

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

FORM 10-Q/A-1
 QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2009

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT
For the transition period from ____ to ____

Commission file number **000-53391**

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
(Exact Name of Small Business Issuer as Specified in its Charter)

Colorado
(State or other jurisdiction
of incorporation or organization)

26-3161860
I.R.S. Employer
Identification number

9800 Mt. Pyramid Court # 250
Englewood, CO 80112
(Address of Principal Executive Offices)
Issuer's telephone number: (303) 653-0100

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

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
 Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

As of December 2, 2009, the Registrant had 29,196,135 shares of its Common Stock outstanding.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by BioMedical Technology Solutions Holdings, Inc., a Colorado corporation (the Company), pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such SEC rules and regulations. In the opinion of management of the Company the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of September 30, 2009 and December 31, 2008, and its results of operations for the nine month periods ended September 30, 2009 and 2008 and for three month periods ended September 30, 2009 and 2008, and its cash flows for the nine month periods ended September 30, 2009 and 2008. The results for these interim periods are not necessarily indicative of the results for the entire year.

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
Consolidated Balance Sheets
September, 2009 and December 31, 2008

Assets	<u>9/30/09</u> (unaudited)	<u>12/31/2008</u> (derived from audited financial statements)
Current assets:		
Cash	\$ 12,151	\$ 29,287
Accounts receivable, net of allowance for doubtful accounts	404,995	259,265
Inventory	251,866	410,516
Prepaid expenses	<u>59,395</u>	<u>90,656</u>
Total current assets	728,407	789,724
Property and equipment, net of accumulated depreciation	53,960	62,508
Intangible assets, net of accumulated amortization	317,778	340,495
Land held for development or sale	615,000	615,000
Note receivable	0	146,000
Deposits	<u>5,000</u>	<u>5,000</u>
	\$ <u>1,720,145</u>	\$ <u>1,958,727</u>

(CONTINUED ON FOLLOWING PAGE)

See accompanying notes to consolidated financial statements

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
Consolidated Balance Sheets
September, 2009 and December 31, 2008

(CONTINUED FROM PREVIOUS PAGE)

Liabilities and shareholders' equity		
Current liabilities:		
Notes payable	\$	
		185,137
Accounts payable		217,972
Accrued payroll and other liabilities		335,777
Deferred income		274,022
		67,208
		<u>38,119</u>
Total current liabilities		<u>35,116</u>
Long-term debt		<u>837,256</u>
		<u>656,073</u>
Shareholders' equity:		
Series A Convertible Preferred Stock, \$0.001 par value		
10,000,000 authorized, 40,000 shares issued and		
outstanding at September 30, 2009, net of expenses		
		29,167
Common stock, \$0.001 par value		
100,000,000 shares authorized,		
29,110,570 and 27,702,181 shares issued and		
outstanding at September 30, 2009 and		
December 31, 2008, respectively		
		29,111
		27,702
Additional paid in capital		5,668,224
Prepaid Services with Stock		4,810,660
		(105,000)
		-
Accumulated deficit		<u>(5,210,108)</u>
		<u>(4,007,203)</u>
		411,394
		831,159
	\$	<u>1,720,145</u>
		<u>1,958,727</u>

See accompanying notes to consolidated financial statements

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
Consolidated Statements of Operations
Three Months and Nine Months Ended September 30, 2009 and 2008

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net sales	\$ 115,019	\$ 161,570	\$ 839,535	\$ 836,712
Cost of sales	<u>45,930</u>	<u>80,599</u>	<u>321,504</u>	<u>295,543</u>
Gross profit	69,089	80,971	518,031	541,169
Other costs and expenses:				
Selling, general and administrative	578,624	500,204	1,471,106	1,276,046
Research and development expenses	<u>55,793</u>	<u>14,898</u>	<u>191,857</u>	<u>46,877</u>
Total operating expenses	<u>634,417</u>	<u>515,102</u>	<u>1,662,963</u>	<u>1,322,923</u>
Loss before non-operating income and expense and income taxes	(565,328)	(434,131)	(1,144,932)	(781,754)
Other income and (expense):				
Non-operating income	-	-	-	-
Other Income	-	2,320	6,384	2,818
Interest expense	<u>(8,508)</u>	<u>(7,275)</u>	<u>(29,666)</u>	<u>(19,231)</u>
	<u>(8,508)</u>	<u>(4,955)</u>	<u>(23,282)</u>	<u>(16,413)</u>
Net loss before income taxes	(573,836)	(439,086)	(1,168,214)	(798,167)
Income tax provision	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accretion of beneficial conversion feature,				
Preferred Stock	(30,000)		(30,000)	
Preferred Stock Dividend	<u>(1,366)</u>	<u>-</u>	<u>(4,691)</u>	<u>-</u>
Net loss attributable to common stockholders	<u>\$ (605,202)</u>	<u>\$ (439,086)</u>	<u>\$ (1,202,905)</u>	<u>\$ (798,167)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>
Weighted average common shares outstanding	<u>29,096,718</u>	<u>27,367,717</u>	<u>28,258,693</u>	<u>26,493,706</u>

