

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 March 31, 2010

**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

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: Common Stock, \$.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

*Note* – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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  (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

The issuer had 29,849,065 shares of its common stock issued and outstanding as of May 18, 2010, the latest practicable date before the filing of this report.

**Biomedical Technology Solutions Holdings, Inc and Subsidiaries**  
**FORM 10-Q**  
**FOR THE FISCAL QUARTER ENDED MARCH 31, 2010**  
**Table of Contents**

---

**PART I FINANCIAL INFORMATION**

- Item 1 Financial Statements**
- Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations**
- Item 3 Quantitative and Qualitative Disclosures About Market Risk**
- Item 4T Controls and Procedures**

**PART II OTHER INFORMATION**

- 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 Submission of Matters to a vote of Securities Holders**
- Item 5 Other Information**
- Item 5 Exhibits**

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.  
Consolidated Balance Sheets  
March 31, 2010 and December 31, 2010

| Assets  | <u>3/31/2010</u><br>(unaudited) | <u>12/31/2009</u><br>(derived from<br>audited<br>financial<br>statements) |
|---|---------------------------------|---|
| Current assets:   |                                 |   |
| Cash  | \$ 2,430                        | \$ 6,643  |
| Accounts receivable, net of allowance for doubtful accounts   | 221,896                         | 261,619   |
| Inventory   | 210,570                         | 247,263   |
| Prepaid expenses  | <u>29,781</u>                   | <u>44,661</u>   |
| Total current assets  | 464,677                         | 560,186   |
| Property and equipment, net of accumulated depreciation   | 37,011                          | 43,308  |
| Intangible assets, net of accumulated amortization  | 282,525                         | 306,085   |
| Land held for development or sale   | 615,000                         | 615,000   |
| Long term Accounts receivable   | 9,197                           | 9,197   |
| Deposits  | <u>5,000</u>                    | <u>5,000</u>  |
|   | \$ <u>1,413,410</u>             | \$ <u>1,538,776</u>   |
| Liabilities and shareholders' (deficit)   |                                 |   |
| Current liabilities:  |                                 |   |
| Notes payable   | \$ 208,493                      | \$ 222,241  |
| Notes payable to related parties  | 144,410                         | 144,410   |
| Accounts payable  | 394,098                         | 396,563   |
| Accrued payroll and other liabilities   | 437,831                         | 348,862   |
| Deferred income   | <u>50,824</u>                   | <u>52,249</u>   |
| Total current liabilities   | <u>1,235,656</u>                | <u>1,164,325</u>  |
| Long-term debt  | <u>471,495</u>                  | <u>471,495</u>  |
| Total Liabilities   | <u>1,707,151</u>                | <u>1,635,820</u>  |
| Shareholders' (deficit)   |                                 |   |
| Series A Convertible Preferred Stock, \$0.001 par value<br>10,000,000 authorized, 40,000 and 40,000 shares issued and<br>outstanding at March 31, 2010<br>and December 31, 2009, respectively | 40                              | 40  |
| Common stock, \$0.001 par value<br>100,000,000 shares authorized,<br>29,849,065 and 28,846,315 shares issued and outstanding<br>at March 31, 2010 and December 31, 2009, respectively         | 29,849                          | 28,846  |
| Additional paid in capital  | 5,807,760                       | 5,592,026   |
| Accumulated deficit   | <u>(6,131,390)</u>              | <u>(5,717,956)</u>  |
| Total Shareholders' (deficit)   | <u>(293,741)</u>                | <u>(97,044)</u>   |
|   | \$ <u>1,413,410</u>             | \$ <u>1,538,776</u>   |

*See accompanying notes to these consolidated financial statements*

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.  
Consolidated Statements of Operations  
Three Months Ended March 31 (Unaudited)

