SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Wound Management Technologies, Inc.

Form: 10-K

Date Filed: 2009-03-31

Corporate Issuer CIK:	714256
Symbol:	WNDM
Fiscal Year End:	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-11808

WOUND MANAGEMENT TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Texas	**59-2220004**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

777 Main Street, Suite 3100, Fort Worth Texas 76102
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(817) 820-7080**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common	**OTC BULLETIN BOARD**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of theSecurities Act. [ ] Yes [X] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [X] No

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.
[X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large 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 registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes [ ] No [X]

Issuer's revenues for its most recent fiscal year: $290,183. The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the quoted market price $3.15 at which the common equity was sold as of March 30,2009 was approximately $18,465,363.

As of March 19, 2009 27,237,310 shares of the Issuer's $.001 par value common stock were issued and 27,233,221 shares were outstanding.

WOUND MANAGEMENT TECHNOLOGIES, INC.
Form 10-K
For the Year Ended December 31, 2008

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PART 1

ITEM 1. BUSINESS

BACKGROUND

Our current focus is developing and marketing products for the advanced wound care market, as pursued through our wholly-owned subsidiary, Wound Care Innovations. We hold the exclusive worldwide license to certain patented technologies and processes related to an advanced collagen based wound care product formulation, which we market under the brand name "CellerateRx™". These products are FDA cleared for marketing for the following indications: pressure ulcers, diabetic ulcers, surgical wounds, ulcers due to arterial insufficiency, traumatic wounds, 1st and 2nd degree burns, and superficial wounds. We believe that these products are unique in composition, applicability, clinical performance, and demonstrate the ability to reduce costs associated with standard wound management.

Our CellerateRx products are currently marketed to and being used by wound care providers of all types. These products are also approved for reimbursement under Medicare Part B and as a consequence, the professional medical market is, and will remain the primary focus of our marketing and sales efforts for the immediate future. We believe that these products are unique in composition, applicability, clinical performance, and demonstrate the ability to reduce costs associated with standard wound management.

We currently have limited business operations, maintaining leased offices in Fort Worth, Texas and Fort Lauderdale, Florida. All of our major business functions are performed by our subsidiary, Wound Care Innovations, LLC. Although Wound Care Innovations is a product distributor, it is also responsible for product packaging development, packaging materials, and coordination of all processes except the actual manufacturing of the product. Wound Care Innovations also conducts other activities that are typical of a product distributor, including sales, marketing, customer service, and customer support. All of these activities are run and managed out of Wound Care Innovations's Fort Lauderdale offices.

Manufacturing of our products is conducted by Applied Nutritionals. CellerateRx is a trademark of Applied Nutritionals, LLC. Warehousing, shipping, and physical inventory management is outsourced to Pac-Source, LLC of Rochester, NY.

We have been pre-marketing CellerateRx products to select markets and have received positive user feedback from many healthcare markets, including long-term care facilities, wound care centers, hospitals, homecare agencies, and durable medical equipment companies. Through these activities, we have, however, secured product evaluations with a number of key accounts. These accounts are regional and national healthcare provider organizations that represent strong recurring revenue opportunities for the Company.

We currently intend to secure capital resources for expansion of staff, inventories, marketing efforts, and research and development; however we may be unsuccessful in our efforts to secure such capital. If we are successful in raising capital, we anticipate hiring a number of management, marketing, and clinical staffs to secure additional accounts, market to the broader US wound care market, support customers in specific geographies, broaden our clinical/educational programs, and evaluate retail and international market opportunities.

WOUND CARE INDUSTRY

The U.S. wound care market serves between three to five million patients annually with wounds resulting from diabetes, arterial insufficiency, pressure caused by immobility and other causes. According to a new report from BCC Research, the U.S. advanced wound care market generated approximately $3.5 billion in 2008 and is expected to increase to $6 billion by 2013, an annual growth rate of 11.3%. Globally, the wound care market is estimated to be over $14 billion. Identifying costs associated with treating wounds is complicated, but a number of estimates have been made for overall costs as well as for specific wound types.

The management and treatment of chronic and complex wounds costs the US an estimated $20 billion per year Treatment costs for venous leg ulcers total between $2.5 and $3.5 billion annually. Pressure ulcers are associated with significant rates of morbidity and mortality.

Diabetic ulcers are of special concern. They are the leading cause of hospitalization among diabetic patients and are conservatively estimated to cost the US health care system $1 billion per year. Global projections for the diabetes epidemic show an increase from 189 million in 2003 to 324 million in 2025, an increase of 72%. This is significant as statistics show that every 30 seconds a lower limb is lost somewhere in the world as a consequence of diabetes. The direct cost of an amputation is estimated to be between $30,000-$60,000 and most amputations begin with a foot ulcer.Diabetic foot ulcers are estimated to occur in 15% of all patients with diabetes.

Growth of wound management is linked to advanced technologies, an aging population,and higher rates of diabetes globally. In addition, military wound care and other government segments represent significant trends and growth opportunities for the changing wound care market.

CellerateRx® advanced wound care collagen products are FDA cleared as unclassified medical devices and come in a powder or a gel. Both have HCPCS under surgical dressing classification. Indications are acute and chronic wounds which include but are not limited to:

Pressure ulcers

Diabetic ulcers

Venous stasis ulcers

Ulcers due to arterial insufficiency

Traumatic wounds

Surgical wounds

Superficial wounds

1st and 2nd degree burns

Although collagen has been used for a number of years as a component of wound care dressings, we believe that the patented form of collagen in CellerateRx® products allows these dressings to have a more active role in wound therapy than other currently available collagen dressings.

The overall market for wound care in the United States consists of healthcare professionals and organizations that provide care for those with wounds. Currently, we focus on sales and marketing activities directed toward those professionals and organizations that will either resell the product or use them directly in the course of managing their patient's wounds. We also are working on specific international distribution agreements around the world and are working to obtain the CE mark necessary to distribute in European markets.

New technologies and an increasing older population are two of the major driving forces behind the advanced wound care market. There is growing appeal for the market due to the fast healing benefits and reduced patient follow-ups. In addition, military wound care, alternative wound care, future research, and upcoming technology represent significant trends and growth for the changing wound care market.

Within the wound care products market, there are two typical groups of products: drugs and devices. CellerateRx products are currently classified by the FDA as Class I medical devices, and are further classified as dressings. Although collagen has been used for a number of years as a component of wound care dressings, we believe that the patented form of collagen in CellerateRx products allows these dressings to have a more active role in wound therapy than other currently available collagens based wound care dressings. The dressing market in the United States is currently estimated to be $2.5 billion per year.

The overall market for wound care products in the U.S. consists of healthcare professionals and organizations that provide care for those with wounds; durable medical equipment companies that supply ambulatory patients with products; and product companies that market drugs, devices, and methodologies to healthcare organizations and patients. Presently, we focus on sales and marketing activities directed toward professionals and organizations that will either resell CellerateRx products or use them in the course of treating their patient's wounds.

GENERAL BUSINESS PLAN

Our general business plan is to introduce CellerateRx products to select national and regional healthcare provider organizations, and focus on geographically-targeted marketing. Our CellerateRx products are currently being used by a variety of wound care providers, and are getting to market through a variety of distribution channels. CellerateRx products are currently approved for reimbursement under Medicare Part B. As a consequence, the professional medical market is, and will, remain the primary focus of our marketing and sales efforts for the immediate future.

PRODUCTS

Currently, our products for the professional healthcare market consist of CellerateRx in both gel and power form. Both products contain the patented form of collagen and may be used on a variety of wounds, wound states, and phases. Although no clinical studies are currently planned, we intend to conduct a number of clinical studies for the purposes of quantifying the benefits of CellerateRx. We anticipate planning study design and management in the near future.

Effective November 28, 2007, we entered into separate exclusive license agreements with Applied Nutritionals and its founder George Petito, pursuant to which Wound Care Innovations obtained the exclusive worldwide license to certain patented technologies and processes related to CellerateRx. Wound Care Innovations had been marketing and selling CellerateRx during the previous three years under the terms of a distribution agreement with Applied Nutritionals that was terminated in 2005. The new licenses are limited to the human health care market for external wound care, and include any new product developments based on the licensed patent and processes. The term of these licenses extends through the life of the licensed patent.

In consideration for the licenses, Wound Care Innovations agreed to pay Applied Nutritionals and Mr. Petito the following royalties, beginning January 3, 2008: (a) an advance royalty of $100,000 in the aggregate, (b) an aggregate royalty of fifteen percent (15%) of gross sales occurring during the first year of the license; (c) an additional advance royalty of $400,000, in the aggregate, on January 3, 2009; plus (d) an aggregate royalty of three percent (3%) of gross sales for all sales occurring after the payment of the $400,000 advance royalty. In addition, after January 3, 2009, we must maintain a minimum aggregate annual royalty payment of $375,000.

The Company is currently exploring a potential acquisition of BioPharma Management Technologies, Inc., a company that has recently launched the development of topical pain management products. The Company believes that BioPharma's anticipated products will be complementary to CellerateRx and will provide a broad application across several medical specialties while supplying a good safety profile.

MARKETING, SALES, AND DISTRIBUTION

The Company anticipates building and supporting a limited sales and marketing force directed toward securing key high profile accounts, penetrating select geographic markets, and supporting the efforts of our resellers and distributors. The wound care products market has a variety of overlapping distribution channels, with many customers able to procure products in multiple ways. With an intended limited internal sales force, our goal is to market directly to large accounts and open distribution channels preferred by those clients, as well as marketing through traditional online, offline, trade show and local activities.

We believe that the spectrum of use of CellerateRx products allows us to market to a wide range of customers, and will facilitate relationships with compatible product companies for potential joint marketing activities.

Our packaging, inventory management, and shipping activities are currently outsourced to Pac-Source, LLC, a non-affiliated entity who provides packaging, warehousing, and fulfillment services from their Rochester, NY facilities.

PRODUCT PRODUCTION AND DEVELOPMENT

In addition to the license agreements for the patented technologies and processes related to CellerateRx, Wound Care Innovations also entered into an exclusive manufacturing agreement with Applied Nutritionals pursuant to which Applied Nutritionals will manufacture all CellerateRx and related products for us. The term of the manufacturing agreement extends through the life of the licensed patent; but may be terminated by a successor in interest, if such successor has, annual revenues of at least $100,000,000 or a market capitalization of at least $200,000,000.

We conduct our research and development activities, in conjunction with Applied Nutritionals. Although our efforts are currently focused on marketing and selling our current product lines, we anticipate that we may develop derivative products, utilizing the patented form of collagen, for other markets and applications.

EMPLOYEES

We currently have three employees in Florida. In addition, we use administrative services provided by two employees of an entity managed by Mr. Scott Haire, our Chairman, President and Chief Executive Officer.

COMPETITION

The wound care market is served by a number of large, multi-product line companies offering a suite of products to the market. CellerateRx products compete with all primary dressings, some prescription therapies (drugs), and other medical devices. Manufacturers and distributors of competitive products include: Smith & Nephew, Johnson & Johnson, Healthpoint, and Biocore. Many of our competitors are significantly larger that we are and have more financial and personnel resources than we do. Consequently, we will be at a competitive disadvantage in marketing and selling our products into the marketplace. We believe, however, that the patented molecular form of collagen we use in CellerateRx allows our products to outperform currently available non-active dressings, reduce the cost of wound management, and replace a variety of other products with a single primary dressing.

