstanding – April 30, 2010	3,050,000	$ 0.23

Options typically vest immediately at the date of grant. As such, the Company does not have any unvested options or unrecognized compensation expense at April 30, 2010.

9. Stockholders' Equity

Comprehensive Loss

Comprehensive loss, which includes net loss from the change in the foreign currency translation account, for the three and six months ended April 30, 2010 and 2009 respectively is as follows:

	For the Three Months Ended April 30,		For the Six Months Ended April 30,	
	2010	2009	2010	2009
Net (Loss)	$ (340,000)	$ (148,022)	$ (822,697)	$ (270,971)
Currency translation adjustment	66,395	(69,362)	116,738	10,040
Comprehensive (Loss)	$ (273,605)	$ (217,384)	$ (705,959)	$ (260,931)

	April 30, 2010	October 31, 2009
Warrants		
Issued to subscribers to the debenture financing of 2003 and its related extension entitling the holder to purchase 1 common share of the Company at an exercise price of $0.047 per common share up to and including July 31, 2012	20,468,082	21,218,082
Issued to subscribers to the debenture financing of 2004 and its related extension entitling the holder to purchase 1 common share in the Company at an exercise price of $0.047 per common share up to and including July 31, 2012	10,436,586	10,436,586
Issued to agents for the debenture financings of 2003 and 2004 entitling the holder to purchase 1 common share in the Company at an exercise price of $0.047 per common share up to and including July 31, 2012	2,084,174	2,084,174
Issued to former employee entitling the holder to purchase 1 common share in the company at an exercise price of $0.047 per common share up to and including July 31, 2012	1,362,205	1,362,205
Issued to Consultants July 31, 2009, entitling the holder to purchase 1 common share of the company at an exercise price of $0.09 per share up to and including July 31, 2012	1,047,850	1,047,850
Issued to consultant August 1, 2009, entitling the holder to purchase 1 common share in the company at an exercise price of $0.09 per common share up to and including July 31, 2017	2,870,848	2,870,848
Total Warrants outstanding	38,269,745	39,019,745

As of July 31, 2009, the conversion of the warrants would result in the issuance of common shares in excess of the number of common shares authorized, the Company determined that based on the guidance on derivative financial instruments indexed to, and potentially settled in a Company's own stock, the Company would be prohibited from concluding that it would have a sufficient number of authorized and unissued shares to net-share settle any of those warrants or any other warrants or options previously issued or granted to non-employees. Therefore, as of the date of the reverse acquisition, the Company recorded the related fair value of all warrants issued with prior debentures previously issued to non-employees as a liability. Subsequent changes in the fair value of such options and warrants at the end of each reporting period were to be recorded as charges or credits to the Company's results of operations. On September 30, 2009, the Company's authorized share capital was amended to increase the number of authorized common shares to 650,000,000. At that time the outstanding options and warrants were re-valued with the subsequent valuation of $13,501,360 re-classified to Additional Paid-In Capital.

At July 31, 2009, the Company assumed the remainder of warrants dated May 24, 2006 entitling YA Global to purchase 250,000 shares of the Company's common stock for $0.40 per share. These warrants were exercised August 5, 2009.

10. Standby Equity Distribution Agreement

On March 12, 2009, the Company and YA Global Master SPV Ltd. ("YA Ltd") entered into a Standby Equity Distribution Agreement (The "SEDA") pursuant to which YA Ltd agreed to purchase up to $5,000,000 of the Company's common stock (the "Commitment Amount") over the course of the thirty-six (36) months following the date the registration statement for the shares to be issued pursuant to the SEDA is first declared effective (the "Commitment Period"). The Company shall have the right, but not the obligation, to sell common stock to YA Ltd during the Commitment Period. Each right to sell common stock to YA Ltd is an "Advance" under the SEDA.