|   | March 31            |                     |
|---|---------------------|---------------------|
|   | 2010                | 2009                |
| Net sales   | \$ 162,704          | \$ 359,305          |
| Cost of sales   | <u>75,813</u>       | <u>142,375</u>      |
| Gross profit  | 86,891              | 216,930             |
| Other costs and expenses:                                     |                     |                     |
| Selling, general and administrative                           | 455,178             | 470,706             |
| Research and development expenses                             | <u>32,053</u>       | <u>70,565</u>       |
| Total operating expenses                                      | 487,231             | 541,271             |
| Loss before non-operating income and expense and income taxes | (400,340)           | (324,341)           |
| Other income and (expense):                                   |                     |                     |
| Other Income  | -                   | 6,376               |
| Interest expense  | <u>(12,108)</u>     | <u>(9,523)</u>      |
|   | <u>(12,108)</u>     | <u>(3,147)</u>      |
| Net loss before income taxes                                  | (412,448)           | (327,488)           |
| Income tax provision  | <u>-</u>            | <u>-</u>            |
| Net loss  | <u>(412,448)</u>    | <u>(327,488)</u>    |
| Preferred Stock Dividend                                      | <u>(986)</u>        | <u>(378)</u>        |
| Net loss attributable to common stockholders                  | <u>\$ (413,434)</u> | <u>\$ (327,866)</u> |
| Basic and diluted loss per share                              | <u>\$ (0.01)</u>    | <u>\$ (0.01)</u>    |
| Weighted average common shares outstanding                    | <u>29,250,398</u>   | <u>27,702,181</u>   |

*See accompanying notes to these consolidated financial statements*

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.  
Consolidated Statement of Changes in Shareholders' (deficit)

|  | <u>Preferred Stock</u> |                  | <u>Common Stock</u> |                  | <u>Additional</u> | <u>Accumulated</u> | <u>Total</u> |
|--|------------------------|------------------|---------------------|------------------|-------------------|--------------------|--------------|
|  | <u>Shares</u>          | <u>Par Value</u> | <u>Shares</u>       | <u>Par Value</u> | <u>Paid-in</u>    | <u>Deficit</u>     |              |
| Balance at December 31, 2009                         | 40,000                 | \$ 40            | 28,846,315          | \$ 28,846        | 5,592,026         | \$ (5,717,956)     | \$ (97,044)  |
| Shares issued for compensation                       | —                      | —                | 760,000             | 760              | 152,441           | —                  | 153,201      |
| Shares issued to repay 12/31/09 payable              | —                      | —                | 18,750              | 19               | 7,481             | —                  | 7,500        |
| Charges for vesting options/warrants                 | —                      | —                | —                   | —                | 3,756             | —                  | 3,756        |
| Sales of Common Stock less \$3,720 of offering costs | —                      | —                | 224,000             | 224              | 52,056            | —                  | 52,280       |
| Net loss   | —                      | —                | —                   | —                | —                 | (413,434)          | (413,434)    |
| Balance at March 31, 2010                            | 40,000                 | \$ 40            | 29,849,065          | \$ 29,849        | 5,807,760         | \$ (6,131,390)     | \$ (293,741) |

*See accompanying notes to these consolidated financial statements*

BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.  
Consolidated Statements of Cash Flows  
Quarter Ended March 31, 2010 and 2009 (Unaudited)

|   | <u>2010</u>     | <u>2009</u>     |
|---|-----------------|-----------------|
| Cash flows from operating activities:                                       |                 |                 |
| Net loss  | \$(413,434)     | (327,866)       |
| Adjustments to reconcile net loss to net cash used by operating activities: |                 |                 |
| Depreciation and amortization   | 34,576          | 24,120          |
| Stock based compensation expense  | 156,956         | 22,414          |
| Changes in operating assets and liabilities:                                |                 |                 |
| Decrease (increase) in accounts receivable                                  | 39,723          | (145,231)       |
| Decrease (increase) in prepaid expenses and other current assets            | 14,880          | 31,446          |
| Decrease (increase) in Note Receivable                                      | -               | 146,000         |
| Decrease (increase) in inventories  | 36,693          | (6,706)         |
| Decrease (increase) in long term accounts receivable                        | -               | -               |
| Increase (decrease) in accounts payable                                     | (2,465)         | 55,434          |
| Increase in accrued expenses  | 88,969          | 74,092          |
| Increase (decrease) in other liabilities                                    | <u>(1,425)</u>  | <u>1,634</u>    |
| Net cash (used in) operating activities                                     | \$ (45,527)     | \$(124,663)     |
| Cash flows from investing activities:                                       |                 |                 |
| Increase in intangible assets   | 2,782           | (12,580)        |
| Acquisition of property and equipment                                       | <u>-</u>        | <u>(16,274)</u> |
| Net cash (used in) investing activities                                     | <u>2,782</u>    | <u>(28,854)</u> |
| Cash flows from financing activities:                                       |                 |                 |
| Proceeds from sale of Series A Convertible Preferred Stock, net             | -               | 71,168          |
| Proceeds from sale of Common Stock, net of offering expenses                | 52,280          | -               |
| Proceeds from notes payable- related parties                                | -               | 75,000          |
| Repayment of Notes converted to Series A Convertible Preferred Stock        | -               | -               |
| Repayment of notes payable  | <u>(13,748)</u> | <u>(14,487)</u> |
| Net cash provided by financing activities                                   | <u>38,532</u>   | <u>131,681</u>  |
| Increase (decrease) in cash and cash equivalents, beginning of period       | (4,213)         | (21,836)        |
| Cash and cash equivalents, end of year                                      | <u>\$ 2,430</u> | <u>\$ 7,451</u> |