See accompanying notes to consolidated financial statements

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Net cash (used in)		
operating activities	\$ (423,006)	\$ (746,297)
Cash flows from investing activities:		
Increase in intangible assets	(20,944)	(30,649)
Acquisition of property and equipment	<u>(17,018)</u>	<u>(13,319)</u>
Net cash (used in)		
investing activities	<u>(37,962)</u>	<u>(43,968)</u>
Cash flows from financing activities:		
Proceeds from sale of Series A Convertible Preferred Stock, net	426,667	-
Proceeds from sale of Common Stock	-	475,000
Proceeds from stock issued to complete reverse merger	-	875,000
Common stock redemption	-	(150,000)
Proceeds from notes payable	48,210	130,000
Repayment of notes payable	<u>(31,045)</u>	<u>(170,000)</u>
Net cash provided by financing activities	<u>443,832</u>	<u>1,160,000</u>
Increase (decrease) in cash	(17,136)	369,735
Cash and cash equivalents,		
beginning of period	<u>29,287</u>	<u>52,831</u>
Cash and cash equivalents, end of period	<u>\$ 12,151</u>	<u>\$ 422,566</u>

**Supplemental Cash Flow Information:
Nine Months Ended September 30, 2009 and 2008**

	Nine Months Ended September 30 <u>2009</u>	Nine Months Ended September 30 <u>2008</u>
Supplemental cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 12,432	\$ 19,231

See accompanying notes to consolidated financial statements

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1— Basis of Presentation of Interim Period

On August 21, 2008, CET Services, Inc. (CET) completed a reverse merger with Biomedical Technology Solutions, Inc. (BMTS) whereby CET issued 8.72 new shares of common stock for each surrendered share of BMTS common stock. Commensurate with the merger, CET was reincorporated as Biomedical Technology Solutions Holdings, Inc. (Holdings). Holdings declared a one share for three share reverse stock split effective as of the merger date. Since the shareholder interests of BMTS received approximately 94% of the voting interest in Holdings, BMTS is deemed to be the acquirer for accounting purposes. Accordingly, the financial statements presented herewith are those of BMTS on an historical basis and include the accounts and operations of CET from the merger date. All share and per share information included herein gives effect to the merger and reverse stock split.

Unless the context requires otherwise, “we,” “us” or “our” refers to Biomedical Technology Solutions Holdings, Inc. and its subsidiaries on a consolidated basis. The Company’s subsidiaries include BioMedical Technology Solutions, Inc (“BMTS”), BMTS Properties, Inc., Healthcare Sales Professionals, Inc. (“HCSP”) and BMTS Leasing, LLC. The effects of all inter-company transactions and account balances have been eliminated in the consolidation of the companies included in these financial statements. All share and per share information included herein have been restated to reflect the effects of the merger transaction and the reverse stock split.

The accompanying financial statements of the Company at September 30, 2009 (unaudited) and December 31, 2008 (audited) have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial statements, instructions to Form 10-Q, and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in a Current Report on Form 8-K/A and 10-K previously filed with the US Securities and Exchange Commission. In management's opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation to make the Company’s financial statements not misleading have been included. The results of operations presented for the period ended September 30, 2009 are not necessarily indicative of the results to be expected for the full year. The December 31, 2008 balance sheet has been derived from the Company’s audited financial statements included in the aforementioned Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results could differ from those estimates.

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Fair Value of Financial Instruments:

We value our financial instruments as required by Statement of Financial Accounting Standard (SFAS) No. 107, *“Disclosures about Fair Value of Financial Instruments”*. The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. The estimates presented herein are not necessarily indicative of amounts that the Company could realize in a current market exchange.

Our financial instruments primarily consist of cash and cash equivalents, accounts receivable, prepayments and deposits, short-term note payable, other payables and accrued liabilities.

As of the balance sheet date, the estimated fair values of the financial instruments were not materially different from their carrying values as presented due to the short term maturities of these instruments and that the interest rates on the borrowings approximate those that would have been available for loans of similar remaining maturity and risk profile at respective period ends.

