MAGNEGAS CORP
Form 10-Q
August 12, 2009

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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______to______.

BTX HOLDINGS, INC.
(Exact name of registrant as specified in the Charter)

Florida	333-110324	16-1682307
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employee Identification No.)

5030 Champion Blvd G6 #198 Boca Raton, FL 33496
(Address of Principal Executive Offices) (Zip Code)

(206) 203-3492
(Issuer Telephone number, including area code)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2)has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	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 o No x

State the number of shares outstanding of each of the issuer's classes of common equity, as of August 11, 2009: 1,063,618 shares of common stock.

BTX HOLDINGS, INC.

FORM 10-Q

June 30, 2009

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2009 (Unaudited)	December 31, 2008
CURRENT ASSETS		
Cash	$ 992	$ 53
TOTAL CURRENT ASSETS	992	53
Property and Equipment, net	424	738
TOTAL ASSETS	$ 1,416	$ 791
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable	$ 138,495	$ 138,158
Accrued payroll	359,130	284,130
Accrued interest	25,358	18,145
Notes payable- related parties	66,395	54,545
Notes payable	50,000	50,000
TOTAL CURRENT LIABILITIES	639,378	544,978
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' DEFICIENCY		
Preferred stock, $.001 par value, 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 1,063,618 shares issued and outstanding, respectively	1,064	1,064
Additional paid in capital	2,410,080	2,410,080
Accumulated deficit during development stage	(3,049,106)	(2,955,331)
Total Stockholders' Deficiency	(637,962)	(544,187)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 1,416	$ 791

See accompanying notes to condensed consolidated financial statements.

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For The Three Months Ended June 30, 2009	For The Three Months Ended June 30, 2008	For The Six Months Ended June 30, 2009	For The Six Months Ended June 30, 2008	For The Period From January 8, 2003 (Inception) to June 30, 2009
OPERATING EXPENSES					
Consulting fees	$ -	$ -	$ -	$ -	$ 364,403
Management fees - related party	-	-	-	-	84,000
Professional fees	3,948	4,563	10,593	4,563	362,182
Research and development	-	-	-	-	168,618
Impairment of technology	-	-	-	-	500,000
Salaries	37,500	37,500	75,000	37,500	680,167
General and administrative	(478)	7,496	16	7,496	415,196
Total Operating Expenses	40,970	49,559	85,609	49,559	2,574,566
LOSS FROM OPERATIONS	(40,970)	(49,559)	(85,609)	(49,559)	(2,574,566)
OTHER EXPENSES:					
Interest Expense	(4,387)	(2,907)	(8,166)	(2,907)	(74,731)
Loss on convesion of notes payable	-	-	-	-	(97,277)
Financing fees	-	-	-	-	(302,532)
Total Other Expenses	(4,387)	(2,907)	(8,166)	(2,907)	(474,540)
LOSS BEFORE PROVISION FOR INCOME TAXES	(45,357)	(52,466)	(93,775)	(52,466)	(3,049,106)
Provision for Income Taxes	-	-	-	-	-
NET LOSS	$ (45,357)	$ (52,466)	$ (93,775)	$ (52,466)	$ (3,049,106)
Net loss per share - basic and diluted	$ (0.04)	$ (0.05)	$ (0.09)	$ (0.05)	
Weighted average number of shares outstanding during the period - basic and diluted	1,063,618	1,063,618	1,063,618	1,063,618	

See accompanying notes to condensed consolidated financial statements.

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER' EQUITY (DEFICIENCY)

FOR THE PERIOD FROM JANUARY 8, 2003 (INCEPTION) TO JUNE 30, 2009

(UNAUDITED)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit During Development Stage	Total
BALANCE, JANUARY 8, 2003 (Inception)	-	$ -				-	$ -	$ -
Issuance of founders stock	-	-	314,920	315	1,685	-	-	2,000
Net loss, 2003	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2004	-	-	314,920	315	1,685	-	-	2,000
Beneficial conversion on convertible debt	-	-	-	-	85,000	-	-	85,000
Net loss, 2004	-	-	-	-	-	-	(102,668)	(102,668)
BALANCE, December 31, 2004	-	-	314,920	315	86,685	-	(102,668)	(15,668)
Sale of common stock for cash	-	-	62,300	62	622,938	-	-	623,000
Stock issued to acquire technology	-	-	50,000	50	499,950	-	-	500,000
Common stock issued for reverse merger	-	-	56,500	57	(57)	-	-	-
Common stock issued for reverse	-	-	3,310,140	3,310	(3,310)	-	-	-

merger								
Repurchase and cancellation of common stock	-	-	(3,147,500)	(3,148)	(46,853)	-	-	(50,000)
Common stock issued for financing fees on note payable	-	-	1,000	1	9,999	-	-	10,000
In-kind contribution of management services	-	-	-	-	880	-	-	880
Common stock issued for legal services	-	-	3,000	3	29,997	-	-	30,000
Net loss, 2005	-	-	-	-	-	-	(1,250,794)	(1,250,794)
BALANCE, December 31, 2005	-	-	650,360	650	1,200,230	-	(1,353,462)	(152,582)
Sale of common stock			800	1	9,999	-	0	10,000
Common stock issued for services	-	-	10,000	10	167,990	(153,000)	-	15,000
Common stock issued for financing fees on note payable	-	-	3,600	4	78,496	-	-	78,500
Conversion on notes payable and accrued interest	-	-	17,100	17	78,497	-	-	78,514

See accompanying notes to condensed consolidated financial statements.

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER' EQUITY (DEFICIENCY) CONTINUED

FOR THE PERIOD FROM JANUARY 8, 2003 (INCEPTION) TO JUNE 30, 2009

(UNAUDITED)

Retirement of common stock	-	-	(1,000)	(1)	1	-	-	-
Amortization of deferred compensation	-	-	-	-	-	89,704	-	89,704
Net Loss, 2006	-	-	-	-	-	-	(741,177)	(741,177)
Balance December 31, 2006	-	-	680,860	681	1,535,213	(63,296)	(2,094,639)	(622,041)
Common stock issued for services	-	-	20,000	20	149,980	-	-	150,000
Conversion on notes payable and accrued interest	-	-	240,830	241	482,363	-	-	482,604
Conversion of accrued payroll	-	-	119,928	120	238,526	-	-	238,646
Common stock issued for financing fees	-	-	2,000	2	3,998	-	-	4,000
Amortization of deferred compensation	-	-	-	-	-	63,296	-	63,296
Net Loss, 2007	-	-	-	-	-	-	(632,644)	(632,644)
Balance December 31, 2007	-	-	1,063,618	1,064	2,410,080	-	(2,727,283)	(316,139)
	-	-				-	(228,048)	(228,048)

Net Loss, for the year ended December 31, 2008										
Balance, December 31, 2008	-	$	-	1,063,618	1,064	2,410,080	-	$	(2,955,331)	$ (544,187)
Net Loss, for the six months ended June 30, 2009	-		-				-		(93,775)	(93,775)
Balance, June 30, 2009	-	$	-	1,063,618	1,064	2,410,080	-	$	(3,049,106)	$ (637,962)

See accompanying notes to condensed consolidated financial statements.

