

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

FORM 10-QSB/A
(Amendment No.1)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
 TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008

Commission file number: 000-51317

THE CENTER FOR WOUND HEALING, INC.
(Name of Small Business Issuer in Its Charter)

Nevada
(State or jurisdiction of
Incorporation or organization)

87-0618831
(IRS Employer ID Number)

Issuer's telephone number, including area code: (914) 372-3150

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.001 par value per share
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

The aggregate market value of the registrant's common stock held by non-affiliates as of March 31, 2008 was approximately \$18,310,835.

State the number of shares outstanding of each of the issuer's classes of equity securities, as of the latest practicable date. As of July 11, 2008, there were 23,756,287 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Transitional Small Business Disclosure Format (check one): Yes No

EXPLANATORY NOTE

We filed our Quarterly Report on Form 10-QSB for the nine months ended March 31, 2008 with the Securities and Exchange Commission (the "SEC") on July 11, 2008. We are filing this Amendment No. 1 on the Form 10-QSB/A on October 9, 2009 to amend and restate our unaudited financial statements for the nine months ended March 31, 2008 and the related footnote disclosures to reflect the correction of an accounting error, all as more fully described in the following paragraph.

During the preparation of its consolidated financial statements for the fiscal year ended June 30, 2009, the Company discovered that the initial recording of a financing transaction entered into on March 31, 2008 had incorrectly accounted for certain elements of the transaction related to the pricing of warrants to purchase shares of the Company's common stock, the amortization of costs associated with such financing, and the issuance of appropriate number of warrants to a former debt holder and to Bison Capital Equity Partners II-A, L.P. and Bison Capital Equity Partners II-B, L.P. (collectively, the "Bison Capital Entities"), with which the Company consummated a financing transaction on March 31, 2008 (the "Bison Note"). As it effects the March 31, 2008 filing, it was determined that shareholders' equity was understated and long-term liabilities and other assets were overstated. In conjunction with its review of its accounting for warrants as described above, the Company has issued warrants to purchase an additional 3,093,750 shares of common stock to the former debt holder, which warrants were required to be issued as a result of a January 2008 private financing that the Company undertook with other investors, and the exercise price of all of the warrants held by such former debt holder has been adjusted to \$2.00 per share, and the Company also issued warrants to purchase an additional 773,438 shares of common stock to the Bison Capital Entities in accordance with the warrant agreement between the Bison Capital Entities and the Company.

This amendment No. 1 to our Quarterly Report on Form 10-QSB/A for the nine months ended March 31, 2008 amends only the following items:

PART I, Item 1 – Unaudited Interim Condensed Consolidated Financial Statements, and the Notes to Condensed Consolidated Financial Statements
PART I, Item 2 – Management's Discussion and Analysis or Plan of Operation was amended to reflect the corrections to the Company's reported operating and financial position.

THE CENTER FOR WOUND HEALING, INC.
Report on Form 10-QSB/A
March 31, 2008

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ITEM 1. UNAUDITED INTERIM FINANCIAL STATEMENTS

THE CENTER FOR WOUND HEALING, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 AS AT

	March 31, 2008 (unaudited) (as Restated)	June 30, 2007
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 3,961,809	\$ 216,458
Accounts receivable, net of allowance for doubtful accounts of \$2,322,785 and \$2,202,510, respectively	13,286,356	10,754,557
Notes receivable	275,683	367,484
Income tax refunds receivable	19,857	883,596
Prepaid expenses and other current assets	80,903	157,801
Total current assets	17,624,608	12,379,896
Notes receivable	174,818	385,478
Property and equipment, net	9,102,675	7,970,325
Investment in unconsolidated affiliates	-	75,702
Intangible assets, including goodwill of \$751,957	5,615,944	3,578,715
Other assets	1,554,456	1,959,717
TOTAL ASSETS	\$ 34,072,501	\$ 26,349,833
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,141,387	\$ 5,661,811
Current maturities of capital leases	658,249	1,530,862
Short-term borrowings	6,500,000	5,500,000
Notes payable	2,310,480	2,429,260
8% Secured convertible debentures	-	6,485,601
Payable to former majority members	633,122	771,357
Due to affiliates	369,517	206,082
Total current liabilities	14,612,755	22,584,973
15% senior secured subordinated promissory note	9,108,106	-
Notes payable, net of current maturities	1,000,177	65,254
Capital lease obligations, net of current maturities	201,993	498,688
Minority interest in consolidated subsidiaries	720,830	908,202
TOTAL LIABILITIES	25,643,861	24,057,117
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized and unissued		
Common stock, \$0.001 par value; 290,000,000 shares authorized; 22,985,781 and 22,655,781 shares issued and outstanding	22,986	22,656
Additional paid-in capital	28,439,544	18,866,478
Accumulated deficit	(20,033,890)	(16,596,418)
TOTAL STOCKHOLDERS' EQUITY	8,428,640	2,292,716
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 34,072,501	\$ 26,349,833

See notes to unaudited consolidated financial statements.

THE CENTER FOR WOUND HEALING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2008	2007	2008	2007
REVENUES				
Treatment fees	\$ 6,498,789	\$ 5,855,728	\$ 18,911,023	\$ 15,490,616
OPERATING EXPENSES				
Cost of services	3,330,333	2,699,296	9,657,058	8,227,300
Sales and marketing	7,794	98,916	44,888	171,635
General and administration	2,244,197	3,434,311	6,408,455	8,950,935
Abandonment and impairment loss	-	-	-	759,629
Depreciation and amortization	117,781	28,700	297,632	72,792
Bad debts	1,902	229,192	216,458	810,813
TOTAL OPERATING EXPENSES	5,702,007	6,490,415	16,624,491	18,993,104
OPERATING INCOME (LOSS)	796,782	(634,687)	2,286,532	(3,502,488)
OTHER EXPENSE				
Interest expense	(1,563,156)	(681,681)	(5,433,643)	(2,435,622)
Minority interest in net income of consolidated subsidiaries	(275,138)	(134,006)	(181,770)	(193,678)
Loss on disposal of property and equipment	-	(8,968)	(68,880)	(23,032)
Other expenses	(20,866)	-	(20,866)	(412,500)
TOTAL OTHER EXPENSES	(1,859,160)	(824,655)	(5,705,159)	(3,064,832)
(LOSS) BEFORE PROVISION (BENEFITS) FOR INCOME TAXES	(1,062,378)	(1,459,342)	(3,418,627)	(6,567,320)
PROVISION (BENEFITS) FOR INCOME TAXES				
Current taxes	7,140	233,818	18,845	(662,657)
Deferred taxes	-	-	-	(1,094,984)
TOTAL PROVISION (BENEFITS) FOR INCOME TAXES	7,140	233,818	18,845	(1,757,641)
NET (LOSS)	\$ (1,069,518)	\$ (1,693,160)	\$ (3,437,472)	\$ (4,809,679)
NET (LOSS) PER COMMON SHARE BASIC AND DILUTED	\$ (0.05)	\$ (0.07)	\$ (0.15)	\$ (0.21)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES - BASIC AND DILUTED	22,985,781	22,655,781	22,932,108	22,655,781

See notes to unaudited consolidated financial statements.

THE CENTER FOR WOUND HEALING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2008

	Common Stock		Additional Paid-in Capital (as Restated)	(Accumulated Deficit)	Total (as Restated)
	Shares	Amount			
Balance at July 1, 2007	22,655,781	\$ 22,656	\$ 18,866,478	\$ (16,596,418)	\$ 2,292,716
Amortization of stock options (Unaudited)			1,618,041		1,618,041
Issuance of warrants in connection with Bison financing (Unaudited) (Restated)			7,055,355		7,055,355
Issuance of common stock in connection with MedAir settlement (Unaudited)	300,000	300	824,700		825,000
Issuance of common stock in connection with Warantz settlement (Unaudited)	30,000	30	74,970		75,000
Net loss (Unaudited)				(3,437,472)	(3,437,472)
Balance at March 31, 2008 (Unaudited) (Restated)	<u>22,985,781</u>	<u>\$ 22,986</u>	<u>\$ 28,439,544</u>	<u>\$ (20,033,890)</u>	<u>\$ 8,428,640</u>

See notes to unaudited consolidated financial statements.