ITEM 1A. RISK FACTORS

We have sought to identify what we believe to be the most significant risks to our business. However, we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Stock. We provide the following cautionary discussion of risks, uncertainties and possible inaccurate assumptions relevant to our business. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could affect us.

WE EXPECT TO INCUR LOSSES IN THE FUTURE AND MAY NOT ACHIEVE OR MAINTAIN PROFITABILITY

We have incurred net losses since we began our current operations in 2004. Our net loss was approximately $1,773,196 for our year ended December 31, 2008, and approximately $542,756 for the year ended December 31, 2007. We have made and will continue to make significant investments in our sales and marketing programs and research and development, resulting in a substantial increase in our operating expenses. Consequently, we will need to generate significant additional revenue to achieve and maintain profitability in the future. We may not be able to generate sufficient revenue from sales of our products and related professional services to become profitable. Even if we do achieve profitability, we may not sustain or increase profitability on a quarterly or annual basis. In addition to funding operations through increased revenue, we anticipate that we will need to raise additional capital before reaching profitability. We cannot predict when we will operate profitably, if at all. If we fail to achieve or maintain profitability, our stock price may decline.

WE HAVE A LIMITED OPERATING HISTORY WITH WHICH YOU CAN EVALUATE OUR CURRENT BUSINESS MODEL AND PROSPECTS

We acquired Wound Care Innovations in August of 2004 and we have not been profitable to date. Although we have seen our sales increase in the four and a half years since the acquisition, we cannot predict if and when we may become profitable. Even if we become profitable in the future, we cannot accurately predict the level of, or our ability to sustain profitability. Because we have not yet been profitable and cannot predict any level of future profitability, you bear the risk of a complete loss of your investment in the event our business plan is unsuccessful.

- Because our products are still at a relatively early stage of commercialization, it is difficult for us to forecast the full level of market acceptance that our solution will attain;

- competitors may develop products that render our products obsolete or noncompetitive or that shorten the life cycles of our products. Although we have had initial success, the market may not continue to accept our wound care products;

- we may not be able to attract and retain a broad customer base; and

- we may not be able to negotiate and maintain favorable strategic relationships.

Failure to successfully manage these risks could harm our business and cause our stock price to fall. Furthermore, to remain competitive, we will need to add to our current product line, and we may not succeed in creating and marketing new products. A decline in demand for, or in the average price of, our wound care products would have a direct negative effect on our business and could cause our stock price to fall.

OUR PRODUCTS ARE MANUFACTURED ONLY BY APPLIED NUTRITIONALS

Applied Nutritionals holds the patent to, and is currently the sole source of the products we offer for sale. Our growth and ability to meet customer demands depends in part on our ability to obtain timely deliveries of product from our manufacturer. We may in the future experience a shortage of product as a result of manufacturing process issues or capacity problems at our supplier, or strong demand for the ingredients constituting our products.

If shortages or delays persist, the cost to manufacture our products may increase, or may not be available at all, and we may also encounter shortages if we do not accurately anticipate our needs. We may not be able to secure enough product at reasonable prices or of acceptable quality to meet our or our customer's needs. Accordingly, our revenues could suffer and our costs could increase until other sources can be developed. There can be no assurance that we will not encounter these problems in the future.

The fact that we do not own our manufacturing facilities could have an adverse impact on the supply of our products and on operating results. While we will have the ability to manufacture these products in the event that Applied Nutritionals is not able to fulfill our product orders, in such event, we may temporarily be prevented from marketing and selling our products until we were able to locate a substitute manufacturer.

THE MARKETS IN WHICH WE COMPETE ARE INTENSELY COMPETITIVE, WHICH COULD ADVERSELY AFFECT OUR REVENUE GROWTH

The market for wound care products is intensely competitive. Competition in the wound care market is heavy among a vast array of medical devices, drugs, and therapies. Many of our existing and potential competitors have better brand recognition, longer operating histories, larger customer bases and are very well capitalized and will continue to compete aggressively.

Most companies providing wound care products are able to offer customers multiple products. By doing so, they effectively offset the cost of customer acquisition and support across several revenue sources. With only one product line, our costs are relatively much higher and may prevent us from achieving strong profitability.

Further, although our wound care products have performed well in customer evaluations, we are a relatively unknown entity with a relatively unknown brand in a market significantly controlled by much larger products companies. We may not, even with strong customer accounts, be able to establish the credibility necessary to secure large national customers.

Our competitors may be able to keep us out of some distribution channels, close us out from some larger accounts with "Master Contracts" for full product lines, and create market awareness that hinders our abilities to secure key accounts in a cost effective way. Increased competition could significantly reduce our future revenue and increase our operating losses due to price reductions, lower gross margins or lost market share, which could harm our business and cause our stock price to decline.

PRODUCT LIABILITY EXPOSURE

We face an inherent risk of exposure to product liability claims in the event that the use of any product we sell results in injury. Such claims may include, among others, that these products contain contaminants or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. We do not have, and do not anticipate obtaining, contractual indemnification from parties supplying raw materials or marketing the products we sell. In any event, any such indemnification if obtained would be limited by our terms and, as a practical matter, to the creditworthiness of the indemnifying party. In the event that we do not have adequate insurance or contractual indemnification, product liabilities relating to defective products could have a material adverse effect on our operations and financial condition.

FEDERAL REGULATIONS AND CHANGES IN REIMBURSEMENT POLICIES

Our CellerateRx products are currently classified by the FDA as Class I medical devices, and are further classified as dressings and are cleared for marketing for the following indications: pressure ulcers, diabetic ulcers, surgical wounds, ulcers due to arterial insufficiency, traumatic wounds, 1st and 2nd degree burns, and superficial wounds. Because our products are classified by the FDA as medical devices and not drugs, we were not required to pursue stringent clinical trials. Many physicians and larger, sophisticated healthcare provider organizations, however, often require clinical studies demonstrating specific performance capabilities of any new products. We do not have results from controlled clinical studies and the lack of such studies could adversely affect our ability to obtain large institutional customers. Further, if the FDA were to change its policies regarding the classification or marketing of our products for any reason, we would likely be required to conduct and submit data to satisfy additional requirements.

Healthcare services are heavily reliant upon health insurance reimbursement. Although many current insurance plans place much of the financial risk on providers of care (allowing them to choose whatever products/therapies are most cost effective) under capitated or prospective payment structures, much of our business is related to Medicare-eligible populations. Although our products are currently eligible for reimbursement under Medicare Part B, adjustments to our reimbursement amounts or a change in Medicare's reimbursement policies could have an adverse effect on our ability to pursue market opportunities.

IF WE CANNOT MEET OUR FUTURE CAPITAL REQUIREMENTS, OUR BUSINESS WILL SUFFER

We will need additional financing to continue operating our business. We need to raise additional funds in the future through public or private debt or equity financings in order to:

- fund operating losses;
- scale sales and marketing to address the market for wound care products;
- take advantage of opportunities, including more rapid expansion or acquisitions of complementary products or businesses;
- hire, train and retain employees;
- develop new products; or
- respond to economic and competitive pressures.

If our capital needs are met through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced. Our future success may be determined in large part by our ability to obtain additional financing, and we can give no assurance that we will be successful in obtaining adequate financing on favorable terms, if at all. If adequate funds are not available or are not available on acceptable terms, our operating results and financial condition may suffer, and our stock price may decline.

OUR OPERATING RESULTS MAY FLUCTUATE, WHICH MAY ADVERSELY AFFECT OUR STOCK PRICE

We are an emerging company. As such, our quarterly revenue and results of operations are difficult to predict. We have experienced fluctuations in revenue and operating results from quarter-to-quarter and anticipate that these fluctuations will continue until the company reaches critical mass and the market becomes more stable. These fluctuations are due to a variety of factors, some of which are outside of our control, including:

- the fact that we are a relatively young company with relatively young products;
- our ability to attract new customers and retain existing customers;
- the length and variability of our sales cycle, which makes it difficult to forecast the quarter in which our sales will occur;
- the amount and timing of operating expense relating to the expansion of our business and operations;
- the development of new wound care products or product enhancements by us or our competitors;
- actual events, circumstances, outcomes, and amounts differing from judgments, assumptions, and estimates used in determining the values of certain assets (including the amounts of related valuation allowances), liabilities, and other items reflected in our financial statements; and
- how well we execute on our strategy and operating plans.

As a consequence, operating results for a particular future period are difficult to predict, and, therefore, prior results are not necessarily indicative of results to be expected in future periods. Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse affect on our business, results of operations, and financial condition that could adversely affect our stock price.

We also typically realize a significant portion of our revenue in the last few weeks of a quarter because of our customers' purchasing patterns. As a result, we are subject to significant variations in license revenue and results of operations if we incur a delay in a large customer's order. If we fail to close one or more significant license agreements that we have targeted to close in a given quarter, this failure could seriously harm our operating results for that quarter. Failure to meet or exceed the expectation of securities analysts or investors due to any of these or other factors may cause our stock price to fall.

OUR REVENUES FOR A PARTICULAR PERIOD ARE DIFFICULT TO PREDICT, AND A SHORTFALL IN REVENUES MAY HARM OUR OPERATING RESULTS

As a result of a variety of factors discussed in this report, our revenues for a particular quarter are difficult to predict. Our net sales may grow at a slower rate than we anticipate, or may decline. We plan our operating expense levels based primarily on forecasted revenue levels. These expenses and the impact of long-term commitments are relatively fixed in the short term. A shortfall in revenue could lead to operating results being below expectations as we may not be able to quickly reduce these fixed expenses in response to short-term business changes.

DISRUPTION OF, OR CHANGES IN, OUR DISTRIBUTION MODEL OR CUSTOMER BASE COULD HARM OUR SALES AND MARGINS

If we fail to manage the distribution of our products properly, or if the financial condition or operations of our reseller channels weaken, our revenues and gross margins could be adversely affected. Furthermore, a change in the mix of our customers between service provider and enterprise, or a change in the mix of direct and indirect sales, could adversely affect our revenues and gross margins.

Several factors could also result in disruption of or changes in our distribution model or customer base, which could harm our sales and margins, including the following:

- in some instances, we compete with some of our resellers through our direct sales, which may lead these channel partners to use other suppliers that do not directly sell their own products;

- some of our resellers may have insufficient financial resources and may not be able to withstand changes in business conditions;

OUR PROPRIETARY RIGHTS MAY PROVE DIFFICULT TO ENFORCE

We generally rely on patents, copyrights, trademarks, and trade secret laws to establish and maintain proprietary rights in our technology and products. While we have the exclusive license underlying our collagen based CellerateRx products, there can be no assurance that these patents or our other proprietary rights will not be challenged, invalidated, or circumvented or that our rights will in fact provide competitive advantages to us. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent, as do the laws of the United States. The outcome of any actions taken in these foreign countries may be different than if such actions were determined under the laws of the United States. If we are unable to protect our proprietary rights (including aspects of products protected other than by patent rights) in a market, we may find ourselves at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create the innovative products that have enabled us to be successful.

WE MAY BE FOUND TO INFRINGE ON INTELLECTUAL PROPERTY RIGHTS OF OTHERS

Third parties, including customers, may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions may emerge over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the healthcare field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe the patent rights of others. The asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected.