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Six Months Ended June 30, 2009	2008	For The Period From January 8, 2003 (Inception) to June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ -	$ (118,220)	$ (3,049,106)
Adjustments to reconcile net loss to net cash used in operating activities:	(93,775)		
Common stock issued for services	-	-	555,898
Common stock issued for financing fees	-	-	7,500
Beneficial conversion expenses	-	-	35,763
Loss on conversion of notes payable - related party	-	-	96,322
Depreciation expense	314	1,311	14,927
Impairment of technology	-	-	500,000
In-kind contribution of services	-	-	880
Changes in operating assets and liabilities:			
(Increase) / Decrease in prepaid expenses		(694)	-
Accrued payroll	75,000	75,000	559,878
Accrued interest	7,213	4,894	73,941
Accounts payable	337	21,795	138,495
Net Cash Used In Operating Activities	(10,911)	(15,914)	(1,065,502)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	-	-	(15,351)
Net Cash Used In Investing Activities	-	-	(15,351)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash overdraft	-	-	-
Repyaments of notes payable	-	-	(40,000)
Proceeds from notes payable related party	11,850	12,600	446,845
Proceeds from notes payable	-	-	90,000
Repurchase and retirement or treasury stock	-	-	(50,000)
Proceeds from issuance of common stock	-	-	635,000
Net Cash Provided By Financing Activities	11,850	12,600	1,081,845

NET INCREASE (DECREASE) IN CASH		939		(3,314)		992
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		53		3,404		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	992	$	90	$	992
Supplemental disclosure of non cash investing & financing activities:						
Cash paid for income taxes	$	-	$	-	$	-
Cash paid for interest expense	$	-	$	-	$	500
Conversion of convrtible debt and accrued interest to common stock	$	-	$	-	$	428,933
Conversion of accrued salary to common stock	$	-	$	-	$	200,748

See accompanying notes to condensed consolidated financial statements.

BTX HOLDINGS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

(UNAUDITED)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The accompanying reviewed financial statements are presented in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and item 310 under subpart A of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal occurring accruals) considered necessary in order to make the financial statements not misleading, have been included. Operating results for the three and six months ended June 30, 2009 are not necessarily indicative of results that may be expected for the year ending December 31, 2009. The financial statements are presented on the accrual basis.

(B) Organization

BTX Holdings, Inc. f/k/a King Capital Holdings, Inc. was incorporated under the laws of the State of Florida on April 24, 2003.

BioTex Corporation (f/k/a YB Holdings, Inc.) (a development stage company), established in 2003 to develop and employ technologies from around the world to process biomass (plant derived) waste, extract the usable fractions, and then utilize or sell those extractions for varied applications or in further processes.

Activities during the development stage include developing the business plan, acquiring technology and raising capital.

Pursuant to a share purchase agreement, dated December 30, 2005, BioTex Corporation, consummated an agreement with BTX Holdings, Inc., pursuant to which BioTex Corporation, exchanged all of its 256,744 then issued and outstanding shares of common stock for 254,744 shares or approximately 89% of the common stock of BTX Holdings, Inc. This transaction has been accounted for as a reverse acquisition. Accounting principles applicable to reverse acquisitions have been applied to record the acquisition. Under this basis of accounting, BioTex Corporation, is the acquirer and, accordingly, the consolidated entity is considered to be a continuation of BioTex Corporation, with the net assets of BTX Holdings, Inc. deemed to have been acquired and recorded at its historical cost. The statements of operations include the results of BioTex Corporation for the three and six months ended June 30, 2009 and 2008 and for the period from January 3, 2003 (inception) to June 30, 2009.

BTX Holdings, Inc. and BioTex Corporation are hereafter referred to as (the “Company”).

(C) Reclassification of prior year amounts

Certain prior year accounts have been reclassified to reflect current years presentation.

(D) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(E) Consolidation

The accompanying condensed consolidated financial statements include the accounts of BTX Holdings, Inc and its 100% owned subsidiary BioTex Corporation.

All inter-company transactions have been eliminated in consolidation.

(F) Cash and Cash Equivalents

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company at times has cash in excess of FDIC insurance limits and places its temporary cash investments with high credit quality financial institutions. At June 30, 2009 and December 31, 2008, the Company did not have any balances that exceeded FDIC insurance limits.

(G) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful life of five years.

(H) Stock-Based Compensation

Effective January 1, 2006 The Company adopted SFAS No. 123R “Share-Based Payment”(“SFAS 123R”), a revision to SFAS No. 123 “Accounting for Stock-Based Compensation” (“SFAS 123”). Prior to the adoption of SFAS 123R the Company accounted for stock options in accordance with APB Opinion No. 25 “Accounting for Stock Issued to Employees”(the intrinsic value method), and accordingly, recognized no compensation expense for stock option grants.

Equity instruments (“instruments”) issued to other than employees are recorded on the basis of the fair value of the instruments, as required by SFAS No. 123(R). EITF Issue 96-18, “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services.” defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the EITF.

During the year ended December 31, 2005, the Company granted 100,000 options to it's President with the following terms; 20,000 shares at $25.00, 20,000 at $37.50, 20,000 at $50.00, 20,000 at $75.00 and 20,000 at $100.00. All options expire December 31, 2015.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2005: dividend yield of zero; expected volatility of 1%, risk-free interest rate of 3.5%; expected life of 5 years dividend yield of zero; expected volatility of .001%,risk-free interest rate of 3.5%; expected life of 5 years. The Company determined the value to be immaterial.

A summary of the status of the Company's stock options as of June 30, 2009 and the changes during the period ended is presented below:

Fixed Options	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	-	-
Granted	100,000	$ 57.50

Outstanding at December 31, 2005	100,000	$	57.50
Granted	-		-
Outstanding at December 31, 2006	100,000	$	57.50
Granted	-		-
Outstanding at December 31, 2007	100,000	$	57.50
Granted	-		
Outstanding at December 31, 2008	100,000		
Granted	-		
Outstanding at June 30, 2009	100,000		
Options exercisable at June 30, 2009	100,000		
Weighted average exercise price of options granted to employees during period ended June 30, 2009 $	57.50		

(I) Loss Per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by Financial Accounting Standards No. 128, “Earnings Per Share.” As of June 30, 2009 and 2008 common share equivalents of 100,000 stock options were anti-dilutive and not used in the calculation of diluted net loss per share.

(J) Business Segments

The Company operates in one segment and therefore segment information is not presented.