|                                     | Quarter Ended<br>March |             |
|-------------------------------------|------------------------|-------------|
|                                     | <u>2010</u>            | <u>2009</u> |
| Supplemental cash flow information: |                        |             |
| Cash paid for income taxes          | \$ -                   | \$ -        |
| Cash paid for interest              | \$ -                   | \$ -        |

*See accompanying notes to these consolidated financial statements*

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

**Note 1: Nature of Operations**

We market 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. BMTS targets medical clinics, nursing homes, dentists, pharmacies, 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 offices are located in Englewood, Colorado.

**Note 2: Basis of Presentation**

The balance sheet at December 31, 2009 has been derived from financial statements audited by Cordovano and Honeck, LLP as indicated by its report included by the Form 10-K. The accompanying unaudited financial statements at March 31, 2010 have been prepared from the records of the Company, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only recurring accruals) necessary to present fairly the financial position as of March 31, 2010, the results of operations for the three months ended March 31, 2010 and 2009, and cash flows for the three months ended March 31, 2010 and 2009. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2009.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The results of operations for the three month period ended March 31, 2010 are not necessarily indicative of the results to be expected for the full year ending December 31, 2010.

The consolidated financial statements include the accounts of BioMedical Technology Solutions Holdings, Inc. ("the Company") and its wholly owned subsidiaries, BioMedical Technology Solutions, Inc. ("BMTS"), BMTS Properties, Inc. and Healthcare Sales Professionals, Inc. All significant intercompany accounts and transactions have been eliminated.

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

**Note 3: Significant Accounting Policies**

***Fair Value of Financial Instruments:***

In 2009, the Company adopted changes issued by the FASB to fair value disclosures of financial instruments. These changes require a publicly traded company to include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. Such disclosures include the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position; the related carrying amount of these financial instruments; and the method (s) and significant assumptions used to estimate fair value. Other than the required disclosures the adoption of these changes had no impact on the financial statements.

The Company has determined, based upon available market information and appropriate valuation methodologies, the fair value of its financial instruments' approximate carrying values. The carrying values of cash, accounts receivable, payables, and other current and long term liabilities at March 31, 2010 and December 31, 2009 approximate fair value.

***Property and Equipment:***

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

|                        |           |
|------------------------|-----------|
| Leasehold improvements | 1.5 years |
| Computer equipment     | 3 years   |
| Office equipment       | 3 years   |
| Furniture and fixtures | 5 years   |
| Molds and tools        | 5 years   |

Expenditure for repairs and maintenance is expensed as incurred. When assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations.

***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 the first quarter of 2010 and 2009.

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

***Stock-Based Compensation:***

The fair value of stock options and purchase rights pursuant to the 2008 Equity Incentive Plan is estimated using the Black-Scholes valuation model. This model required input of highly subjective assumptions, including expected life of the award and expected stock price volatility. The fair value of the grant is determined based upon a marked up value above the closing stock price on the grant date. The fair value of stock based awards expected to vest is amortized over the service period, typically the vesting period, of the award on a straight-line basis. Our estimate of forfeitures is based upon our historical activity, which we believe is indicative of expected forfeitures. In subsequent periods, if the actual rate of forfeitures differs from our estimate, the forfeiture rates may be revised, as necessary. Changes in the estimated forfeiture rates can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture is changed. Our stock based compensation was \$156,956 and \$22,414 for the three months ended March 31, 2010 and 2009, respectively.