In order to request an Advance under the SEDA, the Company must submit a written notice to YA Ltd specifying the amount of the Advance (an "Advance Notice"). An Advance Notice may be delivered to YA Ltd every five (5) trading days. The common stock issued to YA Ltd in connection with each Advance Notice shall be issued at a purchase price equal to 95% of the lowest Volumes Weighted Average Price ("VWAP") during the five trading days immediately following the date of the Advance Notice, as reported by Bloomberg, L.P. In addition, (i) each Advance may not exceed $250,000; (ii) the aggregate amount of the Advances pursuant to the SEDA shall not exceed the Commitment Amount; and, (iii) in no event shall the number of shares of common stock issuable to YA Ltd pursuant to an Advance cause the aggregate number of shares of common stock beneficially owned by YA Ltd and its affiliates to exceed 9.99% of the then outstanding common stock of the Company. Further, the Company's common stock being authorized for quotation on a "Principal Market," which is defined as the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, the NYSE Euronext or the OTC Bulletin Board of the New York Stock Exchange, shall be a condition to any Advance. Each Advance shall also be subject to such additional terms and conditions as are set forth in the SEDA. On the 11th trading day following the completion of the Commencement Date, as defined in the Registration Rights Agreement (the "Commencement Date"), the Company shall issue to YA Ltd, as a commitment fee, shares of the Company's common stock in an amount equal to $250,000 divided by the average of the VWAP for each of the ten (10) trading days following the effective date of the Acquisition (the "Commitment Fee Shares"). The Commitment Fee Shares shall be included on any registration statement filed by the Company after the date of the SEDA, unless such shares may be resold without any limitation pursuant to Rule 144.

On March 12, 2009, concurrent with the execution of the SEDA, the Company and YA Ltd also entered into a Registration Rights Agreement (the "Registration Rights Agreement") pursuant to which the Company agreed to register the shares of the Company's common stock to be issued in connection with the SEDA (the "Registrable Securities"). The Company may not file the registration statement for the Registrable Securities (the "Registration Statement") prior to the tenth (10th) trading day following the Commencement Date and the Company shall not have the ability to make any Advances under the SEDA until the Registration Statement is declared effective. The Company shall cause the Registration Statement that has been declared effective to remain effective at all times until all Registrable Securities under the Registration Statement cease to be Registrable Securities. Once issued, Registrable Securities cease to be Registrable Securities when (i) such Registrable Securities have been disposed of pursuant to the Registration Statement; (ii) such Registrable Securities have been sold under circumstances under which all of the applicable conditions of Rule 144 (or any similar provision there in force) are met; or, (iii) in the opinion of counsel to the Company such Registrable Securities may permanently be sold without registration and without any time, volume or manner limitations pursuant to Rule 144.

Effective March 19, 2010, the Company and YA Ltd terminated these agreements by mutual consent.

11. Issuance of Common Stock

During the six months ended April 30, 2010, the Company issued the following common shares:

	Six Months Ended April 30, 2010	
	# of shares	Amount
Issued to third parties for services rendered	350,000	$ 49,000
Issued on exercise of warrants	750,000	$ 35,250
Issued to unrelated third party for cash	770,000	$ 77,000

12. Net Loss per Share

The following table sets forth the computation of weighted-average shares outstanding for calculating basic and diluted earnings (loss) per share (EPS):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
Weighted-average shares - basic	496,055,298	292,089,211	495,201,671	289,094,335
Effect of dilutive securities	–	–	–	–
Weighted-average shares - diluted	496,055,298	292,089,211	495,201,671	289,094,335

Basic earnings per share "EPS" and diluted EPS for the three and six months ended April 30, 2010 and 2009 have been computed by dividing the net loss available to common stockholders for each respective period by the weighted average shares outstanding during that period. All outstanding options, warrants and shares to be issued upon the exercise of the outstanding options and warrants representing 41,319,745 and 45,002,245 incremental shares respectively have been excluded from the six months ended April 30, 2010 and 2009 computation of diluted EPS as they are antidilutive given the net losses generated.

13. Commitments and Contingent Liabilities

Lawsuits

a) On April 22, 2009, the Company was served with a statement of claim from a former employee claiming compensation for wrongful dismissal and ancillary causes of action including payment of monies in realization of his investment in the Company, with an aggregate claim of $514,000. The Company considers all the claims to be without any merit, has already delivered a statement of defense and intends to vigorously defend the action. If the matter eventually proceeds to trial, the Company does not expect to be found liable on any ground or for any cause of action.

b) On January 14, 2010, Flow Capital Advisors, Inc. ("Flow Capital") filed a lawsuit against JAG Media Holdings Inc. in the Circuit Court of the 17th Judicial Circuit In and For Broward County Florida (Case No. 10001713). Pursuant to this lawsuit, Flow Capital alleges that JAG Media Holdings breached a Non-Circumvention Agreement it had entered into with Flow Capital, dated January 1, 2004. JAG Media Holdings has moved to dismiss the case because Flow Capital is not registered to transact business in the state of Florida and is therefore barred from maintaining the suit under applicable law. The motion is pending.