(K) Long-Lived Assets

The Company accounts for long-lived assets under the Statements of Financial Accounting Standards Nos. 142 and 144 “Accounting for Goodwill and Other Intangible Assets” and “Accounting for Impairment or Disposal of Long-Lived Assets” (“SFAS No. 142 and 144”). In accordance with SFAS No. 142and 144, long-lived assets, goodwill and certain identifiable intangible assets 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. For purposes of evaluating the recoverability of long-lived assets, goodwill and intangible assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. A100% or $500,000 impairment charge was recorded in 2005 for the Citrus Separation Technology acquired during the year as it was determined by management that the future value was impaired.

(L) Fair Value of Financial Instruments

The carrying amounts of the Company's accounts payable, accrued expenses, notes payable related parties, notes payable and deferred compensation approximate fair value due to the relatively short period to maturity for these instruments.

(M) Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The adoption of this statement did not have a material effect on the Company’s financial statements.

In June 2009, the FASB issued SFAS No. 166 “Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140” (“SFAS 166”). SFAS 166 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor’s continuing involvement, if any, in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 166 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 167 “Amendments to FASB Interpretation No. 46(R)” (“SFAS 167”). SFAS 167 improves financial reporting by enterprises involved with variable interest entities and to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), “Consolidation of Variable Interest Entities”, as a result of the elimination of the qualifying special-purpose entity concept in SFAS 166 and (2) constituent concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise’s involvement in a variable interest entity. SFAS 167 is effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 167 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 168 “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162”. The FASB Accounting Standards Codification (“Codification”) will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is nonauthoritative. The Company is evaluating the impact the adoption of SFAS 168 will have on its financial statements.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2009 and December 31, 2008 were as follows:

	June 30, 2009	December 31, 2008
Computer	$ 15,351	$ 15,351
Less accumulated depreciation	(14,927)	(14,613)
	$ 424	$ 738

During the three and six months ended June 30, 2009 and 2008, and the period January 8, 2003 (Inception) to June 30, 20099 the Company recorded depreciation expense of $145, $314, $558, $1,311 and $14,927, respectively.

NOTE 3 PURCHASE OF INTELLECTUAL PROPERTY

During January 2005, the Company entered into an agreement with Bio Reduction Technology, LLC, pending the Company's acceptance of a working prototype. Whereby the Company has the right to acquire an exclusive license to make and have made and to use, offer to sell, sell, license, rent, and distribute products embodying the bio reduction technology and any improvements to such technology throughout the entire world. In exchange for the afore mentioned license, the Company has agreed to issue up to 30,000 shares of common stock valued at $1,500,000 the fair market value on the agreement date and an option to purchase 6,000 additional shares of common stock, which will be exercisable at a price of $250.00 per share. As of June 30, 2009, the Company has not received a working prototype and has not closed on the agreement.

During May 2005, the Company entered into an agreement with an individual who is the sole inventor of and holds all the rights, title, and interest in a pending patent for citrus separation technology, whereby the Company has been assigned the pending patent and the right to make and have made and to use, offer to sell, sell, license, rent, and distribute products embodying the citrus separation technology and improvements to such technology throughout the entire world. In exchange for the aforementioned pending patent, the Company issued 50,000 shares of common stock valued at $500,000, the fair market value on the agreement date and an option for the purchase of 30,000 additional shares of YB common stock, exercisable at a price of $50.00 per share. The options were valued based on the Black-Scholes model with the following assumptions as required under SFAS 123 with the following weighted average assumptions: expected dividend yield 0%, volatility 0%, risk-free interest rate of 4.25%, and expected warrant life of one year. The Company also agreed to share a certain percentage of profits derived from sales. As the Company has yet to determine the commercial feasibility of this technology, it has elected to fully impair the value of it. (See Note 9(c))

On December 29, 2005, the Company entered into an agreement with Dexion International, Ltd to acquire all rights and interest in its patent application number 5425221.8 for Hypercritical Separation Technology that was filed with the European Patent Office on April 15, 2005. Upon successful testing, the rights, title and interest to the technology are being acquired by us at a cost of $2.5 million and 116,000 shares of common stock. Additionally, pending successful testing of the technology, the Company has agreed to acquire Dexion's HST machine for $500,000 and to establish a research and development facility for the technology. On March 29, 2007, the Company and Dexion International, Ltd. mutually terminated the Agreement.

NOTE 4 NOTES PAYABLE - RELATED PARTIES

During 2004, the Company issued a one-year 8% Convertible Debenture (“Debenture”) in the principal amount of $87,000, to an officer, director and shareholder in settlement of the note payable to such related party, which was issued for the sole purpose of funding ongoing operations. The note was extended until December 31, 2006. The principal and accrued interest of the Debenture is convertible upon issuance into shares of common stock, par value $0.001 per share, at a conversion price of $0.25 per share. During the years ended December 31, 2006 and 2005 and the period January 8, 2003 (Inception) to December 31, 2006 the Company recorded financing fees for the beneficial conversion of $0, $70,795, and $85,000, respectively. In March 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer director and shareholder agreed to convert the principal of $87,000 and accrued interest of $17,337 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 65,211 shares of common stock valued at $130,422 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $26,085 (See Note 8).

On December 27, 2005, the Company borrowed $15,000 from a related party. The note is unsecured and is due twelve months from the date of issuance and bears interest at a rate of 10%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $15,000 and accrued interest of $2,026 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 10,641 shares of common stock valued at $21,283 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $4,257 (See Note 8).

On December 28, 2005, a related party loaned the Company $40,000 at a rate of 10% per annum. The principle and interest were due on December 31, 2006 and was unsecured. On September 1, 2006 the related party converted $40,000 of principal and $2,751 of accrued interest into 17,100 shares of common stock. The Company recorded interest expense of $35,763 associated with the beneficial conversion of the accrued interest (See Note 8).

In March 2006 a related party repaid an existing unsecured note of the Company in the amount of $20,000 and $500 of accrued interest. The related party entered into a new unsecured note agreement in the amount of $20,500 bearing interest at a rate of 15% per annum and is due December 31, 2006. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $20,500 and accrued interest of $3,631 into common stock at a discount of 20% from the current market value of $.2.00 on date of conversion. The Company issued a total of 15,082 shares of common stock valued at $30,164 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $6,033 (See Note 8).

In April 2006 the Company borrowed $50,000 from a related party. The note is unsecured and is due December 31, 2006 and bears interest at a rate of 15%. The Company issued the note holder 2,500 shares of common stock. The fair market value on the date of issuance based on recent cash offering price was $50,000. The value is being amortized over the term of the note. In December 2006 the term of the loan was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. At December 31, 2006 the Company recorded amortization of $50,000. In May 2007 the related party agreed to convert the principal of $50,000 and accrued interest of $8,260 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 36,413 shares of common stock valued at $72,825 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $14,565 (See Note 8).

During the year ended December 31, 2006, officer, director and shareholder loaned the Company an additional $37,250. The balance accrued interest at a rate of 10% per annum, is unsecured, and is due on December 31, 2006. In

January 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer, director and shareholder agreed to convert the principal of $37,250 and accrued interest of $3,746 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 25,623 shares of common stock valued at $51,245 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $10,249 (See Note 8).