FAILURE TO RETAIN AND RECRUIT KEY PERSONNEL WOULD HARM OUR ABILITY TO MEET KEY OBJECTIVES

Our success will depend in large part on our ability to attract and retain skilled executive, managerial, sales, and marketing personnel. Competition for these personnel is intense in the market today. Volatility or lack of positive performance in our stock price may also adversely affect our ability to attract and retain key employees. The loss of services of any of our key personnel, the inability to retain and attract qualified personnel in the future, or delays in hiring required personnel, particularly executive management, engineering and sales personnel, could make it difficult to meet key objectives, such as timely and effective product introductions.

OUR STOCK PRICE MAY CONTINUE TO BE VOLATILE

Significant variations in our quarterly operating results may adversely affect the market price of our common stock. Our operating results have varied on a quarterly basis during our operating history, and we expect to experience significant fluctuations in future quarterly operating results. These fluctuations have been and may in the future be caused by numerous factors, many of which are outside of our control. We believe that period-to-period comparisons of our results of operations will not necessarily be meaningful and that you should not rely upon them as an indication of future performance. Also, it is likely that our operating results could be below the expectations of public market analysts and investors. This could adversely affect the market price of our common stock.

In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market price of many small companies, in particular, and that have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions, may materially adversely affect the market price of our common stock in the future. Additionally, volatility or a lack of positive performance in our stock price may adversely affect our ability to retain key employees, some of whom we anticipate compensating in part based on the performance of our stock price.

FAILURE TO MANAGE OUR PLANNED GROWTH COULD HARM OUR BUSINESS

Our ability to successfully market and sell our wound care products and implement our business plan requires an effective plan for managing our future growth. We plan to increase the scope of our operations at a rapid rate. Future expansion efforts will be expensive and may strain our managerial and other resources. To manage future growth effectively, we must maintain and enhance our financial and accounting systems and controls, integrate new personnel and manage expanded operations. If we do not manage growth properly, it could harm our operating results and financial condition and cause our stock price to fall.

A FEW OF OUR EXISTING SHAREHOLDERS OWN A LARGE PERCENTAGE OF OUR VOTING STOCK AND WILL HAVE A SIGNIFICANT INFLUENCE OVER MATTERS REQUIRING STOCKHOLDER APPROVAL AND COULD DELAY OR PREVENT A CHANGE IN CONTROL

You may lack an effective vote on corporate matters and management may be able to act contrary to your objectives. Our officers and board members own approximately 52.2% of the 27,233,221 shares of our common stock outstanding. If management votes together, it will influence the outcome of corporate actions requiring shareholder approval, including the election of directors, mergers and asset sales. As a result, new stockholders may lack an effective vote with respect to the election of directors and other corporate matters. Therefore, it is possible that management may take actions with respect to its ownership interest, which may not be consistent with your objectives or desires. For example, our officers, directors and principal stockholders could delay or prevent an acquisition or merger even if the transaction would benefit other stockholders. In addition, this significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. Please see “Principal Stockholders” for a more detailed description of our share ownership.

LIQUIDITY OF OUR COMMON STOCK

Although there is a public market for our common stock, trading volume has been historically low which substantially increases your risk of loss. We can give no assurance that an active and liquid public market for the shares of the common stock will develop in the future. Low trading volume in our common stock could affect your ability to sell the shares of common stock. The development of a public trading market depends upon not only the existence of willing buyers and sellers, but also on market makers. The market bid and asked prices for the shares may be significantly influenced by decisions of the market makers to buy or sell the shares for their own account, which may be critical for the establishment and maintenance of a liquid public market in the shares. Market makers are not required to maintain a continuous two-sided market and are free to withdraw firm quotations at any time. Additionally, in order to maintain our eligibility for quotation on the OTC Bulletin Board, we need to have at least one registered and active market maker. No assurance can be given that any market making activities of any additional market makers will commence or that the activities of current market makers will be continued.

SALES OF OUR COMMON STOCK IN THE PUBLIC MARKET MAY LOWER OUR STOCK PRICE AND IMPAIR OUR ABILITY TO RAISE FUNDS IN FUTURE OFFERINGS

Future sales of large amounts of common stock could adversely affect the market price of our common stock and our ability to raise capital. Substantially all of the outstanding shares of our common stock are freely tradable, without restriction or registration under the Securities Act, other than the sales volume restrictions of Rule 144 applicable to shares held beneficially by persons who may be deemed to be affiliates. The price of our common stock could also drop as a result of the exercise of options for common stock or the perception that such sales or exercise of options could occur. These factors also could make it more difficult for us to raise funds through future offerings of our common stock.

As of March 31, 2009 there were 27,237,310 shares of common stock issued and 27,233,221 outstanding. In addition warrants representing 1,000,000 shares of common stock are currently outstanding.

OUR ARTICLES AND BYLAWS MAY DELAY OR PREVENT A POTENTIAL TAKEOVER OF US

Our Articles of Incorporation, as amended, and Bylaws, as amended, contain provisions that may have the effect of delaying, deterring or preventing a potential takeover of us, even if the takeover is in the best interest of our stockholders. The Bylaws limit when stockholders may call a special meeting of stockholders. The Articles also allow the Board of Directors to fill vacancies, including newly created directorships.

NO DIVIDEND PAYMENTS

We have not paid and do not currently intend to pay dividends, which may limit the current return you may receive on your investment in our common stock. Future dividends on our common stock, if any, will depend on our future earnings, capital requirements, financial condition and other factors. We currently intend to retain earnings, if any, to increase our net worth and reserves. Therefore, we do not anticipate that any holder of common stock will receive any cash, stock or other dividends on our shares of common stock at any time in the near future. You should not expect or rely on the potential payment of dividends as a source of current income.

“PENNY STOCK” LIMITATIONS

Our common stock currently trades on the OTC Bulletin Board. Since our common stock continues to trade below $5.00 per share, our common stock is considered a "penny stock" and is subject to SEC rules and regulations, which impose limitations upon the manner in which our shares can be publicly traded.

These regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the associated risks. Under these regulations, certain brokers who recommend such securities to persons other than established customers or certain accredited investors must make a special written suitability determination regarding such a purchaser and receive such purchaser's written agreement to a transaction prior to sale. These regulations have the effect of limiting the trading activity of our common stock and reducing the liquidity of an investment in our common stock.

Stockholders should be aware that, according to the Securities and Exchange Commission Release No. 34- 29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. These patterns include:

Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;

Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;

"Boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;

Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and

The wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Furthermore, the "penny stock" designation may adversely affect the development of any public market for the Company’s shares of common stock or, if such a market develops, its continuation. Broker-dealers are required to personally determine whether an investment in "penny stock" is suitable for customers.

Penny stocks are securities (i) with a price of less than five dollars per share; (ii) that are not traded on a "recognized" national exchange; (iii) whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ-listed stocks must still meet requirement (i) above); or (iv) of an issuer with net tangible assets less than $2,000,000 (if the issuer has been in continuous operation for at least three years) or $5,000,000 (if in continuous operation for less than three years), or with average annual revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Commission require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in the Company's common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stock."

Rule 15g-9 of the Commission requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for the Company's stockholders to resell their shares to third parties or to otherwise dispose of them.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined in the "Risk Factors" section above. These factors may cause our actual results to differ materially from any forward-looking statement. Readers are urged to carefully review and consider the various disclosures we make in this report and in our other reports filed with the Securities and Exchange Commission.

We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. Our management believes its assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that our actual results of operations or the results of our future activities will not differ materially from these assumptions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. DESCRIPTION OF PROPERTY

The Company's principal executive office is located at 777 Main Street, Fort Worth. TX 761021. Wound Care's principal office is located at 790 E Broward Blvd, Suite 300, Fort Lauderdale, FL 33301. These offices contain approximately 2,000 square feet and are leased for a 5 year term expiring September 2009. Rental on Wound Care's office is $4,130.77 per month.

ITEM 3. LEGAL PROCEEDINGS

The Company has been added as a defendant with other entities in a lawsuit regarding stock transactions during 1997. The company believes it has no liability and believes it will prevail. The Company intends to vigorously defend its position and believes the ultimate outcome will not have any material effect on the financial condition or operations of the Company.

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

No matter was submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2008.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is quoted on the Over the Counter Bulletin Board, a service maintained by the National Association of Securities Dealers, Inc. under the symbol "MBSB". Trading in the common stock in the over-the-counter market has been limited and sporadic and the quotations set forth below are not necessarily indicative of actual market conditions. Further, these prices reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions.

The high and low sales prices are as follows for the periods indicated:

YEAR	QUARTER ENDING	HIGH	LOW
2007	March 31, 2007	$0.45	$0.05
	June 30, 2007	$0.30	$0.06
	September 30, 2007	$0.35	$0.10
	December 31, 2007	$1.10	$0.32
2008	March 31, 2008	$1.60	$1.60
	June 30, 2008	$4.25	$3.35
	September 30, 2008	$3.52	$3.40
	December 31, 2008	$3.35	$3.35

RECORD HOLDERS

As of March 31, 2009, there were approximately 2,000 shareholders of record holding a total of 27,237,310 shares of common stock. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

DIVIDENDS

The Company has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on the Company's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit the Company's ability to pay dividends on its common stock other than those generally imposed by applicable state law. The Company has determined that it will utilize any earnings in the expansion of its business.

RECENT SALES OF UNREGISTERED SECURITIES

Set forth below is information regarding the issuance and sales of the Company's securities without registration for the past fiscal year. No such sales involved the use of an underwriter, no advertising or public solicitation were involved, the securities bear a restrictive legend and no commissions were paid in connection with the sale of any securities.

Effective January 1, 2008 the Company issued 490.196 shares of $10.00 par value preferred stock for cancellation of related party debt totaling $1,495,664 or $3,051.15 per share. The following notes payable and lines of credit were converted: Scott Haire $10,000 note dated July 11, 2005, at 10% per annum, due December 31, 2008; Araldo Cossutta six separate, unsecured notes as follows: (i)$75,000 note dated September 30, 2004, at 10% per annum, due December 31, 2008; (ii)$80,000 note dated September 14, 2005, at 10% per annum, due December 31, 2008; (iii) $350,000 note dated October 15, 2007 at 10% per annum, due December 31, 2008; (iv) $42,000 note dated April 5, 2005 at 10% per annum, due December 31, 2008; (v) $50,000 note dated January 4, 2006, at 10% per annum , due December 31, 2008 and (vi) $50,000 note dated January 31, 2006 due December 31, 2008. Series of funds advanced $338,664 under two separate, unsecured $ 1 million lines of credit dated November 26, 2003 and November 4, 2004, both from HEB, LLC at 10% per annum; no maturity date, interest payable quarterly. Keystone Equity Partners Investors note dated December 14, 2006 for $500,000 at 10% per annum; due December 31, 2008.

On January 11, 2008, the Company issued 86,702 shares of common stock and warrants to purchase an aggregate of 1,500,000 additional shares of common stock for cash of $50,000 or $.58 per share.

On January 21, 2008, the Company issued 500,000 shares of common stock for services valued at $290,000 or $.58 per share.

On January 31, 2008, the Company entered into a subscription agreement to issue 367,647 shares of common stock for cash of $250,000 or $.68 per share. The Company has received payment on the agreement.

On May 27, 2008, 1,490.196 shares of Series A Convertible Preferred Stock, which represented all of the Company's outstanding Series A preferred stock, were automatically converted into an aggregate of 7,600,000 shares of common stock when the Company filed an amendment to its Articles of Incorporation increasing the authorized number of shares of common stock from 20,000,000 to 100,000,000.