***Related Parties:***

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

***Note 4: Accounting for Income Taxes***

Income taxes are accounted for under the assets and liability method. This method gives consideration to the future tax consequences of deferred income or expense items immediately recognized changes in income tax laws upon enactment. The statement of operations effect is generally derived from changes in deferred income taxes, net of valuation allowances, on the balance sheet as measured by differences in the book and tax bases of our assets and liabilities. We have significant tax loss carryforwards, which are recorded as deferred tax assets. Deferred tax assets realizable in future periods are recorded net of a valuation allowance based upon an assessment of our ability to generate sufficient taxable income within an appropriate period. Based upon our historical taxable losses and projections for future taxable income over periods in which the deferred income tax assets are deductible, management determines if we will realize the benefits of these deductible differences.

The Company has analyzed filing positions, in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company has identified its federal tax return and state tax return in Colorado as “major” tax jurisdictions, as defined. We are not currently under examination by the Internal Revenue Service or any other any other jurisdiction. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company’s financial condition, results of

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

operations, or cash flow. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740.

***Note 5: Loss per Common Share:***

ASC Topic (formerly SFAS 128), *Earnings per Share*, requires presentation of “basic” and “diluted” earnings per share on the face of the statements of operations for all entities with complex capital structures. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted during the period. Dilutive securities having an anti-dilutive effect on diluted earnings per share are excluded from the calculation. At March 31, 2010, the Company has options, warrants and Series A Convertible Preferred Stock as converted outstanding that could be exercised representing a total of 3,749,614 additional shares. All have been excluded from the weighted average share calculation because they would be anti-dilutive.

***Note 6: New Accounting Standards:***

In 2009, the Company adopted changes issued by the Financial Accounting Standards Board (“FASB”) to the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards Codification (“Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the financial statements.

In May, 2009, the FASB issued SFAS No. 165, Subsequent Events (“SFAS 165”), which establishes principles and requirements for subsequent events. This statement defines the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, and the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in the financial statements. SFAS 165 also sets forth the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for the interim or annual periods ending after June 15, 2009.

**Note 7: Related Party Transactions**

In February 2009, the Company issued a promissory note totaling \$75,000 with one related party and shareholder. The promissory note bears an annualized interest rate of 12% and with terms extended to June 30, 2010.

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

In June 2009, a Director of the Company converted a promissory note, totaling \$75,000 into Series A Convertible Preferred Stock and immediately elected to convert those shares into 100,000 shares of our Common Stock.

Additionally in June 2009, the Company issued a promissory note with a related party totaling \$14,410 of which \$5,000 was paid. The note matures on June 30, 2010 and bears an annualized interest rate of 12%.

In February 2008, the Company issued a promissory note with a related party and shareholder totaling \$60,000. The promissory note bears an annualized interest rate of 12% and with terms extended to June 30, 2010.

During 2009, Mr. Cox converted an aggregate of \$50,000 in accrued compensation into 125,000 shares of Common Stock; and Mr. Kempf converted an aggregate of \$7,500 in accrued compensation into 7,500 shares of Series A Preferred Stock and warrants. Those shares of Series A Stock were then converted into 10,000 shares of Common Stock by Mr. Kempf.

Additionally, in 2009 Mr. Cox purchased 80,645 shares of our Common Stock for \$25,000 with shares valued at \$0.31 per share.

***Note 8: Balance Sheet Details***

***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. In 2009, the Company recorded bad debt expenses totaling \$193,859 and currently has an allowance totaling \$134,571. Past due accounts (more than 90 days) totaled \$298,989 and \$199,218 at March 31, 2010 and December 31, 2009, respectively.

***Inventory:***

Inventories are valued at the lower of cost or market and are maintained on the first-in-first-out method. We perform periodic cycle counts of inventories and review the provision for potential losses from obsolete, excess or slow moving inventories. The inventory details as of March 31, 2010 and December 31, 2009 are as follows:

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

|                 | March 31,<br><u>2010</u> | December 31,<br><u>2009</u> |
|-----------------|--------------------------|-----------------------------|
| Raw Materials   | \$ 126,089               | \$ 130,060                  |
| Work-in-process | 45,778                   | 36,581                      |
| Finished Goods  | 60,577                   | 104,369                     |
| less: Allowance | <u>(21,874)</u>          | <u>(23,747)</u>             |
|                 | <u>\$ 210,570</u>        | <u>\$ 247,263</u>           |