During 2006, the Company borrowed $73,700 from a related party. The note is unsecured and is due six months from the dates of issuance and bear interest at a rate of 15%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. During the three months ended March 31, 2007 the Company borrowed an additional $42,000 from the related party, note is unsecured and is due March 31, 2007 and bear interest at a rate of 15%. In April 2007, the Company borrowed $15,000 from a related party. The note is unsecured and is due June 30, 2007 and bears interest at a rate of 15%. In May 2007 the officer, director and shareholder agreed to convert the principal of $130,700 and accrued interest of $8,616 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 87,860 shares of common stock valued at $176,666 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $35,145 (See Note 8).

On May 18, 2007, the Company borrowed $6,000 from a related party. The note is unsecured and is due July 31, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $ 1,906 and $1,460, respectively (See note 8).

On June 5, 2007 the Company borrowed $6,500 from an officer, director and shareholder of the Company. The note is unsecured and is due July 31, 2007 and bears interest at a rate of 17%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $2,286 and $1,738, respectively (See note 8).

During the three months ended September 30, 2007 the Company borrowed a total of $7,700 from an officer, director and shareholder of the Company. The notes are unsecured and are due October 30, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $2,224 and $1,652, respectively (See note 8).

In October 2007 the Company borrowed $2,000 from an officer, director and shareholder of the Company. The note is unsecured and is due November 15, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. . In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $511 and $362, respectively (See note 8).

On December 31, 2007 the Company borrowed $3,000 from an officer, director and shareholder of the Company. The note is unsecured and is due March 31, 2008 and bears interest at a rate of 25%.. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $1,124 and $752, respectively (See note 8).

On February 1, 2008, the Company borrowed $2,500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 10%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $353 and $229, respectively (See note 8).

On February 23, 2008, the Company borrowed $500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $101 and $64, respectively (See note 8).

On March 10, 2008, the Company borrowed $2,100 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $412 and $255, respectively (See note 8).

On April 1, 2008 the Company borrowed $500 from an officer and director of the Company. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $93 and $56, respectively (See note 8).

On April 18, 2008 the Company borrowed $2,500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $450 and $264 respectively (See note 8).

On May 21, 2008 the Company borrowed $500 from an officer and director of the Company. The note is unsecured and is due August 30, 2008 and bears interest at a rate of 15%. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $85 and $48, respectively (See note 8).

On June 1, 2008 the Company borrowed $4,000 from a related party. The note is unsecured and is due September 30, 2008 and bears interest at a rate of 15%. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $648 and $350, respectively (See note 8).

On July 1, 2008 a related party loaned $2,695 to the Company. The note is unsecured, earns an interest rate of 15% and matures on September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $403 and $203. (See note 8).

On August 8, 2008 a related party loaned $5,000 to the Company. The note is unsecured, carries an interest rate of 15%, and matures on September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $670 and $298, respectively. (See note 8).

On October 15, 2008 a related party loaned $2,500 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $226 and $80, respectively. (See note 8).

On October 19, 2008 a related party loaned $5,000 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $592 and $150, respectively. (See note 8).

On November 11, 2008 a related party loaned $1,000 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $90 and $16, respectively. (See note 8).

On January 1, 2009 related party converted an amount owed of $550 to a loan to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $82. (See note 8).

On January 23, 2009, a related party loaned the company $1,000. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $87. (See note 8).

On February 20, 2009, a related party loaned the company $350 The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $25. (See note 8).

On March 6, 2009, a related party loaned the company $1,000. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $64. (See note 8).

On April 1, 2009, a related party loaned the company $3,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $175. (See note 8).

On April 1 2009, a related party loaned the company $3,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $131. (See note 8).

On March 6, 2009, a related party loaned the company $2,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $125. (See note 8).

NOTE 5 NOTES PAYABLE

In March, 2006 the Company borrowed $5,000 from an individual. The note is unsecured, is due June 1, 2006, and bears interest at a rate of 15%. In August, the note was extended to September 30, 2006 and the Company agreed to issue 100 shares of common stock in consideration for the extension. In June 2007 the Company repaid the principal of $5,000 and accrued interest of $916. In addition the Company agreed to issue 2,000 share of common stock valued at $4,000 ($2.00 per share) the fair value on the date of issuance as additional fees to cover the default on note.

In April, 2006 the Company borrowed $25,000 from an individual. The note is unsecured, is due four months from the date of issuance and bears interest at a rate of 10%. The Company issued the note holder, 1,000 shares of common stock. The fair market value on the date of issuance based on recent cash offering price was $25,000. The value is being amortized over the term of the note. At December 31, 2006 the Company recorded a discount on the notes of $0 and amortization of $25,000. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $7,958 and $6,719, respectively.

In May, 2006 the Company borrowed $5,000 from an individual. The note is unsecured, is due June 1, 2006, and bears interest at a rate of 7%. In June, 2006 the note was extended to October 15, 2006. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $1,107 and $933, respectively.

In November 2007 the Company borrowed $20,000 from an investment company. The note is unsecured, is due November 13, 2008, and bears interest at a rate of 10%. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $3,260 and $2,268, respectively.

NOTE 6 JOINT VENTURE

On August 15, 2005, the Company agreed to enter into an agreement with the Citrus Products of Belize Limited (“CPBL”). Pursuant to the Agreement, the Company and CPBL were to form a joint venture named BTX Citrus Belize, Ltd. (“BTXC”) for the purpose of building a plant in Belize for waste peel processing. Pursuant to the terms of the Agreement, the Company will own 65% and CPBL will own 35% of the joint venture company. As of June 30, 2009 the joint venture has not been formed.

The parties have agreed that the Net Profits generated by BTXC, minus a working capital reserve to be determined by the BTXC board of directors, shall be distributed on a quarterly basis on the same percentage basis as each party's equity ownership. For the purpose of this Agreement, Net Profits has been defined as Gross Revenues from the sale of finished products less all associated costs of operation, including, but not limited to, salaries and wages, utilities, commissions, SG&A, royalties and debt service. An additional 20% of the Net Profits will be retained to establish a sinking fund in order to retire the debt incurred in building the plant until such time that the debt is retired.

NOTE 7 STOCKHOLDERS' EQUITY

(A) Common Stock Issued to Founders

During January 2003 the Company issued 314,920 shares of common stock to founders for a capital contribution of $2,000 ($.0012 per share).

In August 2006 one of the founders returned 1,000 shares of common stock with a value of $1,000. The Company retired the share of common stock in August 2006.

(B) Common Stock Issued for Cash

In 2005, the Company sold a total of 62,300 shares of common stock to 22 individuals for cash of $623,000 ($10.00 per share).

In 2006, the Company sold a total of 800 shares of common stock to an individual for cash of $10,000 ($12.50 per share).

(C) Common Stock Issued for Services

In December 2005 the Company issued 3,000 shares of common stock with a fair market value of $30,000 for legal services ($10.00 per share).