Recent Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R will change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141R will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Accordingly, any business combinations the Company engages in will be recorded and disclosed following existing GAAP until January 1, 2009. The Company expects SFAS No. 141R will have an impact on accounting for business combinations once adopted but the effect is dependent upon acquisitions at that time. The Company has not determined the impact on its financial statements of this accounting standard.

Also in June 2008, the FASB ratified EITF No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. EITF 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008. Early application is not permitted. The Company has not determined the impact on its financial statements of this accounting standard.

In December, 2008, the FASB issued Staff Position ("FSP") No. 140-4 and FIN 46(R)-8, *“Disclosures by Public Entities about Transfers of Financial Assets and Interests in Variable Interest*

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Entities". The purpose of this FSP is to promptly increase disclosures by public entities and enterprises until the pending amendments to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", ("SFAS No. 140") and FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", ("FIN 46(R)") are finalized and approved by the FASB. The FSP is effective for reporting periods (interim and annual) ending after December 15, 2008. This adoption did not have any impact on the consolidated financial statements.

On January 12, 2009, the FASB issued FSP EITF 99-20-01, "Amendment to the Impairment Guidance of EITF Issue No. 99-20". This FSP amends the impairment guidance in EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to be Held by a Transferor in Securitized Financial Assets," to achieve more consistent determination of whether an other-than-temporary impairment has occurred. The FSP also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", and other related guidance. The FSP is shall be effective for interim and annual reporting periods ending after December 15, 2008, and shall be applied prospectively. Retrospective application to a prior interim or annual reporting period is not permitted. The Company does not believe this pronouncement will impact its financial statements.

Going Concern:

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company has recurring losses and has used significant cash in support of its operating activities. These factors, among others, may indicate that the Company will be unable to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain profitability. The Company plans to generate the necessary cash flows with increased sales revenue over the next 12 months. However, should the Company's sales not provide sufficient cash flow; the Company has plans to raise additional working capital through debt and equity financings. There is no assurance the Company will be successful in producing increased sales revenues, attaining profitability, or obtaining adequate funding through debt and equity financings.

Note 2—Income Taxes

The Company accounts for income taxes in interim periods as required by Accounting Principles Board Opinion No. 28, "Interim Financial Reporting" and as interpreted by FASB Interpretation No. 18, "Accounting for Income Taxes in Interim Periods." The Company has determined an estimated

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

annual effective tax rate. The rate will be revised, if necessary, as of the end of each successive interim period during the Company's fiscal year to the Company's best current estimate.

Note 3—Notes Payable

At September 30, 2009 we were obligated under the terms of promissory notes, primarily issued for working capital, in the amount of \$149,410. In the second quarter ended June 30, 2009, the Company secured a note totaling \$14,410. The promissory notes are unsecured and carry an interest rate of 12 percent per annum. The notes mature on or before December 31, 2009. On June 30, 2009, a promissory note for \$75,000 that was issued in February 2009 was converted into 37,500 Units consisting of our Series A Convertible Preferred Stock and Warrants. On July 13, 2009, a promissory note for \$50,000 that was issued in December 2008 was converted into 25,000 Units of our Series A Convertible Preferred Stock and Warrants.

Interest expense on all borrowings was \$29,666 and \$19,231 for the nine months ended September 30, 2009 and 2008, respectively.

Additionally, at September 30, 2009, the Company was obligated under short term insurance premium financing agreements having an aggregate initial principal of \$50,800, which are being repaid in installments of \$4,438 per month including interest at 7.75% per annum. At September 30, 2009, the balance outstanding was \$35,727.

Note 4—Shareholders' Equity

Private Common Stock Offering

During 2008, the Company sold an aggregate of 690,549 shares of common stock for gross proceeds of \$475,000.

Common Stock Issuance:

In the second quarter of 2009, the Company and an Officer agreed to convert his 2008 deferred compensation totaling \$50,000 for his services into 125,000 shares of the Company's Common Stock. The shares were valued at \$0.40 per share, which was equal to 100% of the public trading bid price of the Common Stock on June 17, 2009 as quoted on the OTC Electronic Bulletin Board. Additionally, in June 2009, the Company entered into an agreement for investor relations consulting services in consideration for 700,000 shares of Common Stock. The shares were valued at \$0.45 per share, which was equal to 100% of the public trading bid price of the Common Stock on June 12, 2009 as quoted on the OTC Electronic Bulletin Board.