THE CENTER FOR WOUND HEALING, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS ENDED MARCH 31,
 (UNAUDITED)

	<u>2008</u> <u>(as Restated)</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (3,437,472)	\$ (4,809,679)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	2,888,672	1,476,837
Abandonment and impairment loss	-	759,629
Interest charged for beneficial conversion features of 8% senior convertible debentures	912,524	-
Interest charged for fair valuation of warrants issued in connection with 8% senior convertible and other debentures	-	842,863
Interest charged for amortization of deferred financing costs	1,951,771	603,250
Bad debts	216,458	810,813
Deferred income taxes	-	(1,094,984)
Minority interest in net income of consolidated subsidiaries	181,770	193,678
Loss on disposal of property and equipment	68,880	23,032
Interest accrued for convertible debenture and notes payable	664,659	-
Amortization of stock options	1,351,118	1,957,622
Changes in operating assets and liabilities:		
Accounts and notes receivable	(2,445,796)	(2,585,447)
Prepaid expenses and other current assets	(40,253)	32,900
Other assets	-	16,110
Accounts payable and accrued expenses	(1,814,474)	3,072,267
Income taxes	863,739	(1,765,358)
Cash collected for benefit of and payable to sellers of JFK and Passaic	-	55,769
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,361,596</u>	<u>(410,698)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property and equipment	(2,766,096)	(1,625,809)
Proceeds from sale of property assets	45,000	68,222
(Increase) decrease in security deposits	(459)	-
Investment in unconsolidated affiliates	-	(105,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,721,555)</u>	<u>(1,662,587)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(1,106,717)	(1,515,399)
Advances from (repayments to) affiliates	134,459	(171,361)
Net proceeds from bank line of credit	1,000,000	1,600,000
Proceeds from issuance of 15% senior secured subordinated note payable	17,500,000	-
Deferred financing costs	(2,916,460)	-
Repayment of notes and loans	(3,401,601)	(1,118,345)
Repayment of minority member loans	-	(69,550)
Payments to former majority members	(30,241)	-
Payment of 8% senior convertible debenture	(7,398,125)	-
Proceeds from notes payable	1,600,000	-
Distributions to LLC members	(276,004)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>5,105,311</u>	<u>(1,274,655)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,745,351	(3,347,940)
CASH AND CASH EQUIVALENTS – beginning of period	216,458	3,804,218
CASH AND CASH EQUIVALENTS – end of period	<u>\$ 3,961,809</u>	<u>\$ 456,278</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid during the period:		
Interest	\$ 1,904,690	\$ 670,805
Income taxes	\$ 21,185	\$ 1,102,174
Noncash financing and investing activities:		
Equipment acquired through capital lease obligation	\$ 217,148	\$ 208,235
Issuance of common stock in connection with MedAir settlement	\$ 825,000	\$ -
Issuance of common stock in connection with Warantz settlement	\$ 75,000	\$ -
Debt issued in connection with Intangible asset acquired	\$ 2,617,744	\$ -
Warrants issued in connection with Bison financing	\$ 8,391,893	\$ -

See notes to unaudited consolidated financial statements.

THE CENTER FOR WOUND HEALING, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

Note 1 - Organization and Nature of Business

The Center for Wound Healing, Inc. ("CFWH" or the "Company") was incorporated in the State of Nevada on July 2, 1988 under the name Technical Solutions Ltd. and changed its name to The Center for Wound Healing, Inc. on January 19, 2006. CFWH develops and manages comprehensive wound care centers which are marketed as "THE CENTER FOR WOUND HEALING tm" in hospitals throughout the United States. These centers render the specialized service of hyperbaric medicine and are developed in partnerships with acute care hospitals. CFWH can be contracted to start-up and manage the wound care program or offer a turnkey operation including the furnishing of hyperbaric oxygen chambers to hospitals. Our principal executive office is located at 155 White Plains Road, Suite 200, Tarrytown, NY 10591.

As of March 31, 2008, CFWH operated thirty-five (35) hyperbaric centers with various institutions. Such centers operate as either a wholly-owned limited liability company of CFWH or CFWH owns the majority interest in the limited liability company. The Company has signed agreements to open and manage four (4) additional hyperbaric centers.

Note 2 - Significant Accounting Policies

a. Principles of Consolidation.

The accompanying unaudited condensed consolidated financial statements include the accounts of CFWH and its wholly-owned and majority-owned subsidiaries (collectively, the "Company"). Acquisitions of entities under common control are accounted for under the pooling method of accounting at their historical costs in accordance with Statement of Financial Accounting Standards ("SFAS") No.141, "Business Combinations". Accordingly, the results of operations of these entities are included in the attached consolidated results of operations for the nine months ended March 31, 2008 and 2007. All other acquisitions of majority ownership interests are accounted for under the purchase method of accounting and reflect the fair value of net assets acquired at the date of acquisition. All intercompany profits, transactions, and balances have been eliminated. Minority interests in the net assets and earnings or losses of the Company's majority-owned subsidiaries are reflected in the caption "Minority interest in consolidated subsidiaries" in the accompanying consolidated balance sheet and the caption "Minority interest in net loss of consolidated subsidiaries" in the accompanying consolidated statement of operations. A minority interest adjusts the Company's consolidated results of operations to reflect only the Company's share of the earnings or losses of the majority owned LLCs and adjust the Company's net assets to reflect only the Company's share of the net assets of the majority-owned LLCs.

Investments in unconsolidated affiliates are accounted for using the equity method of accounting.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year. The accompanying unaudited financial statements and related notes and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with our audited financial statements and related notes thereto included in our Annual Report on Form 10-KSB for the year ended June 30, 2007.

b. Restatement of Condensed Consolidated Financial Statements:

The condensed consolidated financial statements have been restated for the nine months ended March 31, 2008 to reflect the correction of errors in the accounting for the warrant issuance and warrant valuation, and the debt issuance costs associated with the Company's 15% Senior Secured Subordinated Promissory Note (the "Bison Note"). The number of warrants to be issued were initially reported to be 7,168,488 in the original March 31, 2008 Form 10Q. The warrants as initially reported included a fair-value of \$0.48 per warrant, were exercisable at \$5.00 per share, used a ten year life in their fair-value computation and carried standard anti-dilution and registration rights provisions yielding a total warrant valuation of \$3,431,341, which served to discount the Bison Note and, correspondingly, increase additional paid-in capital for the same amount. The number of warrants issuable and their fair-value have been properly calculated in this amended filing at 7,941,926 and \$7,055,355 (subsequent to the reduction for allocation of amended debt issuance costs of \$1,180,368), respectively. Additionally, the amended filing adjusted the warrants contractual life to the correct term of 7 years (See the tables set forth below and Note 12 for additional information on the restatement). During the nine months ended March 31, 2008, the Company had recorded \$2,717,064, in deferred expenses, in relation to the debt issuance costs associated with the Bison Note. This amended filing records a reduction to the previously capitalized debt issuance costs of \$1,180,368 attributable to the warrant's relative fair value as a component of the total debt proceeds received, effectively restating the deferred debt issuance costs to \$1,536,696.

The effect of the restatement on the Company's condensed consolidated financial statements as of March 31, 2008, and for the nine months ended March 31, 2008 are shown below:

	March 31, 2008		
	(As previously Reported)	Adjustments	(as Restated)
ASSETS			
CURRENT ASSETS			
Total current assets	\$ 17,624,608	-	17,624,608
Notes receivable	174,818	-	174,818
Property and equipment, net	9,102,675	-	9,102,675
Intangible assets	5,615,944	-	5,615,944
Other assets	2,734,824	(1,180,368)	1,554,456
TOTAL ASSETS	\$ 35,252,869	\$ (1,180,368)	\$ 34,072,501
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Total current liabilities	\$ 3,985,216	\$ 156,171	\$ 4,141,387
15% senior secured subordinated promissory note	10,471,368	-	10,471,368
Total current liabilities	14,456,584	156,171	14,612,755
15% senior secured subordinated promissory note	14,068,659	(4,960,553)	9,108,106
All other non-current liabilities	1,923,000	-	1,923,000
TOTAL LIABILITIES	30,448,243	(4,804,382)	25,643,861
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY			
Common Stock	22,986	-	22,986
Additional paid-in capital	24,815,530	3,624,014	28,439,544
Accumulated deficit	(20,033,890)	-	(20,033,890)
TOTAL STOCKHOLDERS' EQUITY	4,804,626	3,624,014	8,428,640
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,252,869	\$ (1,180,368)	\$ 34,072,501

	Nine Months Ended March 31, 2008		
	(As Previously Reported)	(Adjustments)	(as Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (3,437,472)	\$ -	\$ (3,437,472)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Depreciation and amortization	2,888,672	-	2,888,672
Interest charged for beneficial conversion features of 8% senior convertible debentures	912,524	-	912,524
Interest charged for amortization of deferred financing costs	1,951,771	-	1,951,771
Bad debts	216,458	-	216,458
Minority interest in net income of consolidated subsidiaries	181,770	-	181,770
Loss on disposal of property and equipment	68,880	-	68,880
Interest accrued for convertible debenture and notes payable	664,659	-	664,659
Amortization of stock options	1,351,118	-	1,351,118
Changes in operating assets and liabilities:			
Accounts and notes receivable	(2,445,796)	-	(2,445,796)
Prepaid expenses and other current assets	(40,253)	-	(40,253)
Accounts payable and accrued expenses	(1,970,645)	156,171	(1,814,474)
Income taxes	863,739	-	863,739
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,205,425	156,171	1,361,596
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH USED IN INVESTING ACTIVITIES	(2,721,555)	-	(2,721,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on capital lease obligations	(1,106,717)	-	(1,106,717)
Advances from affiliates	134,459	-	134,459
Net (repayment) proceeds from bank line of credit	1,000,000	-	1,000,000
Proceeds from issuance of 15% senior secured subordinated note payable	17,500,000	-	17,500,000
Deferred financing costs	(2,760,290)	(156,171)	(2,916,461)
Repayment of notes and loans	(3,401,601)	-	(3,401,601)
Payments o former majority members	(30,241)	-	(30,241)
Repayment of 8% senior convertible debentures	(7,398,125)	-	(7,398,125)
Proceeds from notes payable	1,600,000	-	1,600,000
Distributions to LLC members	(276,004)	-	(276,004)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	5,261,481	(156,171)	5,105,310
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	3,745,351	-	3,745,351
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	216,458	-	216,458
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 3,961,809	\$ -	\$ 3,961,809

