WOUND MANAGEMENT TECHNOLOGIES, INC.
Form 10-Q
August 12, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2008

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

Commission File No. 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 Number)

777 Main Street
Suite 3100
Fort Worth, Texas 76102
(Address of principal executive offices)
(817) 820-7080
(Registrant's telephone number, including area code)

MB SOFTWARE CORPORATION
(Former name, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "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 [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of August 6, 2008, 24,695,692 shares of the Issuer's $.001 par value common stock were outstanding.

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY

Form 10-Q

Quarter Ended June 30, 2008

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

PART II. OTHER INFORMATION

PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
UNAUDITED FOR THE SIX MONTHS ENDED JUNE 30, 2008

AND AUDITED FOR THE YEAR ENDED DECEMBER 31, 2007

ASSETS	June 30, 2008	December 31, 2007
CURRENT ASSETS:		
Cash	$ 92,544	$ 781
Accounts Receivable, less doubtful accounts	38,745	24,668
Line of Credit Receivable-Related Party	789,850	81,650
Inventory, less reserve for obsolescence	234,324	263,276
Other Assets	12,020	12,020
Total current assets	1,167,483	382,395
Property and Equipment, Net	21,167	23,335
TOTAL ASSETS	$ 1,188,650	$ 405,730
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES:		
Accounts payable	$ 83,296	$ 110,107
Accrued liabilities	353,594	326,649
Accrued interest	23,836	--
Accrued interest-related parties	244,998	274,680
Notes payable	710,000	10,000
Note payable -related parties	327,780	1,498,074
Total current liabilities	1,743,504	2,219,510
Long-Term Liabilities	--	--
TOTAL LIABILITIES	1,743,504	2,219,510
Stockholders' Deficiency Preferred stock, $10 par value, 5,000,000 shares authorized; 0 shares		

issued and outstanding as of June 30, 2008 and 1,000 outstanding December 31, 2007	--	10,000

Common stock: $0.001 par value; 100,000,000 shares authorized;		
24,699,781 issued and 24,695,692 outstanding as of June 30, 2008 and 16,145,432 issued and 16,141,343 outstanding as of December 31, 2007	24,699	16,145
Additional paid-in capital	13,018,606	11,171,496
Treasury Stock	(12,039)	(12,039)
Accumulated deficit	(13,586,120)	(12,999,382)
Total stockholders deficiency	(554,854)	(1,813,780)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 1,188,650	$ 405,730

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

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007

REVENUES:	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2
Total Revenue	$ 75,130	$ 300,105	$ 138,4

Cost of Revenue	71,289	110,441	219,5
Gross Profit(Loss)	3,841	189,664	(81,1
GENERAL AND ADMINISTRATIVE EXPENSES:			
General and Administrative Expenses	218,773	160,006	489,2
Depreciation	1,084	2,168	2,1
INCOME (LOSS) FROM CONTINUING OPERATIONS:	(216,016)	27,490	(572,5
OTHER INCOME (EXPENSES):			
Interest Income	23,275	--	40,0
Interest Expense	(40,764)	(43,640)	(54,1
LOSS BEFORE INCOME TAXES	(233,505)	(16,150)	(586,7
Current tax expense	--	--	--
Deferred tax expense	--	--	--
NET LOSS	$ (233,505)	$ (16,150)	$ (586,7
Basic and diluted loss per share of common stock:	$ (0.01)	$ --	$ (0.
Weighted average number of common shares outstanding	19,747,388	16,141,343	18,389,9

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

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WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30:

	2008	2007
Cash flows from operating activities		
Net loss from continuing operations	$ (586,738)	$ (189,403)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	2,168	4,337
Stock paid for services	50,000	--
Changes in assets and liabilities:		