**Property and Equipment:**

Listed below are the major classes of property and equipment as of March 31, 2010 and December 31, 2009:

|                                | March 31,<br><u>2010</u> | December 31,<br><u>2009</u> |
|--------------------------------|--------------------------|-----------------------------|
| Equipment leased to customers  | \$ 24,495                | \$ 24,495                   |
| Computer equipment             | 53,941                   | 53,941                      |
| Office equipment               | 19,744                   | 19,744                      |
| Furniture and fixtures         | 11,874                   | 11,874                      |
| Molds and tools                | 71,605                   | 71,605                      |
| Computer software              | 23,433                   | 23,433                      |
| Leasehold improvements         | <u>5,524</u>             | <u>5,524</u>                |
|                                | 210,616                  | 210,616                     |
| Less: accumulated depreciation | <u>(173,605)</u>         | <u>(167,308)</u>            |
|                                | <u>\$ 37,011</u>         | <u>\$ 43,308</u>            |

**Identifiable Intangibles:**

Identifiable indefinite lived intangibles are not amortized, but are subject to an annual impairment test. 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, trademarks and licenses have indefinite lives and accordingly, are not amortized.

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

|                                 | March 31,<br><u>2010</u> | December 31,<br><u>2009</u> |
|---------------------------------|--------------------------|-----------------------------|
| Limited-life intangibles        |                          |                             |
| Patent                          | \$ 83,256                | \$ 83,256                   |
| Customer list                   | <u>15,000</u>            | <u>15,000</u>               |
|                                 | 98,256                   | 98,256                      |
| Less: accumulated depreciation  | <u>(87,717)</u>          | <u>(83,555)</u>             |
|                                 | 10,539                   | 14,701                      |
| <br>Patents Pending             | <br>119,973              | <br>139,371                 |
| <br>Indefinite-life intangibles |                          |                             |
| Trademark                       | 47,013                   | 47,013                      |
| Licenses and permits            | <u>105,000</u>           | <u>105,000</u>              |
|                                 | <u>152,013</u>           | <u>152,013</u>              |
|                                 | <u>\$ 282,525</u>        | <u>\$ 306,085</u>           |

**Accrued Liabilities:**

Accrued liabilities consisted of the following accounts at March 31, 2010 and December 31, 2009:

|                           | March 31,<br><u>2010</u> | December 31,<br><u>2009</u> |
|---------------------------|--------------------------|-----------------------------|
| Accrued Payroll           | \$ 350,066               | \$ 275,231                  |
| Accrued Interest Payable  | 23,519                   | 17,059                      |
| Accrued Professional Fees | 36,208                   | 36,168                      |
| Accrued Other             | <u>28,038</u>            | <u>20,404</u>               |
|                           | <u>\$ 437,831</u>        | <u>\$ 348,862</u>           |

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

**Notes Payable**

At March 31, 2010 and December 31, 2009 we were obligated under the terms of promissory notes, primarily issued for working capital, in the amount of \$200,000 that matured on February 28, 2010 and carried an interest rate of 5%. The note was and is secured by a second priority Deed of Trust encumbering real property owned by the Company's subsidiary BMTS Properties. In May 2010, the \$200,000 note was purchased by a current shareholder and a monthly payment schedule bearing an interest rate of 6% was negotiated with the Company. The note matures on April 1, 2011 and is secured by a second Deed of Trust encumbering the Company's real property. The Company has executed a Settlement Agreement that provides, in part, that if it defaults in the required payments, the holder is entitled to take judgment.

Additionally, at December 31, 2009, the Company was obligated under short term insurance premium financing agreements having an aggregate year end balance of \$22,241, payable in installments of \$4,448, including interest 8% per annum.

At the time of the reverse merger in August 2008, land previously held for development by CET and now by BMTS Properties, Inc., is carried at an amount considered to be its fair value based upon a current independent appraisal of its liquidating value. The long term note payable totaling \$471,495, 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.

**Note 9-Shareholders' Equity**

***Preferred Stock:***

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.

In February, 2009, the Company began a private offering of unregistered securities comprised of Units, each Unit consisting of two shares of Series A Convertible Preferred Stock ("Series A Stock") and one Warrant at a private offering price of \$2.00 per Unit, totaling up to \$1,000,000. The Series A Stock was valued at \$1.00 per share and the Warrant has a strike price of \$1.50. Each Warrant holder has the right to purchase for a period of 18 months one additional share per Unit.

Under the terms of the private offering, each share of Series A Stock has the right to a number of votes equal to the number of shares of Common Stock then issuable upon conversion. The Series A Stock is entitled to receive a dividend equal to 10% per annum of the stated value of the shares, payable in arrears, with the Company's option to pay such dividend in shares of the Company's Common Stock valued at the 30 day VWAP, or in cash. Each Series A Share is convertible into an equal number of shares of Common Stock at the

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

option of the Holder or will automatically convert under certain circumstances. In 2009, we sold an aggregate of \$437,500 of such Units and at March 31, 2010 there were 40,000 shares of our Series A Convertible Preferred Stock outstanding.