	Nine Months Ended March 31, 2008		
	(As Previously Reported)	(Adjustment)	(as Restated)
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Noncash Financing and investing activities:			
Value of warrants issued in connection with Bison financing	\$ 3,431,341	\$ (4,960,552)	\$ 8,391,893

c Use of Estimates:

The preparation of consolidated financial statements in conformity with U.S. Generally Accepted Accounting Policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, the disclosure of contingent assets and liabilities in the consolidated financial statements and the accompanying notes, and the reported amounts of revenue and expenses during the periods presented. Actual amounts and results could differ from those estimates. The estimates the Company makes are based on historical factors, current circumstances and the experience and judgment of the Company's management. The Company evaluates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the Company's evaluations.

d. Earnings Per Share:

The Company utilizes Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Basic earnings (loss) per share are calculated on the weighted effect of all common shares issued and outstanding, and are calculated by dividing net income (loss) available to common stockholders by the weighted average shares outstanding during the period. Diluted earnings (loss) per share, which are calculated by dividing net income or loss available to common stockholders by the weighted average number of common shares used in the basic earnings per share calculation, plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding, are not presented separately as this is antidilutive. Such securities have been excluded from the per share computations as they would be antidilutive.

e. Stock-Based Compensation:

The Company applies FASB Statement No. 123R, "Share Based Payment" in accounting for its stock-based compensation plans. Statement 123R requires all share payments to employees, including grants of employee stock options, to be recognized as an expense based on fair values measured on award grant dates. See Note 3 for further details.

f. Income Taxes:

The Company uses the asset and liability method of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. A valuation allowance against deferred tax assets is provided when it is more likely than not that the deferred tax asset will not be fully realized.

In July 2006, the FASB issued Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the recognition threshold and measurement of a tax position taken on a tax return. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. Effective July 1, 2007, we adopted the provisions of FIN 48. See Note 13 for further details regarding the adoption of this interpretation.

g. Recent Accounting Pronouncements:

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51". The objective of this Statement is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require the following changes. The ownership interests in subsidiaries held by parties other than the parent must be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the noncontrolling interest must be clearly identified and presented on the face of the consolidated statement of income. When a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary is initially measured at fair value. The gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any noncontrolling equity investment rather than the carrying amount of that retained investment, and entities provide sufficient disclosures that clearly identify and distinguish between the interest of the parent and the interest of the noncontrolling owners. The changes to current practice resulting from the application of SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of SFAS No. 160 before December 15, 2008 is prohibited. The Company has not determined the effect that may result from the adoption of SFAS No. 160 on its financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations – Revised," which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this statement establishes principles and requirements concerning how the acquirer recognizes and measures in its financial statement the identifiable assets acquired, the liabilities assumed, an any noncontrolling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The changes to current practice resulting from the application of SFAS No. 141(R) are effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of SFAS No. 141(R) before December 15, 2008 is prohibited. The Company has not determined the effect, if any, that may result from the adoption of SFAS No. 141(R) on its financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*. SFAS No. 161 gives financial statement users better information about the reporting entity's hedges by providing for qualitative disclosures about the objectives and strategies for using derivatives, quantitative data about the fair value of and gains and losses on derivative contracts, and details of credit-risk-related contingent features in their hedged positions. The standard is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged, but not required. We do not anticipate the adoption of SFAS No. 161 will have a material effect on the Company's financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

h. Reclassifications:

Prior period amounts have been reclassified where necessary to make them comparative with current period presentation.

Note 3 – Employee Stock Compensation

The Company's 2006 Stock Plan (the "Plan") permits the issuance of restricted stock, stock appreciation rights, options to purchase our common stock, deferred stock and other stock-based awards, not to exceed 2,000,000 shares of our common stock, to employees, outside directors, and consultants. All stock options under the 2006 Stock Plan are granted at the fair market value of the Common Stock at the grant date. Employee stock options vest ratably and generally expire 5 years from the exercise date.

The fair value of the Company's options at date of grant was estimated using the Black-Scholes fair value based method with the following weighted average assumptions:

	For the Nine months Ended March 31, 2008
Expected life (years)	3-10
Risk free interest rate	4.21% - 4.98%
Volatility	107.0-164.0%
Dividend rate	0%

Stock compensation expense related to stock options was \$258,979 and \$1,351,118 for the three and nine months ended March 31, 2008, respectively. This amount is included in the Condensed Consolidated Statements of Operations within the general and administrative expenses line item.

On March 31, 2008, the Company issued the \$20 million 15% Bison Note (see Note 14). In connection with the Bison Note, the Company issued 7,941,926 seven year warrants to purchase the Company's shares of common stock at an exercise price of \$5 per share. Sixty percent of the warrants or 4,765,156 warrants vest immediately and the remaining warrants vest gradually over three years on a monthly basis. Unvested warrants are subject to cancelation if the Company meets specified EBITDA targets and/or Bison Note redemption terms. The fair value of each warrant was determined to be \$1.07 on the grant date based on the Black-Scholes valuation models using the following assumptions: expected volatility of 101%, dividend yield of 0%, risk free interest rate of 3.5%, and expected life of seven years. The relative fair value of warrants was determined to be approximately \$8,400,000, with an expectation that the Company will meet to redemption requirements and was recorded as debt discount which is being amortized over the life of the Bison Note under the effective interest rate method.

In December 2007 and January 2008, the Company raised \$1.6 million from individual investors in the form of an unsecured note. Under the terms of the note, the Company could pay interest expense in cash or in lieu of cash, in warrants to purchase shares of the Company's common stock with an exercise price of \$2 per share and a five year term. The Company issued 300,000 warrants to purchase shares of its common stock as compensation to the holders of the note with a fair value of \$564,659.

Issuance of the warrants to the holders of the \$1.6 million of notes triggered certain anti-dilution provisions under the warrant agreement related to 2,750,000 warrants outstanding at June 30, 2007. As the result, the Company issued an additional 3,093,750 warrants to purchase shares of its common stock at an exercise price of \$2 per share and the exercise price for 2,750,000 warrants previously outstanding under this warrant agreement was reset to \$2 per share.

In addition, there were 255,000 stock options granted during the nine months ended March 31, 2008.

The following table represents our stock options and warrants granted, exercised, and forfeited during the first nine months of fiscal 2008:

Stock Options and Warrants	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)
Outstanding at July 1, 2007	4,422,667	\$ 3.93	4.26
Granted	11,590,676	4.09	
Exercised	-	-	
Forfeited/expired	(20,000)	3.75	
Outstanding at March 31, 2008	<u>15,993,343</u>	<u>\$ 3.66</u>	5.54
Exercisable at March 31, 2008	<u>12,036,572</u>	<u>\$ 3.30</u>	5.15

As of March 31, 2008, there was \$905,417 of unrecognized compensation cost.

Note 4 - Property and Equipment

	March 31, 2008
Medical chambers and equipment, including \$3,106,582 under capital leases	\$ 7,935,155
Furniture, fixtures and computers	1,662,027
Leasehold improvements	4,794,791
Autos and vans	494,051
	<u>14,886,024</u>
Less: Accumulated depreciation and amortization – including \$1,011,683 for medical chambers and equipment under capital lease	5,783,349
	<u>\$ 9,102,675</u>

Depreciation expense amounted to \$1,737,014 and \$1,103,418 for the nine months ended March 31, 2008 and 2007, respectively, of which \$ 1,530,770 and \$1,030,625 is included in cost of services. Depreciation expense for the three months ended March 31, 2008 and 2007 was \$649,260 and \$390,568 respectively, of which \$558,887 and \$361,766 is included in cost of services.

Note 5 - Intangible Assets

Intangible Assets consist of the following as of March 31, 2008:

Hospital contracts acquired	\$ 5,237,661
Covenants not to compete	1,206,462
	<u>6,444,123</u>
Less: Accumulated amortization	1,580,136
Net intangible assets with finite lives	<u>4,863,987</u>
Goodwill	751,957
Total intangible assets	<u>\$ 5,615,944</u>

As part of the settlement with the Greenbergs (see Note 10f), the Greenbergs agreed not to compete with the Company for a five year period through August 2012 in exchange for \$600,000, including imputed interest of \$51,850, payable in 52 biweekly installments. Additionally, as part of a settlement with another related party (see Note 10h), the Company agreed to pay \$658,312 for a covenant not to solicit and compete for 36 months ending in August 2010.

Furthermore, as part of the settlement with Warantz as disclosed in Note 10i, the Company recorded goodwill in the amount of \$304,426.

Amortization of intangibles was \$461,492 and \$130,546 and \$1,151,658 and \$373,419 for the three and nine months ended March 31, 2008 and 2007, respectively, of which \$434,084 and \$130,546 and \$1,060,270 and \$373,419, respectively, for the same three and nine months was charged to cost of services.