In the third quarter of 2009, the Company issued stock awards to employees and consultants of the Company totaling 50,500 shares of Common Stock. The shares were valued at a weighted average of \$0.53 per share, which was equal to 100% of the public trading bid price of the Common Stock on the particular date of grant, as quoted on the OTC Electronic Bulletin Board.

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

During the quarter ended September 30, 2009, the Company sold an additional 85,000 Units or 170,000 shares of Series A Stock plus 85,000 common stock warrants, for gross proceeds of \$170,000. Included in the \$170,000, a note holder converted a promissory note totaling \$50,000. Additionally in the quarter, Series A Convertible Preferred shareholders elected to convert a total of 399,667 shares of Series A Convertible Preferred Stock plus accrued dividends into 532,889 shares of Common Stock. The conversion price per share was \$0.75 per share.

Private Preferred Stock Offering

We are authorized to issue 10,000,000 shares of \$.001 par value preferred stock. The Company's Articles of Incorporation authorize the Company's Board of Directors to establish the number of preferred shares to be included in each series and to fix the designation and relative powers, including voting powers, preferences, relative participating, optional and other rights, qualifications, limitations and restrictions of each series. Effective February 15, 2009, the Board of Directors authorized an offering of Units, each Unit consisting of Series A Convertible Preferred Stock ("Series A Stock") and Warrants. As of September 30, 2009, the Company had sold an aggregate of 437,500 shares of Series A for gross proceeds of \$437,500. Included in the \$437,500, two note holders converted promissory notes totaling \$125,000 and an Officer of the Company converted \$7,500 of deferred compensation into 62,500 and 3,750 Units, respectively.

Stock Based Compensation Expense

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 123R, Share-Based Payment ("SFAS No. 123R"). SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"), and supersedes Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25"), and its related implementation guidance.

On January 1, 2006, we adopted the provisions of SFAS No. 123R which requires the measurement and recognition of compensation expense for all stock-based payment awards made to our employees and directors. Under the fair value recognition provisions of SFAS No. 123R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period.

Determining the fair value of stock-based awards at the grant date requires considerable judgment, including estimating the expected future volatility of our stock price, estimating the expected length of term of granted options and selecting the appropriate risk-free rate. Our expected volatility is based upon the historical experience of our stock price as quoted on the OTC Electronic Bulletin Board. The expected term of the stock options is based upon its legal life. The risk-free interest rate assumption is based upon the average of the U.S. Treasury three and five-year yield rates. If factors change and we employ different assumptions, stock-based compensation expense may differ significantly from what we have recorded in the past.

Share based compensation expense included in general and administrative expenses in the Company's consolidated statements of income for the nine months ended September 30, 2009 and 2008 was \$64,305 and \$54,627, respectively. As of September 30, 2009, there was \$43,231 of total

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

unrecognized compensation expense, related to non-vested option awards, which is expected to be recognized over a period of approximately two years.

Common Stock Redemptions and Cancellation

Pursuant to an agreement dated September 13, 2006, the Company has the right (but not the obligation) to re-purchase up to 1,453,787 of the shares of common stock then held by a principal shareholder, at \$.34 per share through December 31, 2008 and 872,272 shares of common stock at \$.69 per through December 31, 2009. Through December 31, 2008, the Company had repurchased 1,126,685 shares of its common stock from the principal shareholder for \$387,500.

In addition, the principal shareholder voluntarily returned 109,034 shares of the Company's common stock to the Company in 2007. All returned shares have been cancelled and returned to unissued status. There were no treasury shares outstanding as of September 30, 2009.

Note 6—Business Acquisition

On August 21, 2008, the Company completed a business combination with CET that has been accounted for as a reverse merger. The 1,875,663 outstanding shares held by CET's shareholders prior to the merger are considered to be issued by the Company at the merger date in exchange for the net assets of CET, \$1,164,504 at that date.

The net assets of CET consisted of the following at the merger date:

Cash	\$ 875,000
Note receivable	146,000
Land held for development	<u>615,000</u>
	1,636,000
Land note payable	<u>(471,496)</u>
Net assets	\$ 1,164,504

As a result of the Merger, BMTS shareholders continue to exercise control over the Company, the transaction is deemed to be a capital transaction whereby the CET is treated as a non-business entity. The Company has no plans to continue the prior business of CET. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except no goodwill or other intangible assets were recorded as a result of the Merger. Accordingly, the Company did not recognize goodwill or any other intangible assets in connection with the transaction. Land held for development by CET is carried at an amount considered to be its fair value based upon a current independent appraisal of its liquidating value. The note payable is collateralized by the land parcel and is due upon the sale or transfer of the land. Interest is payable monthly at the rate of 2% per annum. The note receivable of \$146,000 was due from an entity formerly related to CET and was due in full on December 31, 2008 including interest calculated at 4% per annum. The note was paid

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

in full in January 2009.