***Common Stock:***

In the first quarter of 2010, the Company sold to two investors an aggregate of 224,000 shares at \$0.25 per share, for a total consideration of \$56,000.

In 2009, eight of the ten Series A Convertible Preferred Shareholders elected to convert 397,500 of those shares and accrued interest into 532,889 shares of our Common Stock. In 2009, two Series A Convertible Preferred Shareholders purchased those shares when the Company's closing market price was greater than the discounted market price of \$.75 per share. As a result, the Company booked a beneficial conversion expense totaling \$30,000.

During 2009, Mr. Cox converted an aggregate of \$50,000 in accrued compensation into 125,000 shares of Common Stock; and Mr. Kempf converted an aggregate of \$7,500 in accrued compensation into 7,500 shares of Series A Preferred Stock and warrants. Those shares of Series A Stock were then converted into 10,000 shares of Common Stock by Mr. Kempf.

Additionally, in 2009 Mr. Cox purchased 80,645 shares of our Common Stock for \$25,000 with shares valued at \$0.31 per share.

***Stock Based Compensation Expense:***

Stock-based compensation was related to stock options and warrants that vested during 2010 and 2009. Additionally in 2010 and 2009, the Company granted stock awards to employees, directors and consultants resulting in stock based compensation expense. During the quarter ended March 31, 2010 and 2009, we recognized compensation expense of \$156,956 and \$22,414, respectively.

***Stock Options and Warrants:***

Options and warrants granted to officers and employees between 2007 and August 2008 vest from one to three years and have a maximum term not to exceed seven years. These options and warrants are not part of our Equity Incentive Plan.

In August 2008, the Company's Board of Directors authorized 2,000,000 shares of the Company's common stock for issuance under the 2008 Equity Incentive Plan. The 2008 Equity Incentive Plan policy is as follows: (1) the exercise price of each Incentive Stock Option shall not be less than one hundred percent (100%) of the fair market value of the stock subject to the Option on the date the Option is granted. The exercise price of each Nonstatutory Stock Option shall be any price set by the Board or Committee (2) the maximum term of an option granted may not exceed 10 years (3) three year vesting period,

**BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**Notes to Financial Statements (Unaudited)**

vesting ratably annually as long as the optionee remains an employee or a consultant to the Company

**Note 11 – Income Taxes**

The Company accounts for income taxes under ASC 740, which requires the use of the liability method. ASC 740 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the currently enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

**Note 12: Subsequent Events**

On May 18, 2010, the Company sold to one investor an aggregate of 1,333,333 shares of Common Stock valued at \$0.15 per share, for a total consideration of \$200,000.

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

### Forward Looking Statements

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 Form 10-Q, 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.

### Results of Operations

#### Three months ended March 31, 2010 compared to 2009:

**Revenue.** Revenues were \$162,704 in 2010, down from \$359,305 in 2009. The decrease (55%) was due to distributors and end user delays in placing orders for our products, which we believe was a result of the general economic conditions within the United States.

**Cost of Revenue.** Cost of revenue for 2010 was \$75,813 down from \$142,375 in the prior quarter. The decrease (48%) is attributed to decreased revenue. Our cost of sales as a percentage of revenue increased to 47% of revenue for the quarter ended March 31, 2010 up from to 40% for 2009 due to decreased revenue. We expect that this percentage to decrease in the near future due to decreases related to volume purchases of the materials that comprise our product.

**Operating Expenses.** Selling, General and Administrative costs were \$455,178 for the first quarter of 2010, compared to \$470,706 in 2009. The following table is a summary of certain of these expenses:

|                               | Three Months Ended |             |
|-------------------------------|--------------------|-------------|
|                               | March 31           |             |
|                               | <u>2010</u>        | <u>2009</u> |
| Selling expense               | \$ 68,635          | \$ 163,638  |
| General office expense        | 168,784            | 166,078     |
| Professional fees             | 24,389             | 65,010      |
| Depreciation and amortization | 34,576             | 24,120      |

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| Travel expense           | 1,838                    | 29,446                   |
| Stock based compensation | <u>156,956</u>           | <u>22,414</u>            |
|                          | \$ <u><u>455,178</u></u> | \$ <u><u>470,706</u></u> |

In the first quarter of 2010, overall operating expenses are lower due to the Company's cost cutting measures that were implemented in 2009, with the exception of stock based compensation.