In March 2006 the Company issued 9,000 shares of common stock valued at $153,000 for investor relations. The term of the agreement is from June 1, 2006 to June 1, 2007. As of March 31, 2006 the Company has recorded the value of these shares as deferred compensation and will amortize them over the term of the agreement ($17.00 per share).

In June 2006 the Company issued 1,000 shares of common stock with a fair market value of $15,000 for consulting services ($15.00 per share).

In March 2007 the Company issued 20,000 shares of common stock with a fair market value of $150,000 for consulting services ($7,50per share).

(D) Common Stock Issued for Financing Fees

In December 2005 the Company issued 1,000 shares of common stock with a fair market value of $10,000 ($10,00 per share) for financing fees in relation to a note payable (See Note 4).

In April 2006 the Company issued 1,000 shares of common stock with a fair market value of $25,000 ($25.00 per share) for financing fees in relation to a note payable (See Note 5).

In April 2006, the Company issued a related party 2,500 shares of common stock with a fair market value of $50,000 ($20.00 per share) for financing fees in relation to a note payable (See Note 4).

In September 2006, the Company issued 100 shares of common stock with a fair market value of $3,500 ($35.00 per share) for financing fees in relation to a note payable (See Note 5).

(E) Common Stock Issued for Notes Payable

During 2004, the Company issued a one-year 8% Convertible Debenture ("Debenture") in the principal amount of $87,000, to an officer, director and shareholder in settlement of the note payable to such related party, which was issued for the sole purpose of funding ongoing operations. The note was extended until December 31, 2006. The principal and accrued interest of the Debenture is convertible upon issuance into shares of common stock, par value $0.001 per share, at a conversion price of $0.25 per share. During the years ended December 31, 2006 and 2005 and the period January 8, 2003 (Inception) to December 31, 2006 the Company recorded financing fees for the beneficial conversion of $0, $70,795, and $85,000, respectively. In March 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer director and shareholder agreed to convert the principal of $87,000 and accrued interest of $17,337 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 65,211 shares of common stock valued at $130,422

($2.00 per share). The Company recorded a loss on conversion of notes payable of $26,085 (See Note 8).

On December 27, 2005, the Company borrowed $15,000 from a related party. The note is unsecured and is due twelve months from the date of issuance and bears interest at a rate of 10%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $15,000 and accrued interest of $2,026 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 10,641 shares of common stock valued at $21,283 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $4,257 (See Note 8).

On December 28, 2005, a related party loaned the Company $40,000 at a rate of 10% per annum. The principle and interest were due on December 31, 2006 and was unsecured. On September 1, 2006 the related party converted $40,000 of principal and $2,751 of accrued interest into 17,100 shares of common stock. The Company recorded interest expense of $35,763 associated with the beneficial conversion of the accrued interest (See Note 8).

In March 2006 a related party repaid an existing unsecured note of the Company in the amount of $20,000 and $500 of accrued interest. The related party entered into a new unsecured note agreement in the amount of $20,500 bearing interest at a rate of 15% per annum and is due December 31, 2006. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $20,500 and accrued interest of $3,631 into common stock at a discount of 20% from the current market value of $.2.00 on date of conversion. The Company issued a total of 15,082 shares of common stock valued at $30,164 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $6,033 (See Note 8).

In April 2006 the Company borrowed $50,000 from a related party. The note is unsecured and is due December 31, 2006 and bears interest at a rate of 15%. The Company issued the note holder 2,500 shares of common stock. The fair market value on the date of issuance based on recent cash offering price was $50,000. The value is being amortized over the term of the note. In December 2006 the term of the loan was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. At December 31, 2006 the Company recorded amortization of $50,000. In May 2007 the related party agreed to convert the principal of $50,000 and accrued interest of $8,260 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 36,413 shares of common stock valued at $72,825 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $14,565 (See Note 8).

During the year ended December 31, 2006, officer, director and shareholder loaned the Company an additional $37,250. The balance accrued interest at a rate of 10% per annum, is unsecured, and is due on December 31, 2006. In January 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer, director and shareholder agreed to convert the principal of $37,250 and accrued interest of $3,746 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 25,623 shares of common stock valued at $51,245 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $10,249 (See Note 8).

During 2006, the Company borrowed $73,700 from a related party. The note is unsecured and is due six months from the dates of issuance and bear interest at a rate of 15%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. During the three months ended March 31, 2007 the Company borrowed an additional $42,000 from the related party, note is unsecured and is due March 31, 2007 and bear interest at a rate of 15%. In April 2007, the Company borrowed $15,000 from a related party. The note is unsecured and is due June 30, 2007 and bears interest at a rate of 15%. In May 2007 the officer, director and shareholder agreed to convert the principal of $130,700 and accrued interest of $8,616 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 87,860 shares of common stock valued at $176,666 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $35,145 (See Note 8).

In March, 2006 the Company borrowed $5,000 from an individual. The note is unsecured, is due June 1, 2006, and bears interest at a rate of 15%. In August, the note was extended to September 30, 2006 and the Company agreed to issue 100 shares of common stock in consideration for the extension. In June 2007 the Company repaid the principal of $5,000 and accrued interest of $916. In addition the Company agreed to issue 2,000 share of common stock valued at $4,000 ($2.00 per share) the fair value on the date of issuance as additional fees to cover the default on note.

(F) Common Stock Issued for Technology

The Company issued 50,000 shares of common stock with a fair value of $500,000 ($10.00 per share) and 30,000 warrants during 2005, at an exercise price of $50.00 per share for the purchase of intellectual technology. The fair market value of the warrants was estimated on the grant date using the Black-Scholes option pricing model as required under SFAS 123 with the following weighted average assumptions: expected dividend yield 0%, volatility1%, risk-free interest rate of 4.25%, and expected warrant life of one year. The value was immaterial at the grant date.

(G) Capital Contribution

In December, 2005 the Company's CEO elected to forgo $880 of amounts owed to him for management fees. This amount has been recorded as in-kind contribution of services at December 31, 2005.

(H) Reverse Mergers

On June 9, 2005, pursuant to the Stock Purchase Agreement and Share Exchange, the Company issued a total of 56,500 shares of the Company's common stock to the shareholders of Capital Ventures I.

On December 30, 2005 pursuant to the Stock Purchase Agreement and Share Exchange, the Company issued a total of 331,014 shares of the Company's common stock to the shareholders of BioTex Holdings, Inc. simultaneous with the Stock Purchase Agreement and Share Exchange, the Company purchased and retired a total of 314,750 shares of its common stock for $50,000 from a former shareholder of King Capital.

(I) Shares in Escrow

During 2005, 116,000 shares of common stock were issued into escrow pending the acceptance of the Agreement between the Company and Dexion International Ltd. to acquire the right to Hypercritical Separation Technology. On March 29, 2007 the Company and Dexion mutually terminated the Agreement and the shares being held in escrow were cancelled.