(Increase) decrease in accounts receivable	(14,077)	(107,729)
(Increase) decrease in inventory	28,952	(106,480)
(Increase) decrease in prepaid expenses and other assets	--	(41,824)
Increase (decrease) in accounts payable and accrued liabilities	(32,657)	96,542
Increase (decrease) in royalties payable, including related accrued interest	26,945	35,463
Net cash flows used in operating activities	(525,407)	(309,094)
Cash flows from investing activities		
Increase in line of credit-Related Party	(708,200)	--
Net cash flows used in investing activities	(708,200)	--
Cash flows from financing activities		
Net advances - related parties-line of credit	325,370	86,296
Proceeds from unrelated party notes payable	700,000	--
Sale of stock for cash	300,000	--
Net cash flows provided by financing activities	1,325,370	86,296
Increase (decrease) in cash	91,763	(222,798)
Cash and cash equivalents, beginning of period	781	236,301
Cash and cash equivalents, end of period	$ 92,544	$ 13,503
Cash paid during the period for:		
Interest	--	--
Income taxes	--	--

Supplemental Non-cash investing and financing activities:

For the six months ended June 30, 2008:
The Company issued 490.196 shares of Series A Preferred stock for debt reduction of $1,495,664
The Company converted 1,490.196 shares of Series A Preferred stock for 7,600,000 shares of Common Stock.
For the six months ended June 30, 2007:
None

The accompanying notes are an integral part of these consolidatedfinancial statements.

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
JUNE 30, 2008

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1- BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. They do not include all information and notes required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The results of operations for the period ended June 30, 2008 are not necessarily indicative of the operating results that may be expected for the entire year ending December 31, 2008. These financial statements should be read in conjunction with the Management's Discussion and Analysis and with the Company's financial statements and accompanying notes thereto as of and for the year ended December 31, 2007, filed with the Company's Annual Report on Form 10-K.

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 financing from debt financing and / or equity financing through private placement efforts, (ii) issue common stock for services rendered in lieu of cash payments and (iii) obtain loans from shareholders as necessary. Without realization of additional capital or significant revenues from operations, 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 has minimal revenues and 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.

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WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARY
QUARTER ENDED JUNE 30, 2008
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - CURRENT NOTES PAYABLE

	Accrued Interest	Total Debt
Island Capital	$ 503	$ 10,000
Investment Firm, unsecured, payable on June 30, 2008 including interest at 10% per annum, currently in default	23,333	700,000
	$ 23,836	$710,000

NOTE 4 - RELATED PARTY NOTES PAYABLE AND OTHER TRANSACTIONS

Notes Payable

Funds are advanced from various related parties including the Company's President and CEO/CFO. Other shareholders fund the Company as necessary to meet working capital requirements and expenses. The advances are made pursuant to a note agreement that bears interest at 10% per annum, payable quarterly, and with maturity dates through June 30, 2008 per the table below. All notes are current liabilities and some of the notes are currently in default. Accrued interest due to related parties included in accrued liabilities as of June 30, 2008 was approximately $244,998. The following is a summary of amounts due to / from related parties as of June 30, 2008:

Related party	Nature of relationship	Terms of the agreement
HEB, LLC, a Nevada Limited Liability Company	Scott Haire, is a one-percent Member, but the managing member of HEB, LLC	Series of funds advanced under two separa unsecured $1 million lines of credit date November 26, 2003 and November 4, 2004, both at 10% per annum; no maturity date, interest payable quarterly; unused lines available at June 30,2008 total $1,674
eAppliance Payment Solutions, LLC a Nevada Limited Liability Company	Controlling owners in eAppliance Payment Solutions, LLC are Cossutta and Haire	Note dated January 1, 2004 for $2,410 at per annum; $10,000 line of credit.

Notes Receivable

During January 2008, the Company extended a Line of Credit to HEB, LLC in the amount of $1,000,000. Interest is accrued on outstanding balances at 10% per annum. The amount advanced and receivable on the Line was $789,850 and $0 with interest income of $40,016 and $0 for the six months ended June 30, 2008 and 2007 respectively.