On January 15, 2010 Flow Capital filed a lawsuit against CardioGenics Inc., and another defendant in the United States District Court for the Southern District of Florida, Fort Lauderdale Division (Case No. 10-CV-60066-Martinez-Brown). This lawsuit alleges that CardioGenics (i) breached a Finder's Fee Agreement in connection with the CardioGenics Acquisition; and (ii) breached a non-circumvention agreement. Flow Capital is claiming that it is entitled to the finder's fee equal to eight percent (8%) of the JAG Media Holdings shares received by CardioGenics, or the equivalent monetary value of the stock. CardioGenics has moved to dismiss the lawsuit for lack of jurisdiction against it in Florida, and that motion is pending.

14. Supplemental Disclosure of Cash Flow Information

	For the Six Months Ended April 30, 2010	For the Six Months Ended April 30, 2009
Cash paid during the period for:		
Interest	$ 2,867	$ 886
Income taxes	$ —	$ —

15. Assets and Liabilities from Discontinued Operations

On February 10, 2010, the Company entered into an LLC Membership Interest Purchase Agreement with Rothcove Partners LLS ("Rothcove") pursuant to which the Company would sell its 100% membership interest in its Pixaya LLC subsidiary to Rothcove. In consideration for its acquisition of the Pixaya LLC membership interest, Rothcove assumed $100,000 in accounts payable and approximately $9,800 of bank accounts of Pixaya LLC and its subsidiary Pixaya (UK) Limited (collectively "JAG Media"). The transaction closed on February 11, 2010.

As a result of the sale of JAG Media, certain reclassifications of assets, liabilities, revenues, costs and expenses have been made to the prior period condensed consolidated financial statements to reflect the operations of JAG Media as discontinued operations. Specifically, we have reclassified the results of operations of JAG Media for all periods presented to "Loss from Discontinued Operations" within the Condensed Consolidated Statements of Operations. In addition, the remaining liabilities of the business divested in February 2010 have been reclassified to "Liabilities of Discontinued Operations". Revenues from discontinued operations were $14,852 and $41,653 for the three and six months ended April 30, 2010 and 2009, respectively. Loss from discontinued operations were ($37,355) for the six months ended April 30, 2010.

At April 30, 2010, Liabilities from Discontinued Operations comprise the following:

	2010	2009
Liabilities		
Accounts Payable	$ —	$ 100,000
Total Liabilities from Discontinued Operations	$ —	$ 100,000

16. Subsequent Events

In May 2009, guidance for subsequent events was issued. The guidance established general accounting standards and disclosure for subsequent events. The Company adopted this pronouncement during the quarter ended July 31, 2009. Accordingly, the Company has evaluated subsequent events through the time the condensed consolidated financial statements were issued.

Item 2. Management's Discussion and Analysis

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements filed with the Securities and Exchange Commission. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to accounts receivable, equipment, stock-based compensation, income taxes and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies and estimates used as of October 31, 2009, as outlined in our previously filed Form 10-K, have been applied consistently for the six months ended April 30, 2010.

Related Party Transactions

During the six months ended April 30, 2010, we utilized advances from a director totaling on average approximately $128,000 bearing interest at 0% per annum.

Off-Balance Sheet arrangements

We are not party to any off balance sheet arrangements.

Results of operations

Six months ended April 30, 2010 as compared to six months ended April 30, 2009.

	Six Months Ended April 30, 2010	Six Months Ended April 30, 2009	$ Change
Operating expenses:			
Amortization of property and equipment	$ 14,347	$ 12,222	$ 2,125
Amortization of patent application costs	2,016	-	2,016
General and administrative expenses	449,622	56,035	393,587
Research and production, net of investment tax credits	312,685	71,042	241,643
Total operating expenses and operating loss	778,670	139,299	639,371
Other expenses (income):			
Interest expense and bank charges, net	521	117,258	(116,737)
Loss on foreign exchange	102,208	14,414	87,794
Gain on sale of subsidiary	(90,051)	-	(90,051)
Loss on discontinued operation	37,355	-	37,355
Net loss	$ 828,703	$ 270,971	$ 557,732

Revenues

During the six months ended April 30, 2010 and 2009 we did not generate any revenues from ongoing operations. We anticipate generating insignificant revenues from operations in the next two quarters.