Management adjusted the remaining useful lives of certain hospital contracts downward from their useful lives as determined by independent appraisers when the contracts were acquired because management is unable to determine that it is more likely than not that the contract will be renewed; the contracts are being amortized over the remaining lives of the contracts. The effect of this change in estimate increased amortization in the current period by approximately \$140,000 and will increase such expense in each subsequent quarter until the contracts are fully amortized.

The following represents the estimated future amortization of the Intangible Assets inclusive of the change in estimated lives:

For the 12 Month Period Ending March 31,	
2008	\$ 1,845,969
2009	1,845,969
2010	1,007,604
2011	109,630
2012	54,815
	<u>\$ 4,863,987</u>

Note 6 - Other Assets

Other Assets consist of the following as of March 31, 2008:

	(As Previously Reported)	Adjustment	As restated
Deferred financing costs – net	\$ 2,717,064	\$ (1,180,368)	\$ 1,536,696
Security Deposit	17,760		17,760
	<u>\$ 2,734,824</u>	<u>\$ (1,180,368)</u>	<u>\$ 1,554,456</u>

Amortization of the subordination and consent fee and deferred financing cost of \$129,312 and \$201,083, and \$1,951,771 and \$603,250 for the three and nine months ended March 31, 2008 and 2007, respectively, was charged to interest expense.

Note 7 - Obligations under Capital Leases

The Company leases medical and other equipment under capital lease agreements with annual interest rates ranging from 4.09% to 15.21% over three to seven year terms. Most leases are guaranteed by certain Company stockholders.

Summary of obligations under capital leases as of March 31, 2008 are as follows:

Total obligations under capital leases	\$ 860,242
Less: Current installments	658,249
	<u>\$ 201,993</u>

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of March 31, 2008:

2008	\$ 701,957
2009	184,437
2010	<u>26,052</u>
Total minimum lease payments amount	912,446
Less: Amounts representing interest	<u>52,204</u>
Present value of minimum lease payments	<u>\$ 860,242</u>

Note 8 -Related Party Transactions

a. In December, 2007 and January, 2008 the Company raised a total of \$1.6 million from individual investors in the form of a short term unsecured note, (the "Bridge Financing Note") the terms of which provided the lenders with interest paid in cash or in lieu of cash, warrants with an exercise price of \$2. These funds were used to fund the \$1.5 million payment due the Bondholders on or before January 31, 2008 (of the \$1.5 million, \$1.2 million was used to retire principal and \$300 thousand was paid for a consent fee). Prior to the payment in full of the Bondholders on March 31, 2008, the \$1,600,000 was held by an escrow agent and shown as Restricted Cash on the Company's balance sheet. Certain members of the Company's board of directors and officers of the Company participated in this Bridge Financing and lent the Company \$600,000 of the total \$1.6 million raised.

On January 25, 2008 the Company used \$1.5 million of the Bridge Financing Note to pay the Bondholders and \$100,000 for working capital purposes. On March 31, 2008 the entire \$1.6 million Bridge Financing Note was paid in full from the proceeds of the Bison financing.

b. Certain advances are made to and from affiliates in the ordinary course of business. The balances due to and from affiliates are noninterest bearing and due on demand.

Note 9 -Short-term Borrowings

a. The Company entered into a three-year \$5,000,000 bank line of credit with Signature Bank on June 17, 2005, as amended on April 7, 2006. This line is secured by the assets of the Company and is personally guaranteed by certain of the Company's stockholders/officers. At March 31, 2008, CFWH had an outstanding balance of \$6,500,000 in several advances under this facility. The available balance under this agreement varies based upon a formula of eligible receivables of the Company and its affiliates, as defined in the agreement. The outstanding balance bears interest at the bank's prime rate or LIBOR plus 2.5 points, at the option of the Company. The interest rates for these advances vary between 7.25 - 7.66% at March 31, 2008. The weighted average outstanding balance was \$6,175,667 in fiscal 2008 and \$3,685,714 in fiscal 2007. The weighted average interest rates for the nine months ended March 31, 2008 and 2007 were 7.50% and 8.54%, respectively.

The original termination date of the bank line was June 16, 2006. Pursuant to an amendment entered into on April 7, 2006, the termination date of the bank line became February 1, 2007, and pursuant to an amendment entered into on April 7, 2007, the termination date became May 2, 2007. As of March 31, 2008, the Company was in compliance with the financial covenants of this agreement.

Pursuant to the Third Amendment to the credit facility effective May 2, 2007, the bank extended the line's maturity to February 29, 2008, and increased the revolving credit line to \$6,000,000 at substantially the same interest rates and secured by the same collateral. The Company also received the proceeds from a \$1,500,000 term loan payable in six equal monthly principal installments of \$33,333 commencing September 1, 2007, with the balance due February 29, 2008.

The amended agreement requires the Company to maintain certain financial covenants and ratios, limits capital expenditures and additional indebtedness, and prohibits dividends and distributions to minority interest without prior approval. The Company assigned the aggregate proceeds of key man life insurance of \$12,500,000 on the lives of the company's CEO and two directors to the lender.

The Company negotiated the Fourth and Fifth Amendments to the credit facility that, among other things, increased the availability under its revolving line of credit. The Sixth Amendment, executed March 19, 2008 and effective February 29, 2008, provided for the extension of the credit facility to April 15, 2008. On March 31, 2008 the Company entered into a new two year agreement with the bank (the "Seventh Amendment") that includes a \$5.5 million revolving line of credit and a \$1 million term loan. The term loan matures March 31, 2009 and has 12 monthly principal amortization payments of \$83,333. The Company agreed to pay off the \$1.3 million balance of the existing term loan, was able to reduce the amount of key man insurance the bank had required be in place (naming the bank as the beneficiary), and removed the personal guarantees two of the Company's directors had provided to the bank.

b. In September 2003, one holder of a minority of the membership interests (the "Minority Members") in certain of the Company's limited liability companies agreed to loan up to \$500,000 to two of the Company's LLCs. The amount outstanding at June 30, 2006 was \$400,000 and was repaid in full on September 5, 2006.

Note 10 – Notes Payable

a. On April 7, 2006, we acquired the majority membership interests in 12 individual limited liability companies (the "Twelve LLCs") from the holders of a majority of the membership interests (the "Majority Members") in those companies. One of the Twelve LLCs entered into a three year \$100,000 bank promissory note with Signature Bank in January 2005. This note is secured by the assets of the specific borrowing LLC and is personally guaranteed by certain of the Company's stockholders/officers. The note is payable in monthly principal payments of \$2,778 per month plus interest at 1% over the bank's prime rate, which was 8.5% and 9.25% at March 31, 2008 and 2007, respectively. The loan was paid off in full and the agreement expired on February 1, 2008.

b. At the inception of several of the Company's LLCs, the Company received non-interest bearing notes from participating Minority Members to help fund the LLCs initial growth. These loans ranged in size from \$25,000 to \$50,000 and were payable in equal monthly installments, starting 12-18 months after the loan, over a similar period of 12-18 months. The average monthly payment per loan was approximately \$1,400. Interest on the loans was recognized at a rate of 8% and the loans were discounted accordingly. The loans were paid off in full in October 2006.

c. The Company periodically buys vans for courtesy transportation of patients to the hyperbaric centers for treatment. These vans are financed by traditional automotive financing. Rates on these loans range to a high of 8%. As of March 31, 2008, the Company has an outstanding balance due on these loans of \$ 74,639. For the nine months ended March 31, 2008, average monthly principal payments were approximately \$3,919.

d. As part of the acquisition of Far Rockaway LLC, the Company issued a \$650,000 note, which was paid in August 2006 and a \$1,350,000 promissory note, which was paid off in full on June 13, 2008.

e. In March 2006, CFWH received the proceeds of a 10% promissory note in the amount of \$125,000 from a company owned by a related party. The note was due on June 1, 2006 with accrued interest. The loan was repaid on April 21, 2006 in the amount of \$150,000. At March 31, 2008, the accompanying consolidated balance sheet includes a receivable of \$25,000 for the amount repaid in excess of the principal. This overpayment was applied against a portion of the funds due this related party as part of the Greenberg Settlement Agreement.

f. Effective September 30, 2007 the Company negotiated the termination of Ms. Greenberg's five year employment with the Company, in which all of the Company's obligations under the employment agreement were concluded, as well as the termination of a consulting agreement with Ms. Greenberg's spouse, in which JD Keith LLC, the spouse's consulting firm, was to be paid \$10,000 per month for five years as well as commissions and other compensation. As part of the settlement, the Company entered into a non-compete and non-solicitation agreement with the Greenbergs. Among other things, the Greenbergs agreed to a five year non-compete with the Company. The Company will pay JD Keith LLC approximately \$600,000 in 52 bi-weekly installments during the first two years of the five year non-compete agreement. The present value of the payments aggregated \$548,150 which is included in the accompanying financial statements as an intangible asset and is being amortized over its five year life. As of March 31, 2008 the balance due JD Keith, LLC was \$431,153.

g. In June 2007, the Company received the proceeds from \$1,000,000 in securities ("Mezzanine Loan") from various investors ("Investors"). These securities were classified as liabilities in the financial statements since the Company could repay the Investors as described below. The securities gave the Investors an aggregate 25% share of a newly formed entity, CFWH Mezzanine, LLC ("Mezzanine"). Mezzanine operates a Hyperbaric and Wound Care facility at each of 10 new hospitals (as determined by the Company). The Company contributed the hospital contracts for these 10 facilities, manages Mezzanine and will pay any net profits to Mezzanine, of which the Investors will receive a 25% share.