On August 31, 2008, the Company issued (a) 503,448 shares of common stock for stock subscription receivable of $292,074; (b) 350,000 shares of common stock upon the conversion of $203,000 in principle amount of a previously issued convertible note; (c) 17,241 shares for debt of $10,000 and 250,000 shares for services of $145,000; and (d) 50,000 shares of common stock for services valued at $29,000. All of the foregoing issuances were made at a price of $.58.

On October 23, 2008, the Company issued 20,000 shares of common stock for debt in the amount of $11,600.

On December 31, 2008, the Company issued (a) 968,019 shares of common stock for reduction of debt in the principal amount of $497,000; (b) 379,316 shares of common stock for debt of approximately $220,003.

The foregoing issuance of the shares of our common stock, the convertible promissory notes and the warrants described above were made in private transactions or private placements intending to meet the requirements of one or more exemptions from registration. In addition to any noted exemption below, we relied upon Regulation D and Section 4(2) of the Securities Act of 1933, as amended (the "Act"). The investors were not solicited through any form of general solicitation or advertising, the transactions being non-public offerings, and the sales were conducted in private transactions where the investor identified an investment intent as to the transaction without a view to an immediate resale of the securities; the shares were "restricted securities" in that they were both legended with reference to Rule 144 as such and the investors identified they were sophisticated as to the investment decision and in most cases we reasonably believed the investors were "accredited investors" as such term is defined under Regulation D based upon statements and information supplied to us in writing and verbally in connection with the transactions. We have never utilized an underwriter for an offering of our securities and no sales commissions were paid to any third party in connection with the above-referenced sales.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide this information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear in this document. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this memorandum, particularly in "Risk Factors."

Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the use of our products or any similar products distributed by other companies could have a material adverse effect on our operations. Such adverse publicity could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products as directed. In addition, we may not be able to counter the effects of negative publicity concerning the efficacy of our products. Any such occurrence could have a negative effect on our operations.

Other key factors that affect our operating results are:

- Overall customer demand and acceptance for our various products.
- Volume of products ordered and the prices at which we sell our products.
- Our ability to manage our cost structure for capital expenditures and operating expenses such as salaries and benefits, freight and royalties.
- Our ability to match operating costs to shifting volume levels.
- Increases in the cost of raw materials and other supplies.
- The impact of competitive products.
- Limitations on future financing.
- Increases in the cost of borrowings and unavailability of debt or equity capital.
- Our inability to gain and/or hold market share.
- Exposure to and expense of resolving and defending product liability claims and other litigation.
- Managing and maintaining growth.
- The success of product development and new product introductions into the marketplace.
- The departure of key members of management.
- Our ability to efficiently manufacture our products.
- Unexpected customer bankruptcy.

Caution Concerning Forward-Looking Statements/Risk Factors

The following discussion should be read in conjunction with the financial statements and the notes thereto and the other financial information appearing elsewhere in this document. In addition to historical information, the following discussion and other parts of this document contain certain forward-looking information. When used in this discussion, the words "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected due to a number of factors beyond our control. We do not undertake to publicly update or revise any of our forward-looking statements even if experience or future changes show that the indicated results or events will not be realized. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. You are also urged to carefully review and consider our discussions regarding the various factors that affect our business, included in this section and elsewhere in this report.

OVERVIEW AND PLAN OF OPERATION

Our current focus is developing and marketing products for the advanced wound care market, as pursued through our wholly-owned subsidiary, Wound Care Innovations, LLC, a Nevada limited liability company. We hold the exclusive worldwide license to certain patented technologies and processes related to an advanced collagen based wound care product formulation, which we market under the brand name "CellerateRx™". These products are FDA cleared for marketing for the following indications: pressure ulcers, diabetic ulcers, surgical wounds, ulcers due to arterial insufficiency, traumatic wounds, 1st and 2nd degree burns, and superficial wounds.

Our CellerateRx products are currently marketed to and being used by wound care providers of all types. These products are also approved for reimbursement under Medicare Part B and as a consequence, the professional medical market is, and will remain the primary focus of our marketing and sales efforts for the immediate future. We believe that these products are unique in composition, applicability, clinical performance, and demonstrate the ability to reduce costs associated with standard wound management.

We currently have limited business operations, maintaining leased offices in Fort Worth, Texas and Fort Lauderdale, Florida. All of our major business functions are performed by our subsidiary, Wound Care Innovations, LLC. Although Wound Care Innovations is a product distributor, it is also responsible for product packaging development, packaging materials, and coordination of all processes except the actual manufacturing of the product. Wound Care Innovations also conducts other activities that are typical of a product distributor, including sales, marketing, customer service, and customer support. All of these activities are run and managed out of Wound Care Innovations' Fort Lauderdale offices.

Manufacturing of our products is conducted by Applied Nutritionals. CellerateRx is a trademark of Applied Nutritionals, LLC. Warehousing, shipping, and physical inventory management is outsourced to Pac-Source, LLC, of Rochester, NY.

Our sales and marketing activities to date have been limited and have resulted in a nominal revenue stream. Through these activities, we have, however, secured product evaluations with a number of key accounts. These accounts are regional and national healthcare provider organizations that represent strong recurring revenue opportunities for the Company.

We currently intend to secure capital resources for expansion of staff, inventories, marketing efforts, and research and development; however we may be unsuccessful in our efforts to secure such capital. If we are successful in raising capital, we anticipate hiring a number of management, marketing, and clinical staffs to secure additional accounts, market to the broader US wound care market, support customers in specific geographies, broaden our clinical/educational programs, and evaluate retail and international market opportunities.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in the notes to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Inventories. Inventories are stated at the lower of cost or net realizable value, with cost computed on a first-in, first-out basis. Inventories consist of powders, gels and the related packaging supplies. The Company has recorded an allowance for obsolete and slow moving inventory of $107,260 at December 31, 2008.

Stock-based compensation. The Company adopted SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"), on January 1, 2006, which requires the measurement and recognition of compensation expense for all share-based awards made to employees and directors, including employee stock options and shares issued through its employee stock purchase plan, based on estimated fair values. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Under the intrinsic value method that was used to account for stock-based awards prior to January 1, 2006, which had been allowed under the original provisions of SFAS 123, compensation expense is recorded on the date of grant if the current market price of the underlying stock exceeded the exercise price. Any compensation expense is recorded on a straight-line basis over the vesting period of the grant.

Effective January 1, 2006, The Company adopted the fair value recognition provisions of SFAS 123(R) using the modified prospective application method. Under this transition method, compensation expense recognized will include the applicable amounts of: (a) compensation expense of all stock-based payments granted prior to, but not yet vested as of January 1, 2006, and (b) compensation expense for all stock-based payments granted subsequent to January 1, 2006. Results for periods prior to January 1, 2006, have not been restated. The adoption of this new standard had no impact to the Company's financial position, results of operations or cash flows as the Company's previous stock-based compensation awards expired prior to January 1, 2006, and there have been no grants during the current year. Based on the Company's evaluation of the adoption of the new standard, however, the Company believes that it could have a significant impact to the Company's financial position and overall results of operations depending on the number of stock options granted in a given year.

RESULTS OF OPERATIONS

Year ended December 31, 2008 Compared to Year ended December 31, 2007

Revenues. The Company generated revenues for the year ended December 31, 2008 of $290,183 compared to revenues of $630,505 for the year ended December 31, 2007, or a 54% decrease in revenues.

Cost of revenues and gross margin. Costs of revenues for the year ended December 31, 2008 were $417,099 resulting in a gross loss margin of ($126,916), compared to cost of revenues for the year ended December 31, 2007 of $223,184 and gross profit margin of $407,321. Industry standards demands evidence based studies therefore during 2008 we have focused on obtaining these studies so our product will meet the industry standards required. During 2008 we also recorded an additional allowance for slow moving or obsolete inventory of $100,000.

Selling, general and administrative expenses ("SGA"). SGA consists primarily of wages, facility-related expenses such as rent and utilities, and outside professional services such as legal and professional fees incurred in connection with our SEC reporting requirements. SGA for 2008 were $1,631,832 compared to $813,058 for fiscal 2007, or an increase of approximately 100%. We expect SGA to increase in the future as we continue to expand our marketing efforts and the number of products we offer and as our business continues to grow and the costs associated with being a public company continue to increase as a result of increased reporting requirements, including but not limited to the Sarbanes-Oxley Act of 2002.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has limited resources to maintain its current operations, secure more inventories, and meet its contractual obligations. Additional capital must be raised through equity or debt offerings. If we are unable to obtain additional capital, we will be unable to operate our business.

During 2008, certain related parties advanced us funds for working capital purposes which were repaid with shares of Company stock. We also secured a short-term loan of $700,000, which was repaid with shares of Company stock. In total, 1,714,081 shares of common stock were issued to retire debt of $994,454. The Company also sold 454,349 shares of common stock for $300,000 cash proceeds. The Company issued 820,000 shares of common stock for non-cash services valued at $475,600.

We generated a loss from operations of $1,773,196 and our cash position at December 31, 2008 was $1,142. During 2008 our short term borrowings increased by 1,767,173. We generated a loss of $542,756 and our cash position at December 31, 2007 was $781.

Effective January 1, 2008, $1,495,664 of Company debt was cancelled in exchange for 490.196 shares of our Series A Convertible Preferred stock.

Effective January 11, 2008, we received $50,000 from the sale and issuance of 86,207 shares of our common stock and warrants to purchase common stock, and an additional $700,000 from the sale and issuance of a convertible promissory note.

Without realization of additional capital or significant revenues from operations, it would be unlikely for the Company to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which contemplates realization of assets and liquidation of liabilities in the ordinary course of business. The Company has continuously incurred losses from operations and has a significant accumulated deficit. The appropriateness of using the going concern basis is dependent upon the Company's ability to obtain additional financing or equity capital and, ultimately, to achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty and should not be regarded as typical for normal operating periods.

It is the Company's belief that it will continue to incur nominal losses for at least the next twelve months, and as a result will require additional funds from debt or equity investments to meet such needs. The Company anticipates that its officers and shareholders will contribute sufficient funds to satisfy the cash needs of the Company for the next twelve months. However, there can be no assurances to that effect, as the Company has insignificant revenues and the Company's need for capital may change dramatically if it is successful in acquiring a new business. If the Company cannot obtain needed funds, it may be forced to curtail or cease its activities. Our future funding requirements will depend on numerous factors, some of which are beyond the Company's control. These factors include our ability to operate profitably, recruit and train management and personnel, and to compete with other, better-capitalized and more established competitors. To meet these objectives, management's plans are to (i) raise capital by obtaining financing through private placement efforts, (ii) issue common stock for services rendered in lieu of cash payments and (iii) obtain loans from officers and shareholders as necessary.

The Company does not anticipate incurring significant research and development costs, the purchase of any major equipment, or any significant changes in the number of its employees over the next twelve months.

GOING CONCERN

The Company has continuously incurred losses from operations and has a significant accumulated deficit. The appropriateness of using the going concern basis is dependent upon the Company's ability to obtain additional financing or equity capital and, ultimately, to achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

It is the Company’s belief that it will continue to incur nominal losses for at least the next twelve months, and as a result will require additional funds from debt or equity investments to meet such needs. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The Company anticipates that its officers and shareholders will contribute sufficient funds to satisfy the cash needs of the Company for the next twelve months. However, there can be no assurances to that effect, as the Company has insignificant revenues and the Company’s need for capital may change dramatically if it is successful in acquiring a new business. If the Company cannot obtain needed funds, it may be forced to curtail or cease its activities. To meet these objectives, management’s plans are to (i) raise capital by obtaining financing through private placement efforts; (ii) issue common stock for services rendered in lieu of cash payments and (iii) obtain loans from officers and shareholders as necessary.

