ISSUER INFORMATION
AND
QUARTERLY UPDATE DISCLOSURE STATEMENT

BIOELECTRONICS CORPORATION

4539 Metropolitan Court
Frederick, MD 21704
Phone: 301-874-4890
Fax: 301-874-6935

The Company has a corporate internet website at **http://www.bielcorp.com**. The reference to this website address does not constitute incorporation by reference of the information contained therein.

Federal ID	**CUSIP**
52-2278149	09062H108

ISSUER'S EQUITY SECURITIES
Common Stock
$.001 Par Value
2,500,000,000 Common Shares Authorized
2,105,681,871 Shares Issued and Outstanding

BioElectronics Corporation is responsible for the content of this Information and Disclosure Statement. **The information contained in this report has not been filed with or approved by the Securities and Exchange Commission, any state securities commission, the National Association of Securities Dealers, or any other regulatory body.** This document contains forward-looking statements. Forward-looking statements do not represent historical facts, but rather statements about management's beliefs, plans and objectives about the future, as well as assumptions and judgments concerning such beliefs, plans, and objectives. The statements are evidenced by terms such as "anticipate," "estimate," 'should," "expect," "believe," "