During 2005, 30,000 shares of common stock and 10,000 warrants with an exercise price of $250.00 were issued into escrow pending the acceptance of the Agreement between the Company and Bio Reduction Technology, LLC to acquire the license to their Bio Reduction Technology. As of February 22, 2007 the Company has not completed the transaction with Bio Reduction Technology, LLC and the shares in escrow were cancelled pending delivery of a working prototype.

During 2005, the Company issued 10,000 shares of common stock for a finder's fee which were put into escrow pending the acceptance of the Agreement between the Company and Dexion International Ltd. to acquire the Hyper Critical Separation Technology. On March 29, 2006, the Company and Dexion mutually terminated the Agreement and the shares being held in escrow were cancelled.

(J) Stock Split

On July 14, 2006, the Company's stockholders approved a 5 for 1 stock split for its common stock. As a result, stockholders of record at the close of business on July 28, 2006, received five shares of common stock for every one shares held. Common stock, additional paid-in capital and share and per share data for prior periods have been restated to reflect the stock split as if it had occurred at the beginning of the earliest period presented.

(K) Reverse Stock Split

On June 5, 2007, the Company's stockholders approved a 1 for 10 reverse stock split for its common stock. As a result, stockholders of record at the close of business on July 9, 2007, received one shares of common stock for every ten shares held. Common stock, additional paid-in capital, share and per share data for prior periods have been restated to reflect the stock split as if it had occurred at the beginning of the earliest period presented.

On August 1, 2008, the Company's stockholders approved a 1 for 5 reverse stock split for its common stock. As a result, stockholders of record at the close of business on September 8, 2008, received one share of common stock for every five shares held. Common stock, additional paid-in capital, share and per share data for prior periods have been restated to reflect the stock split as if it had occurred at the beginning of the earliest period presented.

(L) Shares Issued in Settlement of Salary

During December 2005, the Company entered into an employment agreement with the President and Chief Executive Officer of the Company for a term of five years at an annual minimum salary of $150,000. In May 2007 the President and Chief Executive Officer of the Company agreed to convert the principal of $190,917 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 119,923 shares of common stock valued at $238,646 ($2.00 per share). The Company recorded additional compensation expense on the conversion of the accrued salary of $47,729.

NOTE 8 RELATED PARTY TRANSACTIONS

During 2004, the Company issued a one-year 8% Convertible Debenture (“Debenture”) in the principal amount of $87,000, to an officer, director and shareholder in settlement of the note payable to such related party, which was issued for the sole purpose of funding ongoing operations. The note was extended until December 31, 2006. The principal and accrued interest of the Debenture is convertible upon issuance into shares of common stock, par value $0.001 per share, at a conversion price of $0.25 per share. During the years ended December 31, 2006 and 2005 and the period January 8, 2003 (Inception) to December 31, 2006 the Company recorded financing fees for the beneficial conversion of $0, $70,795, and $85,000, respectively. In March 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer director and shareholder agreed to convert the principal of $87,000 and accrued interest of $17,337 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 65,211 shares of common stock valued at $130,422 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $26,085.

On December 27, 2005, the Company borrowed $15,000 from a related party. The note is unsecured and is due twelve months from the date of issuance and bears interest at a rate of 10%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $15,000 and accrued interest of $2,026 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 10,641 shares of common stock valued at $21,283 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $4,257.

On December 28, 2005, a related party loaned the Company $40,000 at a rate of 10% per annum. The principle and interest were due on December 31, 2006 and was unsecured. On September 1, 2006 the related party converted $40,000 of principal and $2,751 of accrued interest into 17,100 shares of common stock. The Company recorded interest expense of $35,763 associated with the beneficial conversion of the accrued interest.

In March 2006 a related party repaid an existing unsecured note of the Company in the amount of $20,000 and $500 of accrued interest. The related party entered into a new unsecured note agreement in the amount of $20,500 bearing interest at a rate of 15% per annum and is due December 31, 2006. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. In May 2007 the related party agreed to convert the principal of $20,500 and accrued interest of $3,631 into common stock at a discount of 20% from the current market value of $.2.00 on date of conversion. The Company issued a total of 15,082 shares of common stock valued at $30,164 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $6,033.

In April 2006 the Company borrowed $50,000 from a related party. The note is unsecured and is due December 31, 2006 and bears interest at a rate of 15%. The Company issued the note holder 2,500 shares of common stock. The fair market value on the date of issuance based on recent cash offering price was $50,000. The value is being amortized over the term of the note. In December 2006 the term of the loan was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. At December 31, 2006 the Company recorded amortization of $50,000. In May 2007 the related party agreed to convert the principal of $50,000 and accrued interest of $8,260 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 36,413 shares of common stock valued at $72,825 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $14,565.

During the year ended December 31, 2006, officer, director and shareholder loaned the Company an additional $37,250. The balance accrued interest at a rate of 10% per annum, is unsecured, and is due on December 31, 2006. In January 2007 the officer, director and shareholder extended the maturity date to March 31, 2007. In May 2007 the officer, director and shareholder agreed to convert the principal of $37,250 and accrued interest of $3,746 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 25,623 shares of common stock valued at $51,245 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $10,249.

During 2006, the Company borrowed $73,700 from a related party. The note is unsecured and is due six months from the dates of issuance and bear interest at a rate of 15%. In December 2006 the term of the note was extended to February 28, 2007. In March 2007, the loan was further extended until March 31, 2007. During the three months ended March 31, 2007 the Company borrowed an additional $42,000 from the related party, note is unsecured and is due March 31, 2007 and bear interest at a rate of 15%. In April 2007, the Company borrowed $15,000 from a related party. The note is unsecured and is due June 30, 2007 and bears interest at a rate of 15%. In May 2007 the officer, director and shareholder agreed to convert the principal of $130,700 and accrued interest of $8,616 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 87,860 shares of common stock valued at $176,666 ($2.00 per share). The Company recorded a loss on conversion of notes payable of $35,145.

On May 18, 2007, the Company borrowed $6,000 from a related party. The note is unsecured and is due July 31, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $ 1,906 and $1,460, respectively (See note 8).

On June 5, 2007 the Company borrowed $6,500 from an officer, director and shareholder of the Company. The note is unsecured and is due July 31, 2007 and bears interest at a rate of 17%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $2,286 and $1,738, respectively (See note 8).

During the three months ended September 30, 2007 the Company borrowed a total of $7,700 from an officer, director and shareholder of the Company. The notes are unsecured and are due October 30, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $2,224 and $1,652, respectively (See note 8).

In October 2007 the Company borrowed $2,000 from an officer, director and shareholder of the Company. The note is unsecured and is due November 15, 2007 and bears interest at a rate of 15%. In November 2007, the term of loan was extended to November 30, 2007. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. . In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $511 and $362, respectively (See note 8).

On December 31, 2007 the Company borrowed $3,000 from an officer, director and shareholder of the Company. The note is unsecured and is due March 31, 2008 and bears interest at a rate of 25%.. In March 2008, the term of the loan was extended to June 30, 2008. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $1,124 and $752, respectively (See note 8).