The Investors' shares in Mezzanine were redeemable by the Company if the Company paid the Investors 125% of the original subscription price within 180 days from the signing of the agreement, or pays 130% of the original subscription price within 210 days, or paid 150% of the original subscription price within 270 days, or 200% of the original subscription price within one year. If the Company did not redeem the interest in Mezzanine within one year, the Company would have lost the right to redeem the Investors interest in Mezzanine, and no money would have been due to the Investors. The Investors had the option to convert their interest in Mezzanine to shares of the Company's stock at a conversion rate of \$2.00 invested per share, or 500,000 shares for a two year period expiring in June 2009. After the closing on the Bison Note (see Note 12), the Company retired the Mezzanine Loan.

h. Effective August 8, 2007, the Company entered into an agreement with Med-Air Consultants, Inc. ("Med-Air") whereby the Company terminated several joint venture and consulting agreements with Med-Air. The key elements of this agreement include the Company's purchase of the 51% of the membership interest of Raritan Bay LLC and the 40% of the membership interest of Bayonne LLC owned by Med-Air, the elimination of Med-Air's right to participate in a certain number of wound care centers the Company anticipates opening over several years, the elimination of fees associated with treatments at three of the Company treatment centers, and Med-Air's covenant not to compete with or solicit employees of the Company. The purchase price paid by the Company was 300,000 shares of the Company's common stock, whose fair value at the date of issuance was \$825,000, a non-interest bearing 36 month note of \$1,655,000 — net of 9% imputed interest of \$239,000, and its interest in Southampton LLC. The purchase price note also includes all amounts due under capital leases for six chambers, approximately \$233,000 at June 30, 2007, and the option to acquire the chambers for \$1 each. The total assets acquired aggregated \$2,411,312 of which \$658,312 is for the non-solicitation agreement and hospital contracts of \$1,753,000. As of March 31, 2008 the outstanding balance on this note was \$1,129,407.

i. Effective October 1, 2007, the Company entered into an agreement with Warantz Healthcare Group Inc., Rapid Recovery of America, Inc. Millennium Healthcare LLC, SMWNJ, Inc. SMWNY, Inc and Modern Medical Specialties, LLC ("Warantz") whereby the Company terminated several joint venture and consulting agreements with Warantz. The key elements of this agreement includes the Company acquiring, for \$431,000 and 30,000 restricted shares of common stock, whose fair value was \$75,000, the 40% interest in Modern Medical, LLC that it did not own. The Company recorded a Notes Payable in the amount of \$377,665, which is net of imputed interest of \$45,002. As of March 31, 2008 the balance outstanding was \$325,458. The settlement also provided for the termination of a joint venture for two stand-alone healthcare facilities for total cash consideration of \$96,000, and the elimination of its joint venture participation in a potential hospital-based healthcare facility that the Company believes may compete with an existing wound care center. Payment requirements for these negotiated agreements range from six to 33 months.

j. In December, 2007 the Company received \$800,000 from individual lenders in the form of a short term unsecured note, (the "Bridge Financing Note") the terms of which provided the lenders with interest paid in cash or in lieu of cash, warrants with an exercise price of \$2. These funds were used to fund the \$1.5 million payment due the Bondholders on or before January 31, 2008 (of the \$1.5 million, \$1.2 million was used to retire principal and \$300 thousand was paid for a consent fee). Prior to the payment in full of the Bondholders on March 31, 2008, the \$800,000 was held by an escrow agent and shown as Restricted Cash on the Company's balance sheet.

In January, 2008 the Company raised an additional \$800,000 according to the same terms as described above, bringing the total Bridge Financing Note to \$1.6 million. On January 25, 2008 the Company used \$1.5 million of the Bridge Financing Note to pay the Bondholders and \$100,000 for working capital purposes. On March 31, 2008 the entire \$1.6 million Bridge Financing Note was paid in full from the proceeds of the Bison financing.

k. Summary – Notes Payable as of March 31, 2008 consists of the following:

Notes payable	\$ 3,310,657
Less: Current portion	<u>2,310,480</u>
	<u>\$ 1,000,177</u>

Maturities of the long-term portion of notes payable as of March 31, 2008 are as follows:

For the 12 Month Period Ending March 31,	
2010	\$ 774,945
2011	<u>225,232</u>
	<u>\$ 1,000,177</u>

Note 11 - 8% Secured Convertible Debenture

On April 7, 2006, the Company received \$5,500,000 in gross proceeds (\$4,912,500 after placement agent fees and other offering costs, plus an additional 150,000 common shares issued to the placement agent), in exchange for its secured convertible debenture issued to DKR Sound Shore Oasis Holding Fund Ltd. (\$5.1 million) and Harborview Master Fund LP (\$0.4 million), together the "Bondholders." The debenture was originally due on April 7, 2007. As provided in the agreement, the due date was extended to September 7, 2007 since the Company did not exercise its rights to call certain warrants. The debenture is convertible at the option of the Bondholders into common shares at \$3 per common share (subject to adjustment) at any time and in any amount prior to maturity; however, the debenture is subordinated to the Signature Bank line of credit. This debenture bears interest at 8% per annum, payable in cash or in common shares at the conversion price (subject to certain eligibility requirements). \$2,000,000 of the proceeds of the debenture was paid to the Majority Members as partial consideration for the simultaneous acquisitions of the Twelve LLCs previously discussed.

As the Company failed to meet EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) targets as specified under the debenture, the conversion price was reduced to its minimum of \$2.00 per share.

Issuance of the warrants to the holders of the \$1.6 million of notes triggered certain anti-dilution provisions under the warrant agreement related to 2,750,000 warrants outstanding at June 30, 2007. As the result, the Company issued an additional 3,093,750 warrants to purchase shares of its common stock at an exercise price of \$2 per share and the exercise price for 2,750,000 warrants previously outstanding under this warrant agreement was reset to \$2 per share.

In addition, each Bondholder received a series of five year common stock purchase warrants with exercise prices ranging from \$4.00 to \$5.00 per share (subject to adjustment downward upon the occurrence of certain specified events) for an aggregate of 2,750,000 common shares. Since the Company failed to file a registration statement by April 7, 2007, the holders of the warrants received the option to exercise the warrants on a "cashless" basis. Of these warrants, 916,667, exercisable at \$4.00 per common share, were exercisable on their 11 month anniversary of issuance and are callable at the option of the Company until exercisable. Since the Company did not exercise its call right, the due date of the convertible debenture was extended to September 7, 2007. All other warrants are immediately exercisable.

Because the senior convertible debentures were immediately convertible, and can be converted at a price on the date of sale (\$3.00 per share), which was less than the market value of the shares on that date (\$4.00 per share), this transaction included a beneficial conversion feature. In addition, the corresponding warrants attached were determined to have fair values utilizing the Black-Scholes option-pricing model in excess of the notes' proceeds of \$5,500,000. Consequently, \$2,108,240 was allocated to the beneficial conversion feature, and \$3,391,760 to the warrants, using a relative valuation method to the value of the senior convertible note and credited to additional paid-in capital. The beneficial conversion feature, the fair value of the immediately convertible warrants, and those warrants exercisable as of June 30, 2006 were charged to interest expense and accreted to the senior convertible debenture in the accompanying financial statements. For the nine months ended March 31, 2007, \$842,863 was charged to operations, and this amount was amortized to expense to the un-extended maturity date of the senior convertible debenture of April 7, 2007.

As part of this agreement, the Company was required to file a Registration Statement within 60 days of the date of closing of the shares and warrants associated with the aforementioned \$5.5 million 8% Secured Debenture. Since the Company failed to do so, it has incurred damages payable to each Bondholder equivalent to 1.5% of the aggregate purchase price paid by each Bondholder for each month the Registration Statement is not filed up to a maximum of 9% per Bondholder. The maximum damages amount to \$495,000. As of March 31, 2008 and 2007, the Company recorded an accrual for damages amounting to \$0 and \$495,000, respectively. Another condition of the agreement requires the Company to reserve up to 2,333,333 of its unissued common shares of stock to satisfy an anti-dilution provision of the debenture agreement. These shares are reserved for issuance to the Majority Members if the debentures' conversion options are exercised by Oasis.

On February 28, 2007, Oasis issued a Default Notice to the Company because of the Company's failure to timely file this annual report on Form 10KSB, the cessation of the Company's securities being listed or quoted on the Over-the-Counter Bulletin Board of the NASD, and the Company's failure to file a Registration Statement within 60 days of the Registration Rights Agreement. On March 1, 2007, Signature Bank issued a "blocking letter" that, among other things, precluded the debenture holders exercising any of the remedies as provided for as provided for in the Debenture Agreement. On May 29, 2007 the Company, its debenture holders and Signature Bank negotiated a restructuring of the Company's senior secured loan and the secured debentures. Among other modifications, the debenture holders withdrew their default notice and all alleged defaults under both agreements were waived.