Operating expenses

Operating expenses include the costs to a) develop and patent a method for controlling the delivery of compounds to a chemical reaction; b) developing the QL Care Analyzer, a small, automated, robust and proprietary point of care testing device; and, c) customizing paramagnetic beads through our proprietary method which improves their light collection. In addition, the Company is in the process of adapting test products for the POC disposable, single-use cartridge-format. Detailed manufacturing specifications and costing have been created and custom manufacturers have been sourced.

General and administrative expenses

General and administrative expenses consist primarily of compensation to officers, occupancy costs, professional fees, listing costs and other office expenses. The increase in general and administrative expenses is attributable primarily to an increase in professional and consulting fees.

Research and production, net of investment tax credits

Research and development expenses consist primarily of salaries and wages paid to officers and employees engaged in those activities and supplies consumed therefor. The increase in research and development expenses is attributable primarily to the increase in compensation to an officer and an increase in staff engaged in R&D (total increase $130,000) and the absence of research tax credits in 2010 which had amounted to $111,000 in 2009.

Other expenses (income)

Interest expense and bank charges, net

The decrease in interest expense of approximately $117,000 arises from the fact that the debentures and director's loan which existed and carried interest for the six months ended April 30, 2009 were for the most part paid off before the beginning of the first half of 2010.

Loss from discontinued operations and Gain on sale of subsidiary

On February 11, 2010 the Company sold its JAG Media division, realizing a gain of approximately $90,000. The Company has treated the operating results of that division in this six month period as loss from discontinued operations.

Three months ended April 30, 2010 as compared to three months ended April 30, 2009.

	Three Months Ended April 30, 2010	Three Months Ended April 30, 2009	$ Change
Operating expenses:			
Amortization of property and equipment	$ 7,256	$ 6,074	$ 1,182
Amortization of patent application costs	1,020	-	1,020
General and administrative expenses	158,168	31,492	126,676
Research and production, net of investment tax credits	179,875	39,548	140,327
Total operating expenses and operating loss	346,319	77,114	269,205
Other expenses (income)			
Interest expense and bank charges, net	3,171	56,494	(53,323)
Loss on foreign exchange	83,043	14,414	68,629
Gain on sale of subsidiary	(90,051)	-	(90,051)
Net loss	$ 342,482	$ 148,022	$ 194,460

Revenues

During the three months ended January 31, 2010 and 2009 we did not generate any revenues from ongoing operations. We anticipate generating insignificant revenues from operations in the next two quarters.

Operating expenses

Operating expenses include the costs to a) develop and patent a method for controlling the delivery of compounds to a chemical reaction; b) developing the QL Care Analyzer, a small, automated, robust and proprietary point of care testing device; and, c) customizing paramagnetic beads through our proprietary method which improves their light collection. In addition, the Company is in the process of adapting test products for the POC disposable, single-use cartridge-format. Detailed manufacturing specifications and costing have been created and custom manufacturers have been sourced.

General and administrative expenses

General and administrative expenses consist primarily of compensation to officers, occupancy costs, professional fees, listing costs and other office expenses. The increase in general and administrative expenses is attributable primarily to an increase in professional and consulting fees.

Research and production, net of investment tax credits

Research and development expenses consist primarily of salaries and wages paid to officers and employees engaged in those activities and supplies consumed therefor. The increase in research and development expenses is attributable primarily to the increase in compensation to an officer and an increase in staff engaged in R&D (total increase $80,000) and the absence of research tax credits in 2010 which had amounted to $60,000 in 2009.

Other expenses (income)

Interest expense and bank charges, net

The decrease in interest expense of approximately $53,000 arises from the fact that the debentures and director's loan at which existed and carried interest for the quarter ended April 30, 2009 were paid off before the beginning of the second quarter of 2010.

Loss from discontinued operations

On February 11, 2010 the Company sold its JAG Media division, realizing a gain on sale of approximately $90,000.

Liquidity and Capital Resources

We have not generated any revenues since inception and we incurred a net loss of approximately $823,000 and a cash flow deficiency from operating activities of approximately $1,154,000 for the six months ended April 30, 2010. We have not yet established an ongoing source of revenues sufficient to cover our operating costs and allow us to continue as a going concern. We have funded our activities to date almost exclusively from debt and equity financings. These matters raise substantial doubt about our ability to continue as a going concern.