The Company's future ability to achieve these objectives cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty and should not be regarded as typical for normal operating periods.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Wound Management Technologies, Inc. & Subsidiary
Fort Worth, Texas

We have audited the accompanying consolidated balance sheets of Wound Management Technologies, Inc. & Subsidiary as of December 31, 2008 and 2007 and the related consolidated statements of operations, changes in stockholders' deficiency and cash flows for each of the years in the two-year period ended December 31, 2008. Wound Management Technologies, Inc. and Subsidiary's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wound Management Technologies, Inc. & Subsidiary as of December 31, 2008 and 2007 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

PRITCHETT, SILER & HARDY, P.C.

Salt Lake City, Utah
March 30, 2009

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS AS OF
December 31, 2008

ASSETS	December 31, 2008	December 31, 2007
CURRENT ASSETS:		
Cash	$ 1,142	$ 781
Accounts Receivable, less doubtful accounts	28,639	24,668
Notes Receivable	--	81,650
Inventory, less reserve for obsolescence	99,858	263,276
Total current assets	129,639	370,375
Property and Equipment, Net	10,055	23,335
Other Asset	12,020	12,020
TOTAL ASSETS	$ 151,714	$ 405,730
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES:		
Accounts payable	$ 93,925	$ 110,107
Accrued liabilities	379,046	601,329
Notes Payable-Related Parties	--	1,498,074
Notes Payable	--	10,000
Total current liabilities	472,971	2,219,510
Long Term Liabilities	--	--
TOTAL LIABILITIES	472,971	2,219,510
Stockholders' Deficiency		
Preferred stock, $10 par value, 5,000,000 shares authorized; 0 shares issued and outstanding as of Dec. 31, 2008 and 1,000 outstanding December 31, 2007	--	10,000
Common stock: $0.001 par value; 100,000,000 shares authorized; 27,237,310 issued and 27,233,221 outstandingas of December 31, 2008. and 16,145,432 issued and 16,141,343 outstanding as of 2007	27,237	16,145
Additional paid-in capital	14,728,196	11,171,496
Stock Subscription Receivable	(292,074)	--
Treasury Stock	(12,039)	(12,039)
Accumulated deficit	(14,772,577)	(12,999,382)
Total stockholders deficiency	(321,257)	(1,813,780)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 151,714	$ 405,730

The accompanying notes are an integral part of these consolidated financial statements.

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenues	$ 290,183	$ 630,505
Cost of revenues	417,099	223,184
Gross margin	(126,916)	407,321
Selling, general and administrative	(1,631,832)	(813,058)
Loss from operations	(1,758,748)	(405,737)
Other income (expense)		
Interest Income, net	(14,448)	(137,019)
Total other income (expense)	(14,448)	(137,019)
Loss before provision for income taxes	(1,773,196)	(542,756)
Current tax expense	--	--
Deferred tax expense	--	--
Loss from continuing operations	(1,773,196)	(542,756)
Net loss	**$ (1,773,196)**	**$ (542,756)**
Basic and diluted loss per share of common stock:	$ (0.08)	$ (0.03)
Weighted average number of common shares outstanding	21,958,013	16,141,343

The accompanying notes are an integral part of these consolidated financial statements.

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Date	Description	Preferred Stock Shares	$10.00 Amount	Common Shares Shares	$0.001 Amount	Paid In Capital	Treasury Stock Shares	Treasury Stock Amount	Sub. Recvbl	(Accum. Deficit)	Total Equity
	Balance, December 31, 2006			**16,145,432**	**16,145**	**11,181,496**	**(4,089)**	**(12,039)**		**(12,456,626)**	**(1,271,024)**
	Issuance of preferred stock	**1,000**	**10,000**			**(10,000)**					
	Net Income (Loss)									**(542,756)**	**(542,756)**
	Balance, December 31, 2007	**1,000,000**	**10,000**	**16,145,432**	**16,145**	**11,171,495**	**(4,089)**	**(12,039)**		**(12,999,382)**	**(1,813,780)**
1/1/08	Preferred Stock issued for debt of $1,495,664.18	**490.196**	**4,902**			**1,490,762**					**1,495,664**
1/11/08	Stock issued for cash @ $0.58 per share T. Squared			**86,702**	**87**	**49,913**					**50,000**
1/21/08	Common Stock issued for consulting services, F&J Company, Cathy Bradshaw and Richard F. Dahlson			**500,000**	**500**	**289,500**					**290,000**
1/31/08	Stock issued for cash @ $0.68 per share Hazard Trust			**367,647**	**368**	**249,632**					**250,000**
5/27/08	Conversion of Class A Convertible Preferred Stock to Common Stock	**(1,490.196)**	**(14,902)**	**7,600,000**	**7,600**	**7,302**					**-**
8/31/08	Common Stock issued for a Subscription receivbale @ $0.58 per share services @ $0.58 per share, Openshaw & Co.,LLC (Muldoon)			**503,448**	**503**	**291,570**			**(292,074)**		**-**

8/31/08	Common stock issued to T Squared for the cancellation of debt at $0.58 per share			**349,505**	**350**	**202,650**				**203,000**
8/31/08	Common Stock issued for debt @ $0.58 per share, Island Capital			**17,241**	**17**	**9,983**				**10,000**
8/31/08	Common Stock issued for consulting services @ $0.58 per share, Openshaw & Co.,LLC (Muldoon)			**250,000**	**250**	**144,750**				**145,000**
8/13/08	Common Stock issued for services @ $0.58 per share, Henry Simon			**50,000**	**50**	**28,950**				**29,000**
8/31/08	Common Stock issued for services International Monetary			**20,000**	**20**	**11,580**				**11,600**
										-
12/31/08	Common Stock issued for debt @ $0.58 per share, MLH, Investments			**379,316**	**379**	**219,624**				**220,003**
12/31/08	Common Stock issued for debt @ $0.58 per share, T Squared			**968,019**	**968**	**560,483**				**561,451**
	Net Income (Loss)								**(1,773,196)**	**(1,773,196)**
	Balance, December 31, 2008	**-**	**-**	**27,237,310**	**27,237**	**14,728,195**	**(4,089)**	**$ (12,039)**	**$ (292,074)**	**(14,772,578)**	**(321,257)**

The accompanying notes are an integral part of these consolidated financial statements

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007:

	2008	2007
Cash flows from operating activities		
Net loss from continuing operations	$ (1,773,196)	$ (542,756)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	14,000	20,080
Stock paid for services	475,600	--
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,971)	35,056
(Increase) decrease in inventory	163,418	(166,705)
(Increase) decrease in property and equipment	(720)	--
(Increase) decrease in prepaid expenses and other assets	--	48,256
Increase (decrease) in accounts payable and accrued liabilities	36,218	64,711
Increase (decrease) in royalties payable, including related accrued interest	30,215	160,460
Net cash flows used in operating activities	(1,058,436)	(380,898)
Cash flows from investing activities		
Increase in notes receivable	--	(81,650)
LOC receivable -related party	(476,773)	--
Net cash flows used in investing activities	(476,773)	(81,650)
Cash flows from financing activities		
Principal payment under capital lease obligation	--	(3,169)
Proceeds from notes payable	1,235,570	10,000
Proceeds from notes payable-related parties	--	385,000
Payments on notes payable-related parties	--	(105,000)
Proceeds from common stock issuance	300,000	--
Net payments on line of credit-related parties	--	(59,803)
Net cash flows provided by financing activities	1,535,570	227,028
Increase (decrease) in cash	361	(235,520)
Cash and cash equivalents, beginning of period	781	236,301
Cash and cash equivalents, end of period	$ 1,142	$ 781

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Wound Management Technologies, Inc., a Texas corporation and subsidiary Wound Care Innovations, LLC, a Nevada limited liability company (collectively referred to as the "Company") distributes collagen-based wound care products to healthcare providers such as physicians, clinics and hospitals throughout the United States.

Significant Accounting Policies

Principles of consolidation and presentation – The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany transactions and balances have been eliminated upon consolidation.

Business combinations – Transfers and exchanges of assets between companies under common control are accounted for at historical cost in a manner similar to that in a pooling of interests accounting. The excess of the cost of the asset acquired over the net assets sold at their book values are charged to additional paid-in capital.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available to management. Actual results could differ from those estimates.

Fair value of financial instruments – For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, and amounts due to related parties, the carrying amounts approximate fair value due to their short maturities.

Cash and cash equivalents – The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2008. The Company maintains its cash in bank deposit accounts at high quality financial institutions. The balances at times may exceed Federally insured limits of $100,000.

Fixed assets – Fixed assets are stated at cost. Depreciation for financial statement purposes is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to seven years. When fixed assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. Depreciation expense for 2008 amounted to $14,000 (2007: $20,080).

Revenue recognition – Revenue is recognized when the product is shipped and the risks and rewards of ownership have transferred to the customer. The Company recognizes shipping and handling fees as revenue, and the related expenses as a component of cost of sales.

Allowance for doubtful accounts – The Company establishes an allowance for doubtful accounts to ensure accounts receivables are not overstated due to uncollectibility. Bad debt reserves are maintained based on a variety of factors,
including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The allowance for doubtful accounts at December 31, 2008, and 2007 is $9,000 and $9,000 respectively.

Inventories – Inventories are stated at the lower of cost or net realizable value, with cost computed on a first-in, first-out basis. Inventories consist of powders, gels and the related packaging supplies. The Company has recorded an allowance for obsolete and slow moving inventory of $107,261 and $7,261 at December 31, 2008 and 2007 respectively.

Long-lived assets – Long-lived assets and certain identifiable intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets, and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Income taxes – The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Stock-based compensation – The Company adopted SFAS No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123(R)”), on January 1, 2006, which requires the measurement and recognition of compensation expense for all share-based awards made to employees and directors, including employee stock options and shares issued through its employee stock purchase plan, based on estimated fair values. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees.” Under the intrinsic value method that was used to account for stock-based awards prior to January 1, 2006, which had been allowed under the original provisions of SFAS 123, compensation expense is recorded on the date of grant if the current market price of the underlying stock exceeded the exercise price. Any compensation expense is recorded on a straight-line basis over the vesting period of the grant. The adoption of this standard had no impact to the Company’s financial position, results of operations or cash flows as the Company’s previous stock-based compensation awards expired prior to January 1, 2006, and there have been no grants during 2008 or 2007. See Note 8 for a description of the Company’s stock option plan.

Earnings per share – Basic and diluted earnings or loss per share (“EPS”) amounts in the financial statements are computed in accordance with SFAS No. 128, "Earnings per Share." Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares outstanding plus dilutive common stock equivalents. Basic EPS is computed by dividing net earnings available to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS is calculated by dividing net earnings by the weighted average number of common shares outstanding and other dilutive securities. Accordingly, diluted EPS was not presented because it was antidilutive. All per share and per share information are adjusted retroactively to reflect stock splits and changes in par value.