On February 1, 2008, the Company borrowed $2,500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 10%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $353 and $229, respectively (See note 8).

On February 23, 2008, the Company borrowed $500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $101 and $64, respectively (See note 8).

On March 10, 2008, the Company borrowed $2,100 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $412 and $255, respectively (See note 8).

On April 1, 2008 the Company borrowed $500 from an officer and director of the Company. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $93 and $56, respectively (See note 8).

On April 18, 2008 the Company borrowed $2,500 from a related party. The note is unsecured and is due June 30, 2008 and bears interest at a rate of 15%. In July 2008, the term of the loan was extended to September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $450 and $264 respectively (See note 8).

On May 21, 2008 the Company borrowed $500 from an officer and director of the Company. The note is unsecured and is due August 30, 2008 and bears interest at a rate of 15%. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $85 and $48, respectively (See note 8).

On June 1, 2008 the Company borrowed $4,000 from a related party. The note is unsecured and is due September 30, 2008 and bears interest at a rate of 15%. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $648 and $350, respectively (See note 8).

On July 1, 2008 a related party loaned $2,695 to the Company. The note is unsecured, earns an interest rate of 15% and matures on September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $403 and $203. (See note 8).

On August 8, 2008 a related party loaned $5,000 to the Company. The note is unsecured, carries an interest rate of 15%, and matures on September 30, 2008. In October 2008, the term of the loan was extended to December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $670 and $298, respectively. (See note 8).

On October 15, 2008 a related party loaned $2,500 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $226 and $80, respectively.
(See note 8).

On October 19, 2008 a related party loaned $5,000 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $592 and $150, respectively.
(See note 8).

On November 11, 2008 a related party loaned $1,000 to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on December 31, 2008. In December 2008, the note was extended until June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $90 and $16, respectively.

On January 1, 2009 related party converted an amount owed of $550 to a loan to the Company. The loan is unsecured, carries an interest rate of 15%, and matures on June 30, 2009. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $82.

On January 23, 2009, a related party loaned the company $1,000. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $87.

On February 20, 2009, a related party loaned the company $350 The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $25.

On March 6, 2009, a related party loaned the company $1,000. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $64.

On April 1, 2009, a related party loaned the company $3,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $175.

On April 1 2009, a related party loaned the company $3,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $131.

On March 6, 2009, a related party loaned the company $2,500. The note is unsecured and is due on June 30, 2009, and bears interest at a rate of 20%. In July 2009, the note was extended until December 31, 2009. As of June 30, 2009 the Company recorded accrued interest of $125.

NOTE 9 COMMITMENTS AND CONTINGENCIES

(A) Employment Agreement

During December 2005, the Company entered into an employment agreement with the President and Chief Executive Officer of the Company for a term of five years at an annual minimum salary of $150,000. In May 2007 the President and Chief Executive Officer of the Company agreed to convert the principal of $190,917 into common stock at a discount of 20% from the current market value of $2.00 on date of conversion. The Company issued a total of 119,923 shares of common stock valued at $238,646 ($2.00 per share). The Company recorded additional compensation expense on the conversion of the accrued salary of $47,729. As of June 30, 2009 and December 31, 2008 the President and Chief Executive Officer of the Company is owed accrued salary of $309,669 and $234,669, respectively.

In the event that the net profits of the Company is less than $2,500,000 per annum than the Executive shall receive a salary of $150,000; If net profits of the Company are more than $2,500,000 per annum and less than $5,000,000 than the Executive shall receive a salary of $250,000; if net profits of the Company are more than $5,000,000 per annum but less than $7,500,000 than the Executive shall receive a salary of $375,000; if the net profits of the Company are greater than $7,500,000 per annum than the Executive shall receive a salary of $500,000 and 4% of the Annual Net Profits of the Companies, from all sources, before Depreciation, Amortization and Taxes, in excess of $10,000,000. In addition the Company has agreed to a monthly car allowance of up $1,500 per month. Net Profits is based upon the net corporate profits, from all sources, before Depreciation, Amortization and Taxes as collectively defined by the United States Generally Accepted Accounting Principles (“GAAP”).

The Company has agreed to issue the following common stock options:

Options to purchase 20,000 shares of the Company's common stock at an exercise price of $25.00 expiring in 2015.

Options to purchase 20,000 shares of the Company's common stock at an exercise price of $37.50 expiring in 2015.

Options to purchase 20,000 shares of the Company's common stock at an exercise price of $50.00 expiring in 2015.

Options to purchase 20,000 shares of the Company's common stock at an exercise price of $75.00 expiring in 2015.

Options to purchase 20,000 shares of the Company's common stock at an exercise price of $100,00 expiring in 2015.

(B) Joint Venture

During August 2005, the Company agreed to form a majority-owned venture, BTX Citrus Belize, Ltd. (herein after known as “BTXC”), with Citrus Products Of Belize Ltd. (“CPBL”), comprised of the Company's capital funding and citrus peel processing equipment. CPBL is providing the land free citrus peels for 10 years and is placing $700,000 in an escrow account for a period of no longer than four months. As a result of this transaction, BioTex Corp. (“BIOTEX”) will have a 65% ownership interest. The remaining 35% shall be owned by Citrus Products Of Belize Ltd. (“CPBL”). (See Note 6)

(C) Litigation

In May 2008, a lawsuit was served against the Company as well as certain individuals by Robert Allen Jones in the Circuit Court of the 17th Judicial Circuit in Broward County, Florida seeking rescission of the CST patent. The complaint claims breach of contract among other claims. On March 20, 2009, the Company and Mr. Jones settled the case out of court. Under the terms of the settlement, Mr. Jones granted the Company an unlimited license to utilize the patented technology, and he returned all of his stock in the Company for cancellation. The Company will transfer the patent and all trademarks back to Mr. Jones. In May 2008, a lawsuit was served against the Company as well as certain individuals by Robert Allen Jones in the Circuit Court of the 17th Judicial Circuit in Broward County, Florida seeking rescission of the CST patent. The complaint claims breach of contract among other claims.

On February 25, 2009, the Company and Mr. Jones settled the case out of court. Under the terms of the settlement, Mr. Jones granted the Company an unlimited license to utilize the patented technology, and he returned all of his stock in the Company for cancellation. To date, the Company has not received all the documents necessary to cancel the stock, though the Company has received the stock certificate. The Company will transfer the patent and all trademarks back to Mr. Jones upon receipt of all documents pertaining to the settlement and stock cancellation.

NOTE 10 GOING CONCERN

As reflected in the accompanying financial statements, the Company is in the development stage with no operations, a net loss of $3,049,106 from inception, a stockholders' deficiency of $637,962, a working capital deficiency of $638,386 and used cash in operations from inception of $1,065,502. In addition, the Company has $50,000 in notes payable that are currently in default. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

NOTE 11 SUBSEQUENT EVENT

On August 4, 2009, a related party loaned the Company $3,700. The Note is unsecured, bears interest at the rate of 20% per annum and expires on December 31, 2009.