We will continue to require substantial funds to continue research and development, including preclinical studies and clinical trials of our products, and to commence sales and marketing efforts. Our plans include financing activities such as private placements of our common stock and issuances of convertible debt instruments. We are also actively pursuing industry collaboration activities including product licensing and specific project financing.

We believe we will be successful in obtaining the necessary financing to fund our operations, meet revenue projections and manage costs; however, there are no assurances that such additional funding will be achieved and that we will succeed in our future operations.

Acquisition

On July 31, 2009, we completed a reverse acquisition of privately held CardioGenics Inc. ("CardioGenics"), an Ontario, Canada Corporation. The acquisition was effected pursuant to a Share Purchase Agreement dated May 22, 2009 by and among the Company, CardioGenics Inc. and CardioGenics ExchangeCo Inc., the Company's wholly owned subsidiary ("ExchangeCo"). In accordance with the terms of the Share Purchase Agreement, 99% of the holders of common shares of CardioGenics Inc. (two (2) minority shareholders of CardioGenics holding in aggregate 173,869 common shares of CardioGenics Inc. did not participate) surrendered their CardioGenics Common Shares to ExchangeCo. ExchangeCo caused the Company to issue to the CardioGenics shareholders 422,183,610 shares of the Company's common stock, par value $0.00001 per share (the "Share Consideration"). The CardioGenics shareholders had the option to receive their pro-rata allocation of the Share Consideration in the form of (a) JAG Media's common stock (the "JAG Consideration Shares") or (b) exchangeable shares of ExchangeCo. Inc., which shares shall be exchangeable at any time after July 31, 2009 into a number of shares of JAG Media's common stock equal to such shareholders' pro rata allocation of the Share Consideration (the "Exchangeable Shares"). The Exchangeable Shares have the same voting rights, dividend entitlements and other attributes as JAG Media common stock. Exchangeable Shares will automatically be exchanged for JAG Media common stock five years from July 31, 2009, and in certain other events. The Share Consideration provides the former CardioGenics shareholders with direct and/or indirect ownership of approximately 85% of JAG Media's outstanding common stock (on a fully diluted basis) as of July 31, 2009.

On July 31, 2009, 145,528,195 common shares of JAG Media were issued to certain former shareholders of CardioGenics and 16 Exchangeable Shares, which are exchangeable into 276,655,415 common shares of JAG Media, were issued to former CardioGenics shareholders who elected to take such Exchangeable Shares. JAG Media common shares received by the CardioGenics shareholders in exchange for their CardioGenics Common Shares are not registered for resale and, therefore, shall remain subject to the rights and restrictions of Rule 144. All Exchangeable Shares received by the CardioGenics shareholders in exchange for their CardioGenics Common Shares (and any JAG Media common stock into which such Exchangeable Shares may be exchanged) shall not be registered for resale prior to six (6) months following July 31, 2009 and, therefore, shall remain subject to the rights and restrictions of Rule 144 prior to any such registration

Seasonality

We do not believe that our business is subject to seasonal trends or inflation. On an ongoing basis, we will attempt to minimize any effect of inflation on our operating results by controlling operating costs and whenever possible, seeking to insure that subscription rates reflect increases in costs due to inflation.

Recent Accounting Pronouncements

The FASB had issued certain accounting pronouncements as of January 31, 2010 that will become effective in subsequent periods; however, we do not believe that any of those pronouncements would have significantly affected our financial accounting measurements or disclosures had they been in effect during the three months ended January 31, 2010 and 2009 or that they will have a significant effect at the time they become effective.

Item 3. Quantative and Qualitative Disclosure About Market Risk

N/A

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures:

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of the inherent limitations in all control systems, internal controls over financial reporting may not prevent or detect misstatements. The design and operation of a control system must also reflect that there are resource constraints and management is necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible controls.

Our management assessed the effectiveness of our internal controls over financial reporting for the quarter ended April 30, 2010 based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, our management concluded that during the period covered by this report, our internal controls over financial reporting were not effective. Management has identified the following material weaknesses in our internal controls over financial reporting:

- lack of documented policies and procedures

- there is no effective separation of duties, which includes monitoring controls, between the members of management

- lack of resources to account for complex and unusual transactions

Management is currently evaluating what steps can be taken in order to address these material weaknesses.