Related party transactions – A related party is generally defined as (i) any person that holds 10% or more of the Company’s securities and their immediate families, (ii) the Company’s management, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Recent accounting pronouncements – The Financial Accounting Standards Board ("FASB") has issued the following pronouncements:

In December 2007, the FASB issued FAS No. 141 (Revised 2007), "Business Combinations" (FAS 141R) which replaces FAS No. 141, "Business Combinations". FAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. The statement also establishes disclosure requirements that will enable users to evaluate the nature and financial effects of the business combination. FAS 141R is effective for our fiscal year 2009 and must be applied prospectively to all new acquisitions closing on or after January 1, 2009. Early adoption of this standard is not permitted. We are currently evaluating the impact, if any, of FAS 141R on our Consolidated Financial Statements.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and FinancialLiabilities — Including an amendment of FASB Statement No. 115" (FAS 159). FAS 159 expands the use of fair-value accounting but does not affect existing standards that require assets or liabilities to be carried at fair value. Under FAS 159, a company may elect to use fair value to measure various assets and liabilities including accounts receivable, available-for-sale and held-to-maturity securities, equity method investments, accounts payable, guarantees and issued debt. If the use of fair value is elected, any upfront costs and fees related to the item must be recognized in earnings and cannot be deferred. The fair value election is irrevocable and generally made on an instrument-by-instrument basis, even if a company has similar instruments that it elects not to measure based on fair value. At the adoption date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to beginning retained earnings. Subsequent to the adoption of FAS 159, changes in fair value are recognized in earnings. FAS 159 is effective for our fiscal year 2008. We are currently evaluating the impact, if any, of FAS 159 on our Consolidated Financial Statements.

In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements -An Amendment of ARB No. 51" (FAS 160). FAS 160 requires that accounting and reporting for minority interests be recharacterized as noncontrolling interests and classified as a component of equity. The standard is effective for our fiscal year 2009 and must be applied prospectively. We do not expect that the adoption of FAS 160 will have a material impact on our Consolidated Financial Statements.

In February 2006, the FASB issued SFAS 155, *Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements 133 and 140*, ("SFAS 155"). SFAS was effective for the Company beginning January 1, 2007. The statement permits interests in hybrid financial instruments that contain an embedded derivative that would otherwise require bifurcation, to be accounted for as a single financial instrument at fair value, with changes in fair value recognized in earnings. This election is permitted on an instrument-by-instrument basis for all hybrid financial instruments held, obtained, or issued as of the adoption date. The adoption had no impact to the Company's consolidated financial position, results of operations or cash flows.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty of Income Taxes-an interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting for uncertainty in income tax positions. This Interpretation requires that the Company recognize in the consolidated financial statements the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. The provisions of FIN 48 will be effective for the Company as of the beginning of the Company's 2008 fiscal year, with the cumulative effect of the change in accounting principle, if any, recorded as an adjustment to opening retained earnings. The provisions of FASB Interpretation 48 are not expected to have any impact on the Company's financial statements.

In September 2006, the FASB issued FASB statement No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurement. FAS 157 is effective for the Company on October 1, 2008 and will be applied prospectively. The provisions of FAS 157 are not expected to have a material impact on the Company's financial statements.

In March 2008, the FASB issued FAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities, which is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The use and complexity of derivative instruments and hedging activities have increased significantly over the past several years. This Statement requires enhanced disclosures about an entity’s derivative and hedging activities and the impact on financial position, financial performance, and cash flows. The adoption of the Statement is expected to have no impact to the Company’s consolidated financial position, results of operations or cash flows.

In May 2008 the FASB issued FAS No. 162 “The Hierarchy of Generally Accepted
Accounting Principles.” This Statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Board does not expect that this Statement will result in a change in current practice and the provisions of the Statement are not expected to have any impact on the Company’s financial statements.

In May 2008 the FASB issued FAS No. 163 “Accounting for Financial Guarantee Insurance Contracts”—an interpretation of FASB No. 60 by insurance enterprises. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008. The provisions of the Statement are not expected to have any impact on the Company’s financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force (“EITF”)), the American Institute of Certified Public Accountants (“AICPA”), and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 2 – GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates realization of assets and liquidation of liabilities in the ordinary course of business. The Company has continuously incurred losses from operations and has a significant accumulated deficit. The appropriateness of using the going concern basis is dependent upon the Company's ability to obtain additional financing or equity capital and, ultimately, to achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern.

It is the Company’s belief that it will continue to incur losses for at least the next twelve months, and as a result will require additional funds from debt or equity investments to meet such needs. To meet these objectives, management’s plans are to (i) raise capital by obtaining funds from debt financing and / or equity financing through private placement efforts, (ii) issue common stock for services rendered in lieu of cash payments (iii) convert outstanding debt to equity and (iii) obtain loans from shareholders. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The Company anticipates that its shareholders will contribute sufficient funds to satisfy the cash needs of the Company for the next twelve months. However, there can be no assurances to that effect, as the Company’s need for capital may change dramatically if it is successful in expanding its current business or acquiring a new business. If the Company cannot obtain needed funds, it may be forced to curtail or cease its activities.

Management believes that actions presently taken to revise the Company’s operating and financial requirements provide the opportunity for the Company to continue as a going concern. The Company’s future ability to achieve these objectives cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 – EXCLUSIVE LICENSE AGREEMENT

Effective November 28, 2007, Wound Care Innovations entered into separate exclusive license agreements with Applied Nutritionals and its founder George Petito, pursuant to which Wound Care Innovations obtained the exclusive world-wide license to certain patented technologies and processes related to CellerateRx products.

Wound Care Innovations had been marketing and selling CellerateRx for the three previous years under the terms of a distribution agreement that had been terminated in 2005. The new licenses are limited to the human health care market for external wound care, and include any new product developments based on the licensed patent and processes. The term of these licenses extends through the life of the licensed patent.

In consideration for the licenses, Wound Care Innovations agreed to pay to Applied Nutritionals and Mr. Petito the following royalties, beginning January 3, 2008: (a) an advance royalty of $100,000 in the aggregate, (b) an aggregate royalty of fifteen percent (15%) of gross sales occurring during the first year of the license; (c) an additional advance royalty of $400,000, in the aggregate, on January 3, 2009; plus (d) an aggregate royalty of three percent (3%) of gross sales for all sales occurring after the payment of the $400,000 advance royalty. In addition, after January 3, 2009, Wound Care Innovations must maintain a minimum aggregate annual royalty payment of $375,000.

All royalties, other than the advance royalty payments described above, are due and payable on a calendar quarterly basis on or before the forty-fifth (45^{th}) day immediately following the calendar quarter in which gross sales are received.

In connection with the above described license agreements, we issued to Mr. George Petito 1,000 shares of a newly designated Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred Stock will automatically convert into 5,100 shares of common stock upon the filing of an amendment to our Articles of Incorporation increasing our authorized number of shares of common stock from 20,000,000 to 100,000,000. The preferred stock participates with the common stock, on an as converted basis with respect to dividends and liquidation, and votes together with the common stock as a single class, as if such shares of preferred stock had been converted. The preferred stock converted to common stock during May 2008.

In addition to the license agreements, Wound Care Innovations also entered into an exclusive manufacturing agreement with Applied Nutritionals pursuant to which Applied Nutritionals will manufacture all CellerateRx and related products for Wound Care Innovations. The term of the manufacturing agreement extends through the life of the licensed patent; but may be terminated by a successor in interest to Wound Care Innovations, provided that the successor in interest has annual revenues of at least $100,000,000 or a market capitalization of at least $200,000,000.

NOTE 4 – RELATED PARTY TRANSACTIONS
NOTES PAYABLE

During 2008 the Company offset related party notes in the amount of $227,899 for expenses incurred by the related parties on behalf of the Company.

Administrative services

The Company provides limited administrative services to other companies affiliated through common ownership of the Company's shareholders.

NOTE 5 – FIXED ASSETS

Fixed assets consists of the following:	2008	2007
Furniture and fixtures	$13,607	$13,607
Phone system	13,302	13,302
Computer equipment	11,796	11,796
Artwork	30,720	30,000
Web-Site	16,430	16,430
	85,855	85,135
Less accumulated depreciation	(75,800)	(61,799)
Net book value	$ 10,055	$ 23,336

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Consulting Agreement

The Company entered into a Consulting Agreement dated December 26, 2007, this ageement consisted of advise in investor relations. A total fee of $35,000.00 was paid in January 2008. The agreement ended on March 31, 2008.

The Company entered into a Consulting Agreement dated July 28, 2008, for advise on Public Relations management. The one time fee of $10,000.00 was paid in 2008.

The Company entered into a Consulting Agreement dated October 9, 2008, the agreement included advise on Investor Relations and Public Relations. A fee of $20,000.00 was paid in 2008.

The Company entered into a Consulting Agreement dated November 3, 2006, for advise on Public Relations. During 2008 a fee of $10,000.00 was paid. The agreement ended on September 30, 2008.

The Company's subsidiary entered into a Consulting Agreement dated November 15, 2007, for consulting and development of customers and delivery of presentations, payment shall be $7,083.34 per month. Total amount paid under this agreement was $85,000. The Agreement can be terminated by either party with a two week notice.

The Company's subsidiary entered into a Consulting Agreement dated April 1, 2008, for consulting and customer development with large distributors, payment shall be $4000.00 per month. Total amount paid under this agreement was $24,000.00. The agreement terminated September 30, 2008, but has continued on a month to month basis as needed.

The Company's subsidiary entered into a Consulting Agreement dated July 1, 2007, for consulting with customers regarding the studies of the product, payment shall be $3,000.00 per month. Total amount paid under this agreement in 2008 was $36,000. The agreement is month to month.

Operating leases

The Company's office lease in Fort Lauderdale, Florida will expire in September 2009. At this time the Company has not decided if they will extend the lease at that location or relocate. Monthly payments are $4,130.77. Total rent paid in 2008 was $67,864.

2009	$ 37,176
2010	-
	$ 37,176

Federal Payroll Taxes

The Company is delinquent in the payment of its payroll tax liabilities with the Internal Revenue Service. As of December 31, 2008, unpaid payroll taxes total approximately $203,484 and related penalties and interest approximated $165,165 computed through December 31, 2008. These liabilities have been recorded as accrued liabilities and general and administrative expenses at December 31, 2008. The Company expects to pay these delinquent payroll tax liabilities as soon as possible. The final amount due will be subject to the statutes of limitations related to such liabilities and to negotiations with the Internal Revenue Service.

Litigation

The Company has been added as a defendant with other entities in a lawsuit regarding stock transactions during 1997. The company believes it has no liability and believes it will prevail. The Company intends to vigorously defend its position and believes the ultimate outcome will not have any material effect on the financial condition or operations of the Company.

NOTE 7 –NOTES PAYABLE

The Company entered into the following non-related party notes payable:

In January of 2008 the Company executed a note in the amount of $700,000. The note, with interest, was repaid with 1,404,226 shares of common stock.

NOTE 8 – STOCKHOLDERS' EQUITY TRANSACTIONS

Common stock issued

At December 31, 2008 the Company had 27,237,310 shares of common stock issued and 27,233,221 outstanding. Of these shares, 4,089 shares are held by the Company as treasury stock.

Preferred Stock Issued

Each share of Series A Convertible Preferred Stock will automatically convert into 5,100 shares of common stock upon the filing of an amendment to our Articles of Incorporation increasing our authorized number of shares of common stock from 20,000,000 to 100,000,000. The preferred stock participates with the common stock, on an as converted basis with respect to dividends and liquidation, and votes together with the common stock as a single class, as if such shares of preferred stock had been converted. During May 2008, all shares of preferred stock were converted into common stock.