BMTS is treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to the Merger are those of BMTS and post merger, the financial statements represent the consolidated financial position and operating results of Company and its wholly-owned subsidiaries. All retained earnings of CET were recapitalized to additional paid in capital as of the merger date.

Note 7. Subsequent Events:

Subsequent to September 30, 2009, the Company's CEO purchased 80,645 shares of Common Stock for a total of \$25,000. The shares were valued at \$0.31 per share, which was equal to 100% of the public trading bid price of the Company's stock on such date as quoted on the OTC Electronic Bulletin Board.

Subsequent to September 30, 2009, the Company borrowed \$200,000 from a non-affiliated third party. The loan is evidenced by a promissory note and is repayable together with interest at the rate of 5% per annum on or before February 28, 2010. The note is secured by a second deed of trust against real property owned by the Company's subsidiary.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Unless the context requires otherwise, “we,” “us” or “our” refers to Biomedical Technology Solutions Holdings, Inc. and its subsidiaries on a consolidated basis. The Company’s subsidiaries include Biomedical Technology Solutions, Inc (BMTS), BMTS Properties, Inc., Healthcare Sales Professionals, Inc. (“HCSP”) and BMTS Leasing, LLC.

This discussion contains forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), and information relating to the Company that is based on beliefs of management of the Company, as well as assumptions made by and information currently available to management of the Company. When used in this Proxy Statement, the words “estimate,” “project,” “believe,” “could,” “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

General

We were incorporated in 2005 to acquire the intellectual property and existing customer base for the original and patented alternative infectious waste treatment system known as the Demolizer®. Since then, we have re-engineered the product which we now market as the Demolizer® II System. The Demolizer® II System is a tabletop device that converts infectious biomedical waste into non-biohazardous material. The Demolizer® II System also includes components that have been upgraded to incorporate enhanced process controls, safety features, and integrated quality systems. We earn revenue by selling or leasing our products to our customers through a national and regional group of established medical device distributors. We target medical clinics, nursing homes, dentists, veterinarians, professional sports teams, colleges, and defense industries, which make up the estimated 1,000,000 low-medium volume infectious waste generators in the U.S. Additionally, we are in development of a portable product suitable for use by in home care providers and individuals who require safe and convenient disposal of their personal biomedical waste.

The Company’s ability to continue as a going concern is dependent upon the continued success of its plans to sell its products through its distribution networks and its new entity HealthCare Sales Professionals, Inc. (“HCSP”). Additionally, the Company commenced a private offering of Units consisting of its Series A Convertible Preferred Stock and Warrants for up to \$1,000,000 in February 2009. To date, the Company has raised \$437,500 in this offering. The Company also plans to establish a line of credit for working capital purposes and is pursuing the sale of its land as noted on its balance sheet. However, there can be no assurances that the Company will continue to be successful in borrowing money or raising capital.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern.

Critical Accounting Policies & Estimates

The Consolidated Financial Statements and Notes to the Consolidated Financial Statements contain information that is pertinent to management's discussion and analysis. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. The Company believes the following critical accounting policies involve additional management judgment due to the sensitivity of the methods, assumptions, and estimates necessary in determining the related asset and liability amounts.

In the preparation of financial statements, the Company makes judgments regarding the future outcome of contingent events and records loss contingency amounts that are probable and reasonably estimated based on available information. The amounts recorded may differ from the actual amounts that occur when the uncertainty is resolved. The estimates that the Company makes in accounting for contingencies and the gains and losses that are recorded upon the ultimate resolution of these uncertainties may have a significant effect on the liabilities and expenses in the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Biomedical Technology Solutions Holdings, Inc. and its wholly owned subsidiaries, BMTS, BMTS Properties, Inc., HCSP and BMTS Leasing LLC. All significant inter-company accounts and transactions have been eliminated.

Revenue Recognition

Revenues from product sales are recognized at the time the goods are shipped to the ordering customer.

Revenues from leasing products are recognized under the Operating Method. Under this method, we record each rental receipt as rental revenue. We depreciate the leased product in the normal manner with depreciation expense of the period matched against the rental revenue. The amount of revenue recognized in each accounting period is a level amount (straight-line basis) representing the time period in which our customer derives benefits from our product. Revenues from leasing products were immaterial in 2009 and 2008. In addition to the depreciation charge, we expense maintenance costs and the costs of any other services rendered under the lease as incurred.