(b) Changes in Internal Control over Financial Reporting:

During the fiscal quarter ended April 30, 2010, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On April 22, 2009, CardioGenics was served with a statement of claim from a prior contractor claiming compensation for wrongful dismissal and ancillary causes of action including payment of monies in realization of his investment in CardioGenics, with an aggregate claim of $514,000. The Company considers all the claims to be without any merit, has already delivered a statement of defence and intends to vigorously defend the action. If the matter eventually proceeds to trial, the Company does not expect to be found liable on any ground or for any cause of action. The statement of claim was filed in Ontario Superior Court of Justice (Court File No. CN09-1728-00).

On January 14, 2010, Flow Capital filed a lawsuit against JAG Media Holdings Inc. in the Circuit Court of the 17th Judicial Circuit In and For Broward County Florida (Case No. 10001713). Pursuant to this lawsuit, Flow Capital alleges that JAG Media Holdings breached a Non-Circumvention Agreement it had entered into with Flow Capital, dated January 1, 2004. JAG Media Holdings has moved to dismiss the case because Flow Capital is not registered to transact business in the state of Florida, and is therefore barred from maintaining the suit under applicable law. The motion is pending.

On January 15, 2010 Flow Capital filed a lawsuit against CardioGenics Inc., and another defendant in the United States District Court for the Southern District of Florida, Fort Lauderdale Division (Case No. 10-CV-60066-Martinez-Brown). This lawsuit alleges that CardioGenics (i) breached a Finder's Fee Agreement in connection with the CardioGenics Acquisition; and (ii) breached a non-circumvention agreement. Flow Capital is claiming that it is entitled to the finder's fee equal to eight percent (8%) of the JAG Media Holdings shares received by CardioGenics, or the equivalent monetary value of the stock. CardioGenics has moved to dismiss the lawsuit for lack of jurisdiction against it in Florida, and that motion is pending.

Item 1A. Risk Factors

N/A

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

The following shares of our Common Stock were issued to a current stockholder of the Company upon exercise of a warrant:

Date of Exercise	Exercise Price/Share	Shares Exercised	Aggregate Exercise Amount
February 1, 2010	$ 0.047	750,000	$ 35,250

On February 10, 2010, a current stockholder of the Company purchased 500,000 shares of our Common Stock for an aggregate purchase price of $50,000.

On February 28, 2010, a current stockholder of the Company purchased 270,000 shares of our Common Stock for an aggregate purchase price of $27,000.

All of the securities issuances referenced above were exempt from registration under Section 4(2) of the Securities Act of 1933, as issuances not involving a public offering.

Item 3. Defaults Upon Senior Securities

N/A

Item 4. (Removed and Reserved)

Item 5. Other Information

Item 6. Exhibits

31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer.

SIGNATURES

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

CARDIOGENICS HOLDINGS INC.

Date: June 14, 2010

By: /s/ Yahia Gawad
Name: Yahia Gawad
Title: Chief Executive Officer

Date: June 14, 2010

By: /s/ James Essex
Name: James Essex
Title: Chief Financial Officer

EXHIBIT INDEX

31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Yahia Gawad, Chief Executive Officer of CardioGenics Holdings Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 30, 2010 of CardioGenics Holdings 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 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 the 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.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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.

Date: June 14, 2010

/s/ Yahia Gawad

Yahia Gawad
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, James Essex, Chief Financial Officer of CardioGenics Holdings Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended April 30, 2010 of CardioGenics Holdings 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 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 the 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.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the 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.

Date: June 14, 2010

/s/ James Essex
James Essex
Chief Financial Officer

EXHIBIT 32.1

Section 906 Certification by the Chief Executive Officer and Chief Financial Officer

Each of Yahia Gawad, Chief Executive Officer, and James Essex, Chief Financial Officer, of CardioGenics Holdings Inc., a Nevada corporation (the "Company") hereby certifies pursuant to 18 U.S.C. ss. 1350, as added by ss. 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

(1) The Company's periodic report on Form 10-Q for the period ended April 30, 2010 ("Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operation of the Company.

/s/ Yahia Gawad

Name: Yahia Gawad
Title: Chief Executive Officer

/s/ James Essex

Name: James Essex
Title: Chief Financial Officer

Date: June 14, 2010