The Company evaluated subsequent events through August 9, 2009, the date the condensed financial statements were issued and concluded there are no other material subsequent events.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 relating to future events or our future performance. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this prospectus. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

Plan of Operations

Our plan of operations for the next twelve months is focused on the following primary objectives.

1. Identifying potential candidates for merger or acquisition opportunities

2. Raising capital through private debt or equity offerings;

Acquisition or Merger Candidates

We will attempt to locate and negotiate with a business entity for the combination of that target company with us. The combination will normally take the form of a merger, stock- for-stock exchange or stock-for-assets exchange. In most instances the target company will wish to structure the business combination to be within the definition of a tax-free reorganization under Section 351 or Section 368 of the Internal Revenue Code of 1986, as amended. No assurances can be given that we will be successful in locating or negotiating with any target company.

On December 29, 2005, we terminated our agreement with Mastercraft Ltd. dated May 31, 2005. The agreement contemplated the acquisition of the rights, title and interest to its MST technology at a cost of $3 million and 650,000 shares of common stock of BioTex. The agreement was terminated when Mastercraft defaulted on the terms of the agreement and both Mastercraft and BioTex signed mutual releases of liability. Upon termination, the 650,000 shares being held in escrow were returned to the treasury.

On December 29, 2005, we entered into an agreement with Dexion International, Ltd to acquire all rights and interest in its patent application number 5425221.8 for Hypercritical Separation Technology that was filed with the European Patent Office on April 15, 2005. Upon successful testing, the rights, title and interest to the technology were being acquired by us at a cost of $2.5 million and 580,000 shares of common stock. Additionally, pending successful testing of the technology, we had agreed to acquire Dexion's HST machine for $500,000 and to establish a research and development facility for the technology. In March, 2007, BioTex terminated the Agreement when both parties were found to be in default of provisions of the Agreement, and such defaults were not curable. Upon termination, the 580,000 shares being held in escrow were returned to the treasury

We account for long-lived assets under the Statements of Financial Accounting Standards Nos. 142 and 144 "Accounting for Goodwill and Other Intangible Assets" and "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS No. 142 and 144"). In accordance with SFAS No. 142 and 144, long-lived assets, goodwill and certain identifiable intangible assets 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. For purposes of evaluating the recoverability of long-lived assets, goodwill and intangible assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. A 100% or $500,000 impairment charge was recorded for the Citrus Separation Technology acquired during the year ended December 31, 2005 as it was determined by management that the future value was impaired.

Going Concern Consideration

As reflected in the accompanying financial statements as of June 30, 2009, we are in the development stage with no operations, a stockholders' deficiency of $637,962, an accumulated deficit from inception of $3,049,106, a working capital deficiency of $638,386 and used cash in operations from inception of $1,065,502. This raises substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to raise additional capital and implement our business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

We do not have sufficient cash to sustain our business for the next 12 months. We believe that actions presently being taken to obtain additional funding and implement our strategic plans provide the opportunity for us to continue as a going concern.

Liquidity and Capital Resources

As of June 30, 2009, we have assets of $1,416 consisting of cash of $992 and property and equipment of $424. We have total liabilities of $639,378 consisting of accounts payable of $138,495, accrued payroll of $359,130, accrued interest of $25,358, notes payable from related parties of $66,395, and notes payable of $50,000.

Cash and cash equivalents from inception to date have not been sufficient to cover expenses involved in starting our business. Current cash on hand is insufficient to support our operations for the next twelve months. Therefore, we will require additional funds to continue to implement and expand our business plan during the next twelve months.

Critical Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States (“GAAP”). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165 “Subsequent Events” (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 sets forth (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The adoption of this statement did not have a material effect on the Company’s financial statements.

In June 2009, the FASB issued SFAS No. 166 “Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140” (“SFAS 166”). SFAS 166 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 166 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 167 improves financial reporting by enterprises involved with variable interest entities and to address (1) the effects on certain provisions of FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", as a result of the elimination of the qualifying special-purpose entity concept in SFAS 166 and (2) constituent concerns about the application of certain key provisions of Interpretation 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. SFAS 167 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of SFAS 167 will have on its financial statements.

In June 2009, the FASB issued SFAS No. 168 "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162". The FASB Accounting Standards Codification ("Codification") will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is nonauthoritative. The Company is evaluating the impact the adoption of SFAS 168 will have on its financial statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities" (SPEs).

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Not applicable because we are a smaller reporting company.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”), the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”),of the effectiveness of the Company’s disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company’s CEO and CFO concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of consolidated financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There has been no change in the Company’s internal control over financial reporting during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

There have been no significant changes in the Company’s internal controls or in other factors that could significantly affect internal controls subsequent to the date the Chief Executive Officer and the Chief Financial Officer carried out this evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In May 2008, a lawsuit was served against the Company as well as certain individuals by Robert Allen Jones in the Circuit Court of the 17th Judicial Circuit in Broward County, Florida seeking rescission of the CST patent. The complaint claims breach of contract among other claims. On June 23, 2008, our counsel filed a motion to dismiss all claims brought against the Company. On February 25, 2009, the Company and Mr. Jones settled the case out of court. Under the terms of the settlement, Mr. Jones granted the Company an unlimited license to utilize the patented technology, and he returned all of his stock in the Company for cancellation. The Company will transfer the patent and all trademarks back to Mr. Jones upon the completion and receipt of all necessary paperwork from Mr. Jones.

Item 1A. Risk Factors

Not applicable because we are a smaller reporting company.

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

None.

Item 3. Defaults Upon Senior Securities.

In April, 2006 the Company borrowed $25,000 from an individual. The note is unsecured, is due four months from the date of issuance and bears interest at a rate of 10%. The Company issued the note holder 5,000 shares of common stock. The fair market value on the date of issuance based on recent cash offering price was $25,000. The value is being amortized over the term of the note. At December 31, 2006 the Company recorded a discount on the notes of $0 and amortization of $25,000. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $7,959 and $6,719, respectively.

In May, 2006 the Company borrowed $5,000 from an individual. The note is unsecured, is due June 1, 2006, and bears interest at a rate of 7%. In June, 2006 the note was extended to October 15, 2006. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $1,019 and $933, respectively.

In November 2007 the Company borrowed $20,000 from an investment company. The note is unsecured, is due November 13, 2008, and bears interest at a rate of 10%. The note is currently in default. As of June 30, 2009 and December 31, 2008 the Company recorded accrued interest of $3,260 and $2,268, respectively.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports of Form 8-K.

(a) Exhibits

31.1 Certifications pursuant to Section 302 of Sarbanes Oxley Act of 2002

32.1 Certifications pursuant to Section 906 of Sarbanes Oxley Act of 2002

(b) Reports of Form 8-K

None.

SIGNATURES

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

BTX HOLDINGS, INC.

Date: August 11, 2009	By:	/s/ Scott J. Silverman Scott J. Silverman President, Chief Executive Officer, Chief Financial Officer