Effective November 28, 2007, in connection with the entry by Wound Care Innovations into certain license agreements with Applied Nutritionals and Mr. George Petito, The Company issued to Mr. George Petito 1,000 shares of a newly designated Series A Convertible Preferred Stock.

Effective January 1, 2008, the Company issued 490.196 shares of our Series A Convertible Preferred Stock to Keystone Equity Partners and others in exchange for the cancellation of approximately $1,500,000 in debt.

NOTE 9 – CONCENTRATION OF CREDIT RISK AND MAJOR CUSTOMERS

Major Customers and Trade Receivables

The Company has 2 customers in 2008 (2007: 5 customers) that each account for more than 10% of its revenues. Trade receivables from these customers totaled approximately $4,880 or 13% of total accounts receivable balance at December 31, 2008 (2007: $24,618 or 73%), and were unsecured.

NOTE 10 – CONCENTRATION OF SUPPLIER RISK

The Company purchases substantially all of its powders and gels from one vendor. If this vendor became unable to provide materials in a timely manner and the Company was unable to find alternative vendors, the Company's business, operating results and financial condition would be materially adversely affected.

NOTE 11 – INCOME TAXES

The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

At December 31, 2008, a deferred tax asset results from the deferred tax benefit of net operating losses. A 100% valuation allowance has been provided for the current and non-current deferred tax assets, as the ability of the Company to generate sufficient taxable income in the future is uncertain. The net change in the valuation allowance for 2008 was approximately $600,129 (2007: $19,945).

The unexpired net operating loss carry forward at December 31, 2008 is approximately $14,006,000 with $1,067,852 to expire in 2009 if not utilized.

The expected reduction in future Federal income tax expense based on the U.S. Corporate income tax rate of 34% is as follows, but fully reserved due to the uncertainly of future taxable income.

	2008	**2007**
Expected federal income tax benefit	$ 602,887	$ 165,805
Valuation allowance	(602,887)	(165,805)
Net benefit recorded	-	-

Deferred tax asset at December 31, 2008, is as follows:

34% of net operating loss carry forwards	$ 4,759,000
Valuation allowance	(4,759,000)
Net current deferred tax asset	-

NOTE 12-LOSS PER SHARE

The following data show the amounts used in computing loss per share for the periods presented:

	2008	2007
Loss available to common shareholders (numerator)	$ (1,773,196)	$ (542,756)
Weighted average number of common shares Outstanding during the period used in loss per Share (denominator)	21,958,013	16,141,343

Dilutive loss per share is not presented, as the Company had no common equivalent shares for all periods presented that would affect the computation of diluted loss per share.

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the period for:	2008	2007
Interest	--	108
Income taxes	--	--

Supplemental non-cash Investing and Financing Activities:
For the year ended December 31, 2008:
1,714,081 shares of common stock were issued for conversion of debt.
820,000 shares of common stock were issued for non-cash services.
1,490,196 shares preferred stock were converted into 7,600,000 shares of common stock.

For the year ended December 31, 2007:
The Company issued 1,000 shares of Preferred Stock in connection with the signing of a License Agreement.

NOTE 14-SUBSEQUENT EVENTS

On February 24, 2009 the Company entered into a note agreement whereby Agile Opportunity Fund, LLC loaned the Company $200,000 to be repaid within 90 days at 8% interest.

Subsequent to year end related parties have loaned the Company approximately $300,000.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A (T). CONTROLS AND PROCEDURES

CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer, who is also the principal financial officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the principal executive officer/principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fourth quarter of 2008, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our chief executive officer and chief financial officer concluded that our internal control over financial reporting was effective as of December 31, 2008.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following table sets forth certain information regarding the directors and executive officers of the Company:

Name	Age	Position	Year First Elected
Scott A. Haire	44	Chairman, Chief Executive Officer, President and Director	1993
Gilbert A. Valdez	65	Director	1996
Araldo A. Cossutta	84	Director	1994
Steven W. Evans	58	Director	1994
Robert E. Gross	64	Director	1994
Thomas J. Kirchhofer	68	Director	1994

Executive Officers of the Company are elected on an annual basis and serve at the discretion of the Board of Directors. Directors of the Company are elected on an annual basis.

Scott A. Haire is Chairman of the Board, Chief Executive Officer and President of the Company. Prior to founding Wound Management Technologies, Inc., he was an employee of the Company from November 1993 to June 1994. Previously, Mr. Haire was president of Preferred Payment Systems, a company specializing in electronic claims and insurance system related projects.

Gilbert A. Valdez is Chief Operating Officer of the Company and past President and CEO of four major financial and healthcare corporations. Most recently, he served as CEO of Hospital Billing and Collection Services, Inc., a $550 million healthcare receivables financing entity located in Wilmington, Delaware; Datix Corporation, an Atlanta-based corporate divestiture from Harris-Lanier; Medaphis Corporation, an interstate, multi-dimensional healthcare service agency based in Atlanta; and NEIC, a national consortium of 40 major insurance companies formed for development of electronic claim billing standards. Mr. Valdez has 30 years of senior healthcare receivables financing experience.

Araldo A. Cossutta is President of Cossutta and Associates, an architectural firm based in New York City, with major projects throughout the world. Previously, he was a partner with I.M. Pei & Partners and is a graduate of the Harvard Graduate School of Design and the Ecole des Beaux Arts in Paris. Mr. Cossutta was a significant shareholder in Personal Computer Card Corporation ("PC3") and was chairman of PC3 at the time of its acquisition by the Company in November 1993. He also was a large shareholder and director of Computer Integration Corporation of Boca Raton, Florida from 1993 to 2000.

Steven W. Evans is a Certified Public Accountant with Evans Miller & Warriner, PSC, an accounting firm which he established in 1976 in Barbourville, Kentucky. He is also a founder and active in PTRL, which operates contract research laboratories located in Kentucky, California and Germany. He is also a founder and active in the management of environmental, financial and hotel corporations in Kentucky and Tennessee.

Robert E. Gross is President of R. E. Gross & Associates, providing consulting and systems projects for clients in the multi-location service, banking and healthcare industries. From 1987 to 1990, he was vice president-technical operations for Medaphis Physicians Service Corp., Atlanta, Georgia. Prior to that, he held executive positions with Chi-Chi's, Inc., Royal Crown and TigerAir. He also spent 13 years as an engineer with IBM.

Thomas J. Kirchhofer is president of Synergy Wellness Centers of Georgia, Inc. He is past president of the Georgia Chiropractic Association.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Our business is managed under the direction of the Board of Directors. The Board of Directors meets on a regularly scheduled basis to review significant developments affecting us and to act on matters requiring approval of the Board of Directors. It also holds special meetings when an important matter requires attention or action by the Board of Directors between scheduled meetings. During fiscal 2008, the Board of Directors met on February 6, 2008. The Board of Directors does not have a standing audit, compensation, and nominating or governance committee.

Audit Committee

The Company does not maintain a standing Audit Committee. An audit committee typically reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendations and performance of independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, and internal accounting and financial control policies and procedures. Certain stock exchanges currently require companies to adopt a formal written charter that establishes an audit committee that specifies the scope of an audit committee's responsibilities and the means by which it carries out those responsibilities. In order to be listed on any of these exchanges, the Company will be required to establish an audit committee.

The Company's board of directors does not have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The board of directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that there is not any audit committee member who has obtained these attributes through the experience specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant. The board believes that its current audit committee is able to fulfill its role under SEC regulations despite not having a designated "audit committee financial expert."

Indebtedness of Directors and Executive Officers

None of our directors or officers or their respective associates or affiliates is indebted to us.

Family Relationships

There are no family relationships among our directors or executive officers.

Compensation Committee

The Company does not maintain a standing Compensation Committee. Due to the Company's small size at this point in time, the Board of Directors has not established a separate compensation committee. All members of the Board of Directors (with the exception of any member about whom a particular compensation decision is being made) participate in the compensation award process. During fiscal 2008, no executive officer received any compensation from the Company.

Nominating Committee

The Company does not maintain a standing Nominating Committee and does not have a Nominating Committee charter. Due to the Company's small size at this point in time, the Board of Directors has not established a separate nominating committee and feels that all directors should have input into nomination decisions. As such, all members of the Board of Directors generally participate in the director nomination process. Under the rules promulgated by the SEC, the Board of Directors is, therefore, treated as a "nominating committee".

The Board of Directors will consider qualified nominees recommended by shareholders. Shareholders desiring to make such recommendations should submit such recommendations to the Corporate Secretary, c/o Wound Management Technologies, Inc. 777 Main Street, Suite 3100, Fort Worth, and Texas 76102. The Board of Directors will evaluate candidates properly proposed by shareholders in the same manner as all other candidates.

With respect to the nominations process, the Board of Directors does not operate under a written charter, but under resolutions adopted by the Board of Directors. The Board of Directors is responsible for reviewing and interviewing qualified candidates to serve on the Board of Directors, for making recommendations for nominations to fill vacancies on the Board of Directors, and for selecting the nominees for selection by the Company's shareholders at each annual meeting. The Board of Directors has not established specific minimum age, education, experience or skill requirements for potential directors. The Board of Directors takes into account all factors they consider appropriate in fulfilling their responsibilities to identify and recommend individuals as director nominees. Those factors may include, without limitation, the following:

- an individual's business or professional experience, accomplishments, education, judgment, understanding of the business and the industry in which the Company operates, specific skills and talents, independence, time commitments, reputation, general business acumen and personal and professional integrity or character;

- the size and composition of the Board of Directors and the interaction of its members, in each case with respect to the needs of the Company and its shareholders; and

- regarding any individual who has served as a director of the Company, his or her past preparation for, attendance at, and participation in meetings and other activities of the Board of Directors or its committees and his or her overall contributions to the Board of Directors and the Company.

The Board of Directors may use multiple sources for identifying and evaluating nominees for directors, including referrals from the Company's current directors and management as well as input from third parties, including executive search firms retained by the Board of Directors. The Board of Directors will obtain background information about candidates, which may include information from directors' and officers' questionnaires and background and reference checks, and will then interview qualified candidates. The Board of Directors will then determine, based on the background information and the information obtained in the interviews, whether to recommend that a candidate be nominated to the Board of Directors. We strongly encourage and, from time to time actively survey, our shareholders to recommend potential director candidates.

Shareholder Communications with the Company's Board of Directors

Any shareholder wishing to send written communications to the Company's Board of Directors may do so by sending them in care of Lucy Singleton, Corporate Secretary, at the Company's principal executive offices. All such communications will be forwarded to the intended recipient(s).

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by it and representations from certain reporting persons regarding their compliance with the relevant filing requirements, the Company believes that all filing requirements applicable to its officers, directors and 10% shareholders were complied with during the fiscal year ended December 31, 2008.

CODE OF ETHICS

Due to the current formative stage of the Company's development, it has not yet developed a written code of ethics for its directors or executive officers.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

No compensation in excess of $100,000 was awarded to, earned by, or paid to any executive officer of the Company during the last three years. The following table and the accompanying notes provide summary information for each of the last three fiscal years concerning cash and non-cash compensation paid or accrued by the Company's Chief Executive Officer over the past three years.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options SARs(#)	LTIP payouts ($)	All Other Compensation ($)
Scott A. Haire	2008	-0-	-	-	-	-	-	-
	2007	-0-	-	-	-	-	-	-
	2006	-0-	-	-	-	-	-	

EMPLOYMENT AGREEMENTS

None of our executive officers has an employment agreement with the Company or its subsidiary.