The restructured subordinated debentures increased the principal amount of debentures for accrued interest on the debentures through May 29, 2007 by \$504,778 and the \$495,000 in damages referred to in the second preceding paragraph. The interest rate on the restructured \$6,499,778 in indebtedness was increased from 8% to 9%. The revised debt required a \$1,000,000 payment to the bondholders on June 21, 2007 of which \$800,000 was principal reduction and \$200,000 was a "consent fee" to restructure the debentures; this payment was made on June 20, 2007. The bondholders will receive an additional \$1,650,000 after the indebtedness and interest thereon has been repaid in full as "additional consideration" for amending the agreements. The consent fee and the additional consideration were charged to operations as additional interest from the restructure date to March 31, 2008, the initial maturity date of the debentures. On the initial maturity date, the Company had the option to repay the outstanding principal and accrued interest thereon, or to extend the maturity to March 31, 2008 if it has paid an additional \$1,200,000 in principal payments and an additional consent fee of \$300,000. On December 21, 2007 the Company and the bondholders agreed to extend until January 31, 2008 the date by which the Company had to make the \$1,500,000 payment. The Company exercised this maturity extension option on January 25, 2008 and the remaining outstanding principal and accrued interest, and the additional consideration payment of \$1,650,000, was paid in full on March 31, 2008.

Note 12 – 15% Senior Secured Subordinated Promissory Note.

On March 31, 2008, the Company completed a \$20 million 15% senior secured subordinated financing agreement with Bison Equity Capital Partners (“Bison”) (the “Bison Note”). The Company received \$17.5 million, net of a \$2.5 million discount, and after providing for transaction fees, approximately \$12.8 million was used to retire in its entirety the Secured Convertible Debenture, accrued interest and penalty; the Signature Bank term loan; the CFWH Mezzanine loan and accrued interest; and certain extended accounts payable and other obligations.

The financial terms of the Bison Note are summarized as follows:

- The Note is a five year note maturing March 31, 2013.
- Interest is payable in cash at 12% per annum plus 6% payment in kind (“PIK”). After certain payoff conditions are met, as defined in the Bison Note, the Scheduled Interest is payable in cash at the rate of 12% per annum plus 3% PIK per annum. If no defaults exist and the Company has met the payoff conditions, the Company has the option of deferring the scheduled payment of interest at the Scheduled Cash Interest Rate for up to 12 months ending on October 31, 2009, which would be added to the outstanding principal of the Note.
- Principal amortization begins on the second anniversary of the Note and the amortization payment is \$2.5 million per year until the fifth year at which point the Company is obligated to retire in full the balance of the outstanding principal.
- Bison also received warrants equal to 20% of the fully diluted common stock of the Company. The Company has the opportunity to extinguish a certain number of these warrants based upon its achievement of EBITDA and leverage thresholds. The warrants, as amended, are calculated to be 7,941,926 at March 31, 2008 are exercisable at \$5.00 per share, have a seven year life and carry standard anti-dilution and registration rights provisions. The Note carries certain EBITDA and leverage ratio covenants, limitations on maximum allowable debt with Signature and other credit parties, limitations on capital expenditures, and limitations on investments and acquisitions.
- The Company determined the relative fair value of warrants to be \$8,391,893, prior to a reduction for the allocation of debt issued costs of approximately \$1.4 million, and recorded the net warrant value as a discount to the Bison Note in addition to the \$2.5 million cash discount. Additionally, based on relative fair value of the Bison Note and warrants the Company allocated \$3.1 million of expenses related to the transaction as follow: \$1.7 million to deferred expenses and \$1.4 million as an increase to additional paid-in capital. The Company amortizes deferred financing cost, debt discount and records interest expense using the effective interest rate, which it determined to approximate 37%.
- The debt is subordinated to Signature Bank.

Note 13 – Income Taxes

The Company's domestic effective income tax rate for the interim periods presented is based on management's estimate of the Company's effective tax rate for the applicable year and differs from the federal statutory income tax rate primarily due to nondeductible permanent differences, state income taxes and changes in the valuation allowance for deferred income taxes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company maintains a full valuation allowance on its deferred tax assets. Accordingly, the Company has not recorded a benefit for income taxes.

The Company adopted the provisions of FIN 48 on July 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes", and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of FIN 48 did not have a material effect on the Company's consolidated financial position or results of operation. We classify interest and penalties, if any, associated with our uncertain tax positions as a component of income tax expense. No interest and penalties related to uncertain tax positions were accrued at March 31, 2008.

During the nine months ended March 31, 2008, the Company recognized no adjustments for uncertain tax benefits. The Company is subject to U.S. federal and state examinations by tax authorities for all years since its inception. The Company does not expect any significant changes to its unrecognized tax positions during the next 12 months.

Note 14 - Commitments and Contingencies

a. Minimum payments under non-cancelable operating lease obligations for office space at March 31, 2008, are as follows:

For the 12 Month Period Ending March 31,	
2009	\$ 202,693
2010	202,963
2011	205,933
2012	139,003
2013	78,282
Thereafter	-

Rent expense under all operating leases charged to operations for the three and nine months ended March 31, 2008 and 2007, respectively, was \$54,720 and \$24,693 and \$186,419 and \$189,829.

b. The Company has signed agreements to open and manage four (4) additional hyperbaric centers in fiscal year 2008.

c. In October 2007, Advantedge Healthcare Solutions (“AdvantEdge”) filed a complaint against The Center for Wound Healing I, LLC, a subsidiary of the Company, in the Superior Court of New Jersey Law Division: Middlesex County, alleging breach of contract with respect to a software license agreement. The lawsuit seeks money damages and attorneys’ fees totaling approximately \$600,000. In December 2007, we filed an answer denying the claims raised by AdvantEdge, raising various affirmative defenses, and noting that AdvantEdge’s claims are subject to arbitration pursuant to the terms of the underlying agreement. In April, 2008 the Company settled this claim and both parties agreed to appropriate and complete mutual releases and confidentiality agreements with respect to the terms of the settlement.

d. On February 19, 2008 Alan M. Dietzek filed a complaint against The Center for Wound Healing, Inc. in the Supreme Court of the State of New York County of Kings. The plaintiff seeks damages of at least \$250,000 for non-payment of certain finder’s fees and/or unjust enrichment. The Company believes that the claims alleged in the Complaint are wholly without merit and that the Company has no liability on account of such claims. The Company intends to vigorously oppose Dr. Dietzek’s claims.

ITEM 2. Management's Discussion and Analysis or Plan of Operations:

GENERAL OVERVIEW

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand our company. The MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying notes ("Notes").

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-QSB/A includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Actual operations and results may differ materially from present plans and projections due to changes in economic conditions, new business opportunities, changed business conditions, and other developments. Other factors that could cause results to differ materially are described in our filings with the Securities and Exchange Commission.

There are several factors that could cause actual results or events to differ materially from those anticipated, and include, but are not limited to, general economic, financial and business conditions, changes in and compliance with governmental laws and regulations, including various state and federal government regulations, our ability to comply with our current financing agreements, our ability to obtain additional financing from outside investors and/or bank and mezzanine lenders, and our ability to generate revenues sufficient to achieve positive cash flow.

Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof. We believe the information contained in this Form 10-QSB/A to be accurate as of the date hereof. Changes may occur after that date. We will not update that information except as required by law in the normal course of its public disclosure practices.

Additionally, the following discussion regarding our financial condition and results of operations should be read in conjunction with the financial statements and related notes contained in Item 1 of Part I of Form 10-KSB.

GENERAL

The Company develops and manages comprehensive wound care centers, which are marketed as “THE CENTER FOR WOUND HEALING™” (“CFWH”) in hospitals throughout the United States. These centers render the specialized service of hyperbaric medicine and are developed in partnerships with acute care hospitals. We enter into separate multi-year operating agreements to startup and to manage the wound care program and offer a turnkey operation including the furnishing of hyperbaric oxygen chambers to hospitals. Although there can be no assurance that we will be successful in each instance, our plans for each hospital center requires a multi-year commitment contract term so that we can recover our investment in leasehold improvements (a sunk cost and non-transferable asset); our start-up costs, including recruiting and training of personnel; and the amortization of chamber lease financing. Generally, the hospital provides us with appropriate space for each of our centers. We are responsible for the development and management of hyperbaric oxygen services, including providing direct staff and billing support to ensure hospitals are reimbursed appropriately. We also are responsible, at our expense, for designing and installing necessary leasehold improvements of the hospital-provided space and to supply the appropriate number of hyperbaric chambers, which are based upon the anticipated demand for this type of treatment. We acquire the chambers under three-year lease financing transactions with \$1 buyout arrangements (treated as capitalized leases in our accompanying audited condensed consolidated financial statements). In addition, certain agreements stipulate a per treatment fee. For these agreements, payments are first applied against lease payments with the balance applied to consulting fees. This has allowed us to leverage our resources and maximize the number of centers that we can support. As our operation grows, we have the ability to transfer chambers between institutions to balance demand and maximize the use of our resources.