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NOTE 5- STOCK ISSUANCES

Effective January 1, 2008 the Company issued 490.196 shares of $10.00 par value preferred stock for 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 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 $50,000 or $.10 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 but hasn't issued the stock as of June 30, 2008.

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.

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

Introduction

Management's discussion and analysis of results of operations and financial condition is provided as a supplement to the accompanying consolidated financial statements and footnotes to help provide an understanding of our financial condition, changes in financial condition and results of operations.

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.

Factors That Could Affect Future Results

We face an inherent risk of exposure to product liability claims in the event that the use of our products results in injury. Such claims may include, among others, that our products contain contaminants or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. We do not anticipate obtaining contractual indemnification from parties supplying raw materials or marketing our products. 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.

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 as follows:

- 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.

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(TM)". 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 Diamond Contract Manufacturing 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.

Results of Operations

Six months ended June 30, 2008 and 2007

Revenues. The Company generated revenues for the six months ended June 30, 2008 of $138,400 (2007: $384,046), a decrease of approximately 64% from the same period in 2007.

Cost of revenues and gross margin. Costs of revenues for 2008 were $219,525 (2007: $137,440) resulting in a gross margin/(loss) of ($81,125) (2007: $246,606).

Selling, general and administrative expenses ("SGA"). SGA for 2008 were $489,291 (2007: $359,940) consisting primarily of wages, enhanced product promotions, facility-related expenses, and outside professional services such as legal and professional fees incurred in connection with our SEC reporting requirements. We expect selling, general and administrative expenses to increase as we continue to expand our marketing efforts and the number of products we offer.

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. 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 86,702 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. On January 31, 2008, the Company received $250,000 from the sale of 367,647 shares of common stock.

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.

Contractual Obligations (Commitments And Contingencies)

Operating leases

The Company leases office space and office equipment under an operating lease expiring in various years through 2009. Rental expense charged to operations for the six months ended June 30, 2008, was approximately $24,800 (2007: $42,000). Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of June 30, 2008, for each of the next two years and in the aggregate are as follows (approximately):

2009	$ 39,000
2010	--
	$39,000

Federal Payroll Taxes

The Company is delinquent in the payment of its payroll tax liabilities with the Internal Revenue Service. As of June 30, 2008, unpaid payroll taxes total approximately $203,000. The Company has estimated the related penalties and interest at approximately $145,000 computed through June 30, 2008, which are included in current liabilities at June 30, 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4T. 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 second 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 June 30, 2008.

This quarterly 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 quarterly report.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings - None

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

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 86,702 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.

January 31, 2008, the Company received $250,000 from the sale of 367,647 shares of common stock.

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.

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 3. Defaults Upon Senior Securities - None

ITEM 4. Submission of Matters to a Vote of Security Holders

On May 13, 2008 the Company filed an Information Statement with the Commission in connection with a written consent of shareholders holding 12,110,148 shares of the Company's common stock and 490.196 shares of Series A Convertible Preferred Stock., par value $10.00 per share with respect to approving:

(1) An amendment to the Company's Articles of Incorporation to (A) rename the Company "Wound Management Technologies, Inc., and (B) increase the authorized number of shares of common stock from 20,000,000 to 100,000,000; and

(2) The re-election of the Company's six members of the Board of Directors for another one-year term.

The shares of common stock and preferred stock represented by the written consent represented approximately 60% of the votes then entitled to be cast by shareholders with respect to the above-described actions, which was sufficient to approve such actions. No proxies were solicited, nor received by the Company and no votes were cast in opposition of the above described actions.

ITEM 5. Other Information - None

ITEM 6. Exhibits

(a) Exhibits

31 Certification pursuant to Rule 13a-14(a)/15d-14(a)

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

SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WOUND MANAGEMENT TECHNOLOGIES, INC.

Date: August 12, 2008

/s/ Scott A. Haire

Scott A. Haire, Chairman of the Board,
Chief Executive Officer and President
(and Principal Financial Officer)