DIRECTOR COMPENSATION

We do not pay our directors a fee for attending scheduled and special meetings of our board of directors. We intend to reimburse each director for reasonable travel expenses related to such director's attendance at board of directors and committee meetings. In the future we might have to offer some compensation to attract the caliber of independent board members the Company is seeking.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information concerning the ownership of the Company's common stock as of December 31, 2008, with respect to: (i) each person known to the Company to be the beneficial owner of more than five percent of the Company's common stock; (ii) all directors; and (iii) directors and executive officers of the Company as a group. The notes accompanying the information in the table below are necessary for a complete understanding of the figures provided below.

As of December 31, 2008, there were 27,237,310 shares of common stock issued and 27,233,221 outstanding.

Title Class	Name of Beneficial Owner of Group[1]	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Scott A. Haire	8,695,184(2)	31.9%
Common	Araldo A. Cossutta	5,259,214	19.3%
Common	Steven W. Evans	15,000	-- *
Common	Thomas J. Kirchhofer	--	-- *
Common	Robert E. Gross	--	-- *
Common	Gilbert Valdez	1,666	-- *
Common	Applied Nutritionals 1890 Bucknell Drive Bethleham, PA 18015	900,000	3.3%
Common	George Petito 1890 Bucknell Drive Bethleham, PA 18015	6,000,000(3)	22.0%
Common	T Squared Investments, LLC c/o T Squared Capital LLC 1325 Sixth Avenue, Floor 28 New York, New York 10019	1,404,226(4)	5.1%
Common	All Directors and Executive Officers As a Group (six in number)	13,971,064	51.2%

* less than 1%

(1) Unless otherwise noted, the address for each person or entity listed is 777 Main Street, Suite 3100, Fort Worth Texas, 76102.

(2) 7,927,970 of these shares are held by H.E.B., LLC. Mr. Haire is a one-percent member, but the managing member of H.E.B., LLC and as such, is deemed to be the beneficial owner of such shares.

3) Consists of 900,000 shares held by Applied Nutritionals and 5,100,000 shares of Common Stock. Mr. Petito is the majority member and the manager of Applied Nutritionals and in such capacity, may be deemed to be the beneficial owner of such shares.

(4) Consists of 1,404,226 shares, plus warrants and purchase options. T Squared Investments, LLC currently holds warrants issued by the Company for 1,000,000 shares of Common Stock and a purchase option issued by H.E.B., LLC for 1,200,000 shares of our Common Stock currently held by H.E.B., LLC, and notes. The warrants and purchase option provide that T Squared Investments shall not be entitled to exercise the warrants or purchase option, or convert the notes into shares of Common Stock if such exercise or conversion would result in T Squared and its affiliates having in beneficial ownership of more than 4.9% of the then outstanding number of shares of Common Stock on such date. As a result of this limitation, T Squared would not be able to exercise any warrants or the purchase option, within 60 days.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Effective August 20, 2004, we acquired Wound Care Innovations, LLC through a merger of Wound Care with a newly formed Company subsidiary. The consideration paid by the Company for Wound Care consisted of an aggregate of 6,000,000 shares of our common stock. These shares were issued to H.E.B., LLC, a Nevada limited liability company, and to Mr. Araldo Cossutta, the sole owners of Wound Care. Mr. Scott A. Haire, our Chairman of the Board, Chief Executive Officer and President is a one-percent member, but the managing member of HEB, and Mr. Cossutta is a member of our Board of Directors.

In connection with the acquisition of Wound Care, HEB and Mr. Cossutta also agreed to convert an aggregate of $1,800,612 of Wound Care's debt and other obligations owed to HEB and Mr. Cossutta into an aggregate of 2,257,303 additional shares of our common stock.

Effective November 28, 2007, Wound Care Innovations entered into separate exclusive license agreements with Applied Nutritionals and its founder George Petito, pursuant to which Wound Care Innovations obtained the exclusive world-wide license to certain patented technologies and processes related to CellerateRx products.

Wound Care Innovations had been marketing and selling CellerateRx for the three previous years under the terms of a distribution agreement that had been terminated in 2005. The new licenses are limited to the human health care market for external wound care, and include any new product developments based on the licensed patent and processes. The term of these licenses extends through the life of the licensed patent.

In consideration for the licenses, Wound Care Innovations agreed to pay to Applied Nutritionals and Mr. Petito the following royalties, beginning January 3, 2008: (a) an advance royalty of $100,000 in the aggregate, (b) an aggregate royalty of fifteen percent (15%) of gross sales occurring during the first year of the license; (c) an additional advance royalty of $400,000, in the aggregate, on January 3, 2009; plus (d) an aggregate royalty of three percent (3%) of gross sales for all sales occurring after the payment of the $400,000 advance royalty. In addition, after January 3, 2009, Wound Care Innovations must maintain a minimum aggregate annual royalty payment of $375,000.

All royalties, other than the advance royalty payments described above, are due and payable on a calendar quarterly basis on or before the forty-fifth (45^{th}) day immediately following the calendar quarter in which gross sales are received.

In addition to the license agreements, Wound Care Innovations also entered into an exclusive manufacturing agreement with Applied Nutritionals pursuant to which Applied Nutritionals will manufacture all CellerateRx and related products for Wound Care Innovations. The term of the manufacturing agreement extends through the life of the licensed patent; but may be terminated by a successor in interest to Wound Care Innovations, provided that the successor in interest has annual revenues of at least $100,000,000 or a market capitalization of at least $200,000,000.

In connection with the above transaction, the Company issued to Mr. Petito 1,000 shares of a newly designated Series A Convertible Preferred Stock.

Prior to entering into the new license agreements, Applied Nutritionals held 900,000 shares of our common stock. These shares were issued to Applied Nutritionals in 2004, in connection with the previous distribution agreement for CellerateRx products. As majority member and manager of Applied Nutritionals, Mr. Petito may be deemed to be the beneficial owner of these shares.

Effective January 1, 2008, we issued 490.196 shares of our Series A Convertible Preferred Stock to Keystone Equity Partners in exchange for the cancellation of approximately $1,500,000 in debt. The debt was recently acquired by Keystone from H.E.B., LLC, our majority shareholder, and its affiliates.

Each share of Series A Convertible Preferred Stock was automatically converted into 5,100 shares of common stock in May 2008, upon the filing of an amendment to our Articles of Incorporation increasing our authorized number of shares of common stock from 20,000,000 to 100,000,000.

All of our directors are independent, as defined by Rule 4200(a) (15) of the Nasdaq's listing standards, except for Mr. Haire, who is not independent because he is currently employed by the Company as its Chief Executive Officer and Mr. Cossutta, who is not independent due to the above described acquisition of Wound Care.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The firm of Pritchett, Siler & Hardy, P.C. served as the Company's independent public accountants for the year ended December 31, 2008. The Board of Directors of the Company, in its discretion, may direct the appointment of different public accountants at any time during the year if the Board believes that a change would be in the best interests of our stockholders. The Board of Directors has considered the audit fees, audit-related fees, tax fees and other fees paid the Company's accountants, as disclosed below, and determined that the payment of such fees is compatible with maintaining the independence of the accountants.

AUDIT FEES

The Audit fees billed by Pritchett, Siler & Hardy, P.C. for professional services rendered during 2008 for the audit of the Company's annual financial statements on Form 10-K (and previous filings on Form 10-KSB) and the reviews of the financial statements included in the Company's Form 10-QSB's for the fiscal years ended December 31, 2008 and 2007 was $34,625 and $30,595 respectively.

AUDIT-RELATED FEES

None

TAX FEES

None

ALL OTHER FEES

None

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Company does not currently have an Audit Committee. Currently, the Board of Directors pre-approves all audit and non-audit services that are to be performed and fees to be charged by our independent auditor or assure that the provision of these services does not impair the independence of such auditor. The Board of Directors pre-approved all audit services and fees of our independent auditor for the years ended December 31, 2008 and 2007. Our independent auditors did not provide us with any non-audit services during the period indicated above.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	
3.1	Articles of Incorporation*
3.1a	Articles of Amendment (Incorporated by reference to Exhibit A to the Company's Information Statement filed with the Commission on May 13, 2008)
3.2	Bylaws*
10.1	Stock Purchase Agreement dated as of December 28, 2007, by and between MB Software Corporation and Keystone Equity Partners.*

10.2 Exclusive Patent and Trademark License dated as of November 28, 2007, by and between Wound Care Innovations, L.L.C. and Applied Nutritionals, LLC. (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on November 30, 2007).

10.3 Exclusive License dated as of November 28, 2007, by and between Wound Care Innovations, LLC and George Petito (Incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on November 30, 2007).

10.4 Manufacturing Agreement dated as of November 28, 2007, by and between Wound Care Innovations, L.L.C. and Applied Nutritionals, LLC (Incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on November 30, 2007).

10.5 Common Stock Purchase Agreement, dated as of January 11, 2008, by and between Wound Management Technologies, Inc. and T Squared Investments LLC (Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 23, 2008).

10.6 Note Purchase Agreement, dated as of January 11, 2008, by and between Wound Management Technologies, Inc. and T Squared Investments LLC (Incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on January 23, 2008).

10.7 Common Stock Purchase Warrant "A," dated as of January 11, 2008 (Incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on January 23, 2008).

10.8 Common Stock Purchase Warrant "B," dated as of January 11, 2008 (Incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on January 23, 2008).

10.9 Registration Rights Agreement Common Stock Purchase Agreement, dated as of January 11, 2008, by and between Wound Management Technologies, Inc. and T Squared Investments LLC (Incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Commission on January 23, 2008).

10.10 Convertible Promissory Note dated January 11, 2008.*

31 Certification of Principal Executive Officer and Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002*

32 Certification of Principal Executive Officer and Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Signature	Title	Date
/s/ Scott A. Haire Scott A. Haire	CEO, President, Chairman and Principal Financial Officer	March 31, 2009
/s/ Lucy J. Singleton Lucy J. Singleton	Controller	March 31, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Scott A. Haire Scott A. Haire	CEO, President, Chairman and Principal Financial Officer	March 31, 2009
/s/ Robert E. Gross Robert E. Gross	Director	March 31, 2009
/s/ Steve Evans Steve Evans	Director	March 31 2009
/s/ Gilbert A. Valdez Gilbert A. Valdez	Director	March 31, 2009

INDEX TO EXHIBITS

Exhibits

31	Certification of Principal Executive Officer and Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Principal Executive Officer and Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002

EX-31.1 2 wound10kex31123108.htm
Exhibit 31

CERTIFICATIONS

I, Scott A. Haire, certify that:

1. I have reviewed this Annual report on Form 10-K of Wound Management Technologies, Inc.;

2. Based on my knowledge, this Annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or causes such disclosure controls and procedures to be designed under out supervision, to ensure that material information relating to the registrant, including its consolidated SUBSIDIARY, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2009

/S/ Scott A. Haire
Scott A. Haire,
Chairman of the Board, Chief Executive Officer and Principal Financial Officer

EX-32.1 3 wound10kex32123108.htm

EXHIBIT 32
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Wound Management Technologies, Inc. on Form 10-K for the period ending December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, Scott A. Haire, Chief Executive Officer and principal financial officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 31, 2009
/S/ Scott A. Haire
Scott A. Haire,
Chairman of the Board, Chief Executive Officer and Principal Financial Officer