Our revenues vary based on the demand for treatments and the utilization of our chambers. The demand from the hospitals for our services is dependent upon their abilities to attract patients and their reputation in the medical communities and the geographic areas they serve, as well as on the allowable rates and frequency of reimbursement by health care insurance providers, managed care providers, Medicare, Medicaid and others. We conduct market awareness programs and advertising to promote the utilization of our centers among medical professionals, care-givers and patients. Revenues fluctuate monthly with the number of days per month that the hospitals in which we operate our centers are open.

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2008 TO THE THREE MONTHS ENDED MARCH 31, 2007

REVENUES:

Revenues for the three months ended March 31, 2008 were \$6.5 million, an increase of \$0.6 million or 11.0% over the three months ended March 31, 2007, when revenues were \$5.9 million. Revenues increased as a result of higher volume at existing centers plus the inclusion of revenue from centers not open in the prior period.

OPERATING EXPENSES:

Overview: Operating expenses for the three months ended March 31, 2008 were approximately \$5.7 million, or 87.7% of total revenues compared to \$6.5 million or 110.8% of revenues for the three months ended March 31, 2007. The \$800 thousand reduction in operating costs is the result of the reduction in stock compensation costs of approximately \$1 million incurred during the prior reporting period, offset by increases in payroll of approximately \$200 thousand.

Cost of service: Cost of service expenditures, which are comprised principally of payroll and payroll related costs for professional and nursing staff required to administer treatments at our centers, computer hardware, and depreciation relating to hyperbaric medical chambers and leasehold improvements, were \$3.3 million for the three months ended March 31, 2008 compared to \$2.7 million for the prior three month period. While the absolute dollar increase was \$631 thousand, as a percent of revenues cost of services was 51.2% versus 46.1% in 2007. Gross margin for the three months ended March 31, 2008 was 48.8% versus 53.9% for the corresponding period last year. The decreased margin was due to substantially higher depreciation costs associated with the buildout and equipment investment for centers that were open in the current quarter and were not opened in 2007, and higher contract amortization costs associated the Company's hospital contracts, which aligned the amortization expense and the initial term of the contract.

Sales and marketing: Sales and marketing expenditures, which are comprised principally of costs related to educating physicians on the specialized services of comprehensive wound care decreased by \$91 thousand to \$8 thousand, the result of decreased costs associated with the opening of new centers during the quarter. The cost reduction is the result of management's efforts to contain costs and better focus the company's marketing initiatives.

General and administrative: General and administrative expenses are comprised primarily of payroll and payroll related costs, insurance, accounting and professional fees. General and administrative costs declined by \$1.2 million to \$2.2 million or 34.5% of revenues for the three months ended March 31, 2008, compared to \$3.4 million (58.6%) for the three months ended March 31, 2007. The decline is primarily due to the \$1.0 million reduction of noncash stock compensation and a reduction in professional fees partially offset by increased payroll, the result of the growth in staff to support the Company's operations.

Depreciation and amortization: Depreciation and amortization expense is related to our corporate leasehold improvements which aggregated \$118 thousand or 1.8% of revenues for the three months ended March 31, 2008, compared to \$29 thousand or 0.5% of total revenues for the 2007 three months. The increase is due to the acquisition of various information technology items necessary for the Company to conduct its business.

Bad debt expense: Bad debt expense was \$2 thousand or 0.0% of total revenues for the three months ended March 31, 2008 compared to \$229 thousand or 3.9% of revenues for the three months ended March 31, 2007. The reduced bad debt provision reflects management's estimate of potential loss associated with the accounts it services, including those accounts that filed for protection under Chapter 11 of the Bankruptcy Code during 2006.

OTHER INCOME (EXPENSE):

Interest expense: The Company incurred interest expense of approximately \$1.6 million or 24.1% of total revenues for the three months ended March 31, 2008, compared to \$0.7 million or 11.6% of revenues for the 2007 three months. The \$0.9 million or 129% increase in interest expense in the three months ended March 31, 2008 is primarily attributable to increased noncash charges of \$0.7 million associated with convertible debt and notes in addition to increased cash charges of \$0.2 million associated with the bridge financing.

Minority interest (income) expense: Minority interest expense of \$275 thousand for the three months ended March 31, 2008 is \$141thousand more than the prior period when minority interest expense was \$134 thousand.

Other expense: Other expenses were \$20 thousand or 0.3% of total revenue for the three months ended March 31, 2008 compared to \$0.0 in 2006.

INCOME TAXES:

The Company incurred \$7 thousand of state and municipal taxes for the three months ended March 31, 2008 versus the income taxes of \$233 thousand for the three months ended March 31, 2007. We did not recognize any tax benefit attributable to our current operations as we do not believe that it is more likely than not that we will be able to utilize the operating loss in the future.

NET INCOME (LOSS):

For the three months ended March 31, 2008, the Company lost \$1.1 million or (\$.05) cents per share, compared to a net loss of \$1.7 million or (\$.07) cents per share for the 2007 three months, as a result of the foregoing.

COMPARISON OF NINE MONTHS ENDED MARCH 31, 2008 TO THE NINE MONTHS ENDED MARCH 31, 2007

Revenues for the nine months ended March 31, 2008 were \$18.9 million, an increase of \$3.4 million or 22.1% compared to the nine months ended March 31, 2007. Revenues increased as a result of higher volume at existing centers plus volume from centers added during the year.

OPERATING EXPENSES:

Overview: Operating expenses for the nine months ended March 2008 were approximately \$16.6 million, or 87.9% of total revenues, compared to \$19.0 million or 122.6% of revenues for the nine months ended March 31, 2007. The reduction in costs is the result of a substantial reduction in nonrecurring cash and noncash charges, including approximately \$760 thousand in noncash charges for the abandonment and impairment costs associated with the termination of certain contracts and joint venture agreements, and approximately \$700 thousand of professional fees.

Cost of service: Cost of service expenditures, which are comprised principally of payroll and payroll related costs for professional and nursing staff required to administer treatments at our centers as well as depreciation relating to hyperbaric medical chambers and leasehold improvements, increased by \$1.4 million to \$9.7 million or 51.1% of total revenues for the nine months ended March 31, 2008, compared to \$8.3 million or 53.1% of total revenues for the corresponding 2007 period. For the nine months ended March 31, 2008, the Company's gross margin was 48.9%, compared to 46.9% for the 2008 nine months. The improved gross margin is the result of increased revenues across the portfolio of centers and a smaller increase in cost of services relative to sales.

Sales and marketing: Sales and marketing expenditures, which are comprised principally of costs related to educating physicians on the specialized services of comprehensive wound care, decreased by \$127 thousand to \$45 thousand or approximately 0.2% of total revenues for the nine months ended March 31, 2008, compared to \$172 thousand or 1.1% of total revenues for the 2007 nine months. The cost reduction is the result of management's efforts to contain costs and better focus the company's marketing initiatives.

General and administrative: General and administrative expenses are comprised primarily of payroll and payroll related costs, insurance, accounting and professional fees. General and administrative costs decreased by \$2.6 million to \$6.4 million or 33.9% of revenues for the nine months ended March 31, 2008, compared to \$9.0 million or 57.8% of revenues for the nine months ended March 31, 2007. The decline is due to management's focus on cost control, which resulted in a substantial reduction of nonrecurring professional fees of \$1.1 million and the \$1.1 million reduction during the nine months ended March 31, 2007.

Depreciation and amortization: Depreciation and amortization expense is related to our corporate leasehold improvements which aggregated \$298 thousand or 1.6% of revenues for the nine months ended March 31, 2008, compared to \$73 thousand or 0.5% of revenues for the 2007 nine month period.

Bad debt expense: Bad debt expense was \$0.2 million or 1.1% of revenues for the nine months ended March 31, 2008 compared to \$0.8million or 5.2% of revenues for the 2007 nine months. The reduced bad debt provision reflects management's estimate of potential loss associated with the accounts it services, including those accounts that filed for protection under Chapter 11 of the Bankruptcy Code reduction is due to much tighter management control over accounts receivable.

OTHER INCOME (EXPENSE):

Interest expense: The Company incurred interest expense of \$5.4 million or 28.7% of revenues for the nine months ended March 31, 2008, compared to \$2.4 million or 15.7% of revenues for the nine months ended March 31, 2007. The \$3.0 million or 123% increase over the prior nine month period is primarily attributable to (i) a \$0.6 million increase of non-cash charges associated with the amortization of the beneficial conversion feature of the convertible debenture; (ii) increased amortization of \$1.4 million of deferred finance costs; and (iii) \$0.6 million increase of amortization attributable to the senior convertible debentures; and (iv) \$0.4 million of interest associated with the other notes.

Minority interest (income) expense: Minority interest expense of \$182 thousand for the nine months ended March 31, 2008 is \$12 thousand less than the prior period when minority interest expense was \$194 thousand.

Other expense: Other expense of \$21 thousand compares favorably to the \$413 thousand expense incurred during the prior period. The nine month 2007 charges were for penalties associated with the \$5.5 million 8% Debentures.