Cash Equivalents and Short-Term Investments

We consider all highly liquid investments with a maturity of less than three months when purchased to be cash equivalents. Short-term investments consist of certificates of deposit, which mature in less than one year.

Accounts Receivable

Accounts receivable consist primarily of amounts due to us from our normal business activities. Accounts receivable balances are determined to be past due when the amount is overdue based on the contractual terms with the customer. We maintain an allowance for doubtful accounts to reflect the expected uncollectibility of accounts receivable based on past collection history and specific risks identified among uncollected accounts. Accounts receivable are written off against the allowance for doubtful accounts when we have determined that the receivable will not be collected and/or when the account has been referred to a third party collection agency. The Company expensed approximately \$53,000 for bad debt expense in 2009. Past due accounts (more than 90 days) totaled \$179,214 at September 30, 2009. Due to the current state of the economy, several of the Company's regional distributors have extended their payment cycles. The Company continues to evaluate all accounts for credit worthiness, including but not limited to distributors sales activities.

Intangibles

Indefinite lived intangibles are not amortized but are subject to an annual impairment test. According to Statement of Financial Accounting Standards ("SFAS") No. 142, other intangible assets will continue to be amortized over their useful lives. We have determined that our customer relationships have a useful life of four years based upon the type of customer. We have patent intangibles with a useful life of five years. We have determined that our permits, trademark and licenses have indefinite lives and accordingly, are not amortized.

Inventory Valuation

Inventories are valued at cost, which is not in excess of current market prices and are maintained on the first-in-first-out method.

Results of Operations

Three months ended September 30, 2009 compared to 2008:

Revenue

Revenues were \$115,019 in 2009, down from \$161,570 in 2008. The decrease (29%) was due to distributors and end users delays in placing orders for our products in the quarter. Management believes that future quarterly revenues will increase based upon current sales activities and identified end users interested in purchasing our products.

Cost of Revenue

Cost of revenue for 2009 was \$45,930, down from \$80,599 in the prior year. The decrease (43%) is attributed to decreased revenue. Our cost of sales as a percentage of revenue decreased from 50% of revenue for the three months ended September 30, 2008 to 40% for the comparable period of 2009 due to product revenue mix. We expect that this percentage will decrease in the near future due to the Company transferring manufacturing in-house along with decreases related to volume purchases of the materials that comprise our product and product mix.

Operating Expenses

Selling, general and administrative costs were \$578,624 for the third quarter ended September 30, 2009, as compared to \$500,204 in 2008. The following table is a summary of certain of these expenses:

	Three Months Ended September 30	
	<u>2009</u>	<u>2008</u>
Selling expense	\$ 91,920	\$ 112,766
General office expense	218,488	241,964
Professional fees	201,695	62,752
Depreciation and amortization	22,098	18,417
Travel expense	7,048	29,541
Stock based compensation	<u>37,375</u>	<u>34,764</u>
	\$ <u>578,624</u>	\$ <u>500,204</u>

Selling and marketing expenses decreased in the third quarter of 2009 due to decreased personnel costs. The decrease in general and administrative expenses in the third quarter of 2009 when compared to 2008 was due to cost cutting measures implemented by the Company at the end of March 2009. Professional fees consists primarily of audit, legal and investor relations related expenses in 2009 as a result of the Company becoming a publically held entity versus being privately held. In the second quarter ended June 30, 2009, the Company entered into a consulting agreement for investor relations services through December 31, 2009 and in consideration issued 700,000 shares of Common Stock. The shares were valued at \$0.45 per share, which was equal to 100% of the public trading bid price of the Common Stock on June 12, 2009 as quoted on the OTC Electronic Bulletin Board. For the three and nine month periods ended September 30, 2009, the Company incurred a non-cash charge of \$157,500 and \$210,000, respectively.

Research and Development

Research and development costs are charged to earnings as incurred and were \$55,793 and \$14,898 respectively for the quarter ended September 30, 2009 and 2008. For the nine months ended September 30, 2009 and 2008, research and development costs were \$191,857 and \$46,877, respectively. The Company anticipates increasing its development costs in future quarters in order to expand our product lines.

Net Loss

For the three months ended September 30, 2009, we incurred a net loss of \$605,202, compared to a net loss of \$439,086 for the three months ended September 30, 2008, an increase in net loss of \$166,116.