In March 2010, the Company entered into a Settlement Agreement and Release with various parties to resolve several issues in dispute. As part of that agreement:

- A Consultation Agreement with Malibu Holdings, LLC was modified to provide for the issuance of 300,000 shares for services rendered, rather than the 700,000 previously agreed upon;
- Sunrise Capital, LLC agreed to assign to William Dudziak ("Dudziak"), a shareholder of the Company, 2.0 million shares that Sunrise had purchased from Dudziak under a promissory note, in consideration of a cancellation of that note.
- The Company agreed to issue to Dudziak an additional 700,000 shares of common stock to resolve disputed claims.

The Settlement Agreement and Release is executory and final performance is pending. Also as a result of this agreement, the Company booked a stock based compensation expense of \$133,000 in the first quarter of 2010.

**Research and Development:**

Research and development costs are charged to earnings as incurred and were \$32,053 and \$70,565 respectively for the quarter ended March 31, 2010 and 2009. The decrease in costs in 2010 were the result of the Company's cost cutting measures.

**Net Loss.**

For the quarter ended March 31, 2010, we incurred a net loss of \$413,434, compared to a net loss of \$327,866 for 2009, an increase in net loss of \$85,568, or 26%. The increase in net loss was primarily attributable to decrease in revenues and increased non-cash stock based compensation expense as noted above. The Company also accrued dividends on the shares of Series A Convertible Preferred Stock totaling \$986.

## **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 March 31, 2010, we had a working capital deficit of (\$770,979), as compared to working capital of (\$604,139) at December 31, 2009. The decrease in working capital was due to decreased revenue and resulting gross margins. The Company continues to lower its overall operating expenses into 2010 and continues to focus on sales activities in order to improve its working capital. Net cash used in operating activities for the first quarter ended March 31, 2010 was \$45,527 compared to \$124,663 for the same period in 2009.

In the first quarter of 2010, the Company sold to two investors an aggregate of \$56,000 for 224,000 shares of Common Stock valued at \$0.25 per share.

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, totaling up to \$1,000,000. In the first quarter of 2009, the Company sold an aggregate of \$80,000 for 40,000 Units.

Also in February 2009, the Company issued a promissory note totaling \$75,000 with one related party and shareholder. The promissory note bears an annualized interest rate of 12% and with terms extended to June 30, 2010.

## **Capital Commitments**

The Company headquarters and administrative and production facilities are located at 9800 Mt. Pyramid Ct., Englewood, Colorado, in approximately 15,700 square feet of leased office space at a monthly rental of approximately \$10,000. The lease expires March 31, 2010 and the Company is in the process of extending the lease through December 31, 2010. We consider our relations with our landlord to be good.

## **Going Concern**

Our independent auditors have questioned our ability to continue as a going concern for the next twelve 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**

We have not paid any cash dividends on our common stock, and we currently intend to retain any future earnings to fund the development and growth of our business. Any future determination to pay dividends on our common stock will depend upon our results of operations, financial condition and capital requirements, applicable restrictions under any credit facilities or other contractual arrangements and such other factors deemed relevant by our Board of Directors.

## **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. 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**

### **Disclosure 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 not 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. Management has determined that a material weakness exists in our disclosure controls and procedures which results from a lack of working capital to pay our accounting staff and independent accountants. We are attempting to address this deficiency by our efforts to obtain additional financing. There can be no assurance that those efforts will be successful.

- b) There has been no change in our internal control over financial reporting during the quarter ended March 31, 2010 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.

## **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, Inc., a Colorado corporation (the “Company”) completed during the three month period ended March 31, 2010:

- a. Beginning in January 2010, the Company sold an aggregate of 2 Units, each Unit consisting of 112,000 shares of Common Stock and 56,000 Warrants to purchase shares of Common Stock, \$.001 par value, in consideration of \$56,000.
- b. The Units were issued to two persons, both 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 were issued as “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 were 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). 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 upon 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 SECURITIES HOLDERS**

None.

**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: June 8, 2010

By: /s/ Donald G. Cox

Donald G. Cox

President and Chief Executive Officer

### **BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS, INC.**

Date: June 8, 2010

By: /s/ David A. Kempf

David A. Kempf

Chief Financial Officer