INCOME TAXES:

The Company incurred \$19 thousand of state and municipal taxes for the nine months ended March 31, 2008 versus the income benefit of \$1.8 million for the nine months ended March 31, 2007.

NET INCOME (LOSS):

For the nine months ended March 31, 2008, the Company lost \$3.4 million or (\$0.12) cents per share, compared to a net loss of \$4.8 million or (\$0.21) cents per share for the 2007 nine months as a result of the foregoing.

LIQUIDITY AND CAPITAL RESOURCES:

Operating Activities: Net cash provided by operating activities was \$1.4 million for the nine months ended March 31, 2008, compared to net cash used in operating activities of \$0.4 million for the same period in 2007. This increase of \$1.6 million was the result of (i) a \$1.4 million reduction in our net loss, (ii) less \$5.0 million associated with the change in accounts payable and accrued expenses, (iii) plus \$2.6 million for current and deferred income taxes and income tax refunds, and (iv) plus the net addition of \$3.3 million of noncash charges that included:

- \$2.9 million of depreciation and amortization compared to \$1.5 million in the prior reporting period, primarily due to the addition of new centers and investments in intangible assets, and increased depreciation and amortization as a result of changing the remaining useful life downward of certain contracts;
- \$0.2 million for the bad debt provision as compared to \$0.8 million in the prior reporting period;
- \$1.4 million for the amortization of stock options as compared to \$2.0 million in the prior reporting period;
- \$0.9 million for the interest charged for the beneficial conversion feature of the senior convertible debentures, which were retired in full at March 31, 2008 from the proceeds of the Bison financing;
- \$1.4 million for the amortization of deferred financing costs;
- \$0.7 million of interest expense for convertible debentures and notes payable;
- \$1.1 million for a deferred income tax benefit recognized in the prior reporting period;
- \$0.8 million for the valuation of warrants issued in connection with senior convertible and other debentures charged in the prior reporting period; and
- \$0.8 million of abandonment and impairment loss charged in the prior reporting period.

Investing Activities: Net cash used in investing activities was \$2.7 million for the nine months ended March 31, 2008, compared to \$1.7 million of net cash used in investing activities for the same period in 2006. The primary uses of cash were for the purchases of property and equipment of \$2.8 million in the current period while such purchases were \$1.6 million in 2006.

Financing Activities: Net cash provided by financing activities was \$5.1 million for the nine months ended March 31, 2008, compared to net cash used in financing activities of \$1.3 million in the same period in 2007. The Company refinanced certain existing convertible debt, notes, and loans in the quarter ending March 31, 2008 with the 15% senior secured subordinated financing agreement with Bison Equity Capital Partners (the "Bison Note"). Please see Note 12 to the Notes to Consolidated Financial Statements for more details. The Bison Note provides additional liquidity for working capital and fixed asset investments.

We participate in a working capital accounts receivable financing and term loan arrangement with Signature Bank, which matured February 29, 2008 and was extended until April 15, 2008. The use of these funds is required to support our operations in the future and will be dependent upon satisfying borrowing base requirements, among other covenants. We were in full compliance with all the terms of the bank financing as of March 31, 2008. On May 29, 2007 the Company and the bank executed revised terms of the Company's borrowing relationship with the bank that among other things increased by \$2.5 million to \$7.5 million the total amount of funds the Company may borrow. The working capital line increased to \$6 million from \$5.5 million, and the bank extended a \$1.5 million term loan to the Company. On October 17, 2007 the bank increased the working capital line to \$8 million and provided for some additional modifications the Company requested. The term loan was payable in six monthly installments of \$33,333 commencing September 1, 2007, and the balance was payable at maturity.

Between July 1, 2007 and February 29, 2008 the Company negotiated the Fourth and Fifth Amendments to the Credit Agreement that, among other things, increased the Company's borrowing capabilities with its senior lender. On March 19, 2008 the Company negotiated the Sixth Amendment that extended the maturity of its revolving credit and term loan with the bank to April 15, 2008. On March 31, 2008 the Company entered into a new two year agreement with the bank (the "Seventh Amendment") that includes a \$5.5 million revolving line of credit and a \$1 million term loan. The term loan amortizes over a 12 month period and has monthly principal payments of \$83,333.

Although the automatic due date extension to September 7, 2007 of our senior convertible debentures became effective on April 7, 2007, we were in violation of other covenants of the debenture agreement. On February 28, 2007 the debenture holders provided management with a notice of default and acceleration of the due date. On May 29, 2007, the Company and the debenture holders negotiated revised terms to the debenture agreement that, among other things, extended the maturity of the debenture to March 31, 2008, increased the outstanding indebtedness for unpaid interest of \$504,778 and damages of \$495,000. The new balance of \$6,499,778 required the payment of \$800,000 in principal and \$200,000 in a consent fee in June 2007, and increased the interest rate from 8% to 9%. As additional compensation for renegotiating the agreement, the debenture holders will receive an extra \$1,650,000 at maturity. The damages and the additional compensation were charged to operations in fiscal 2007 as additional interest expense. The Company obtained the \$1.0 million in proceeds from a mezzanine financing agreement in June 2007. The senior convertible debentures, all penalties and accrued interest were paid in full on March 31, 2008.

On March 31, 2008, CFWH entered into a financing transaction with Bison Capital Equity Partners II-A, L.P. and Bison Capital Equity Partners II-B, L.P., pursuant to which the Company received a discounted amount of \$17,500,000. For more details, please see Note 12 to the Notes to Consolidated Financial Statements.

We believe that the revised and restructured terms of the senior bank debt and the proceeds from the Bison financing will provide sufficient liquidity for the Company to be able to finance its operations for the next twelve months, subsequent to the filing of this 10-QSB/A on October 9, 2009.

Item 3. Controls and Procedures:

a. Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, as of the date herein, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")).

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports filed under the Securities Exchange Act, is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that this information is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon his evaluation as of the end of the period covered by this report, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were not effective to ensure that information required to be included in the Company's periodic SEC filings is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

This deficiency consisted primarily of inadequate staffing and supervision that could lead to the untimely identification and resolution of accounting and disclosure matters and failure to perform timely and effective reviews. However, the size of the Company prevents us from being able to employ sufficient resources to enable us to have adequate segregation of duties within our internal control system. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company is currently revising its allocation of responsibilities in order to assure the implementation of proper controls and procedures and to consequently correct these deficiencies.

b. Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2008, there was no change in our internal control over financial reporting (as such term is defined in Rule 13a-15 (f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The Company has now established appropriate controls and procedures with respect to the use of corporate funds and is in the process of installing a company-wide accounting and financial reporting application suite.

PART II

ITEM 1. Legal Proceedings:

In October 2007, Advantedge Healthcare Solutions (“AdvantEdge”) filed a complaint against The Center for Wound Healing I, LLC, a subsidiary of the Company, in the Superior Court of New Jersey Law Division: Middlesex County, alleging breach of contract with respect to a software license agreement. The lawsuit seeks money damages and attorneys’ fees totaling approximately \$600,000. In December 2007, we filed an answer denying the claims raised by Advantedge, raising various affirmative defenses, and noting that Advantedge’s claims are subject to arbitration pursuant to the terms of the underlying agreement. In April, 2008 the Company settled this claim and both parties agreed to appropriate and complete mutual releases and confidentiality agreements with respect to the terms of the settlement.

On February 19, 2008 Alan M. Dietzek filed a complaint against The Center for Wound Healing, Inc. in the Supreme Court of the State of New York County of Kings. The plaintiff seeks damages of at least \$250,000 for non-payment of certain finder’s fees and/or unjust enrichment. The Company believes that the claims alleged in the Complaint are wholly without merit and that the Company has no liability on account of such claims. The Company intends to vigorously oppose Dr. Dietzek’s claims.

There is no action, suit, proceeding, inquiry or investigation before or by any public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company’s or our company’s subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

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

None

ITEM 3. Default Upon Senior Securities

As of October 9, 2009, the Company is in compliance with its debt covenants.

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

No matters were submitted to shareholders for the period ended March 31, 2008.

ITEM 5. Other Information:

None.

ITEM 6. Exhibits:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification of Chief Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.

SIGNATURES

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Andrew G. Barnett</u> <u>Andrew G. Barnett</u>	Chief Executive Officer; Chief Financial Officer; Chief Accounting Officer	October 9, 2009

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13A-14 AND 15D-14
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Andrew G. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Center for Wound Healing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's fiscal quarter ending March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditor and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 9, 2009

/s/ Andrew G. Barnett

Andrew G. Barnett, Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13A-14 AND 15D-14
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Andrew G. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Center for Wound Healing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's fiscal quarter ending March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditor and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 9, 2009

/s/ Andrew G. Barnett

Andrew G. Barnett, Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of The Center for Wound Healing, Inc; (the "Company") on Form 10-QSB for the quarter ended March 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew G. Barnett, Chief Executive Officer, of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: October 9 , 2009

/s/ Andrew G. Barnett

Andrew G. Barnett, Chief Executive Officer,
Chief Financial Officer and Chief
Accounting Officer