The increased net loss was primarily attributable to the decrease in revenues and corresponding increase in operating expenses as a percentage of revenues as noted above. Additionally, the issuance

of Series A Convertible Preferred Stock resulted in a beneficial conversion feature of \$30,000. The beneficial conversion feature was recorded as a charge to loss applicable to holders of Common Stock for the quarter ended September 30, 2009. The Company has accrued dividends on the shares of Series A Convertible Preferred Stock of \$1,366 for the three months ended September 30, 2009.

Nine months ended September 30, 2009 compared to 2008:

Revenue

Revenues were \$839,535 in 2009, up from \$836,712 in 2008. Management believes that future quarterly revenues will increase based upon current sales activities and identified end users interested in purchasing our products.

Cost of Revenue

Cost of revenue for 2009 was \$321,504, up from \$295,543 in the prior year. The increase (9%) is attributed to the product revenue mix. Our cost of sales as a percentage of revenue increased from 35% of revenue for the nine months ended September 30, 2008 to 38% for the comparable period of 2009 due to product revenue mix. We expect that this percentage will decrease in the near future due to the Company transferring manufacturing in-house along with decreases related to volume purchases of the materials that comprise our products and product mix.

Operating Expenses

Selling, general and administrative costs were \$1,471,106 for the nine months ended September 30, 2009, as compared to \$1,276,046 in 2008. The following table is a summary of certain of these expenses:

	Nine Months Ended September 30,	
	<u>2009</u>	<u>2008</u>
Selling expense	\$ 405,103	\$ 301,929
General office expense	542,738	612,183
Professional fees	343,069	165,148
Depreciation and amortization	69,229	53,713
Travel expense	46,662	88,446
Stock based compensation	<u>64,305</u>	<u>54,627</u>
	\$ <u>1,471,106</u>	\$ <u>1,276,046</u>

Selling and marketing expenses increased due to higher levels of marketing activity that began in 2008 and continued into 2009. The decrease in 2009 in general office expenses was due primarily to cost cutting measures implemented at the end of March 31, 2009. Professional fees consists primarily of audit, legal and investor relations related expenses in 2009 as a result of the Company becoming a publically held entity versus being privately held. In the second quarter ended June 30, 2009, the Company entered into a consulting agreement for investor relations services through December 31, 2009 and in consideration issued 700,000 shares of Common Stock. The shares were

valued at \$0.45 per share, which was equal to 100% of the public trading bid price of the Common Stock on June 12, 2009 as quoted on the OTC Electronic Bulletin Board. For the nine month period ended September 30, 2009, the Company incurred a non-cash charge of \$210,000.

Net Loss

For the nine months ended September 30, 2009, we incurred a net loss of \$1,202,905, compared to a net loss of \$798,167 for the nine months ended September 30, 2008, an increase in the net loss of \$404,738. The increase in net loss was primarily attributable to the decrease in revenues and corresponding increase in operating expenses as a percentage of revenues. Additionally, the issuance of Series A Convertible Preferred Stock resulted in a beneficial conversion feature of \$30,000. The beneficial conversion feature was recorded as a charge to loss applicable to holders of Common Stock for the quarter ended September 30, 2009. The Company has accrued dividends on the shares of Series A Convertible Preferred Stock of \$4,691 for the nine months ended September 30, 2009.

Liquidity and Capital Resources

The Company's sources of liquidity and capital resources historically have been proceeds from offerings of equity securities. In the past, this source has been sufficient to meet its needs and finance the Company's business. The Company can give no assurance that the historical sources of liquidity and capital resources will be available for future development and acquisitions, and it may be required to seek alternative financing sources not necessarily favorable to the Company.

At September 30, 2009, we had negative working capital of \$108,849 as compared to working capital of \$133,651 at December 31, 2008. The decrease in working capital is primarily due to expenses associated with additional personnel costs for sales and development. Net cash used in operating activities for the third quarter ended September 30, 2009 was \$423,006 compared to \$746,297 for the same period in 2008.

In the quarter ended March 31, 2008, the Company sold an aggregate of 145,378 shares of common stock for gross proceeds of \$100,000. Additionally, for the same period in 2008, the Company secured a note for \$100,000 compared to \$75,000 in 2009. In the second quarter ended June 30, 2009, the Company secured a note totaling \$14,410. The promissory notes are unsecured and carry an interest rate of 12 percent. The notes mature on or before December 31, 2009.

In February, 2009, the Company began a private offering of unregistered securities consisting of Units, each Unit consisting of two shares of Series A Convertible Preferred Stock and one Warrant at a private offering price of \$2.00 per Unit. Proceeds from the offering will be used to expand our sales and marketing efforts, research and development and for general working capital purposes. As of September 30, 2009, we have sold an aggregate of \$437,500 of such Units.

Additionally in 2009, the Company plans to establish a working line of credit with a financial institution.

Capital Commitments

The Company headquarters and administrative facilities are located at 9800 Mt. Pyramid Ct., Suite

250, Englewood, Colorado, in approximately 15,700 square feet of leased class A office space at a monthly rental of approximately \$10,000. The lease expires March 31, 2010. The Company's corporate, administrative, production and development functions are conducted from these facilities.

Going Concern:

Our independent auditors have questioned our ability to continue as a going concern for the next 12 months. The financial statements do not include any adjustments that might result from this uncertainty.

Off-Balance Sheet Transactions

The Company has no off-balance sheet transactions

Common Stock Dividend Policy

Since the capitalization of the Company in 2005, the Company has not paid, and does not currently intend to pay in the foreseeable future, cash dividends on its Common Stock. Future earnings, if any, are expected to be retained for the development of the business of the Company.

Subsequent Events:

Subsequent to September 30, 2009, the Company's CEO purchased 80,645 shares of Common Stock for a total of \$25,000. The shares were valued at \$0.31 per share, which was equal to 100% of the public trading bid price of the Company's stock on such date as quoted on the OTC Electronic Bulletin Board.

Subsequent to September 30, 2009, the Company borrowed \$200,000 from a non-affiliated third party. The loan is evidenced by a promissory note and is repayable together with interest at the rate of 5% per annum on or before February 28, 2010. The note is secured by a second deed of trust against real property owned by the Company's subsidiary.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

- a) The Company's Principal Executive Officer and Principal Financial Officer, have established and are currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

The Principal Executive Officer and Principal Financial Officer conducted a review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on their evaluation as of the end of the period covered by this Report, that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and to ensure that the information required to be disclosed by the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosure.

- b) There has been no change in our internal control over financial reporting during the quarter ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.
- c) Our Principal Executive and Principal Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.
- d) Effective July 1, 2009, Gex Richardson resigned as Secretary of the Corporation and the Company's Directors elected David A. Kempf as the Secretary. Mr. Richardson will remain on the Company's Board of Directors.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None, except as previously disclosed.

ITEM 1A. RISK FACTORS

None, except as previously disclosed.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following sets forth the information required by Item 701 of Regulation S-B with respect to the unregistered sales of equity securities by BioMedical Technology Solutions Holdings, a Colorado corporation (the "Company"), completed during the three month period ended September 30, 2009:

- a. During the three month period ended September 30, 2009, the Company sold an aggregate of 85,000 Units, each Unit consisting of two (2) shares of Series A Convertible Preferred Stock and one (1) Warrant to purchase shares of common stock, \$.001 par value (the "Common Stock" or "Shares") in consideration of \$170,000, consisting of a combination of cash and note conversion.. From the inception of the Series A Preferred Unit Offering in February 2009 through September 30, 2009, we have sold an aggregate of 218,750 Units for total consideration of \$437,500.
- b. The Units were issued to four persons, two of whom qualified as an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933 as amended (the "Securities Act"). The shares issued were "restricted securities" under the Securities Act.
- c. The Company paid no fees or commissions in connection with the issuance of the Shares.
- d. The sale of the Securities was undertaken without registration under the Securities Act in reliance upon an exemption from the registration requirements of the Securities Act set forth in Sections 4(2) thereunder and Regulation D, rule 506 thereunder. The investors either qualified as an "accredited investor" within the meaning of Rule 501(a) or otherwise met the investor suitability requirements of Rule 506 of Regulation D. In addition, the Securities, which were taken for investment purposes and not for resale, were subject to restrictions on transfer. We did not engage in any public advertising or general solicitation in connection with this transaction, and we provided the investors with disclosure of all aspects of our business, including providing the investors with our reports filed with the Securities and Exchange Commission and other financial, business and corporate information. Based on our investigation, we believed that the investors obtained all information regarding the Company that

they requested, received answers to all questions posed and otherwise understood the risks of accepting our Securities for investment purposes.

e. Not applicable.

f. The proceeds received were used for general working capital.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None, except as previously disclosed.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Certification

Certification pursuant to 18 U.S.C. Section 1350

SIGNATURES

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

**BIOMEDICAL TECHNOLOGY
SOLUTIONS HOLDINGS, INC.**

Date: December 2, 2009

By: /s/ Donald G. Cox
Donald G. Cox
President and Chief Executive Officer

**BIOMEDICAL TECHNOLOGY
SOLUTIONS HOLDINGS, INC.**

Date: December 2, 2009

By: /s/ David A. Kempf
David A. Kempf
Chief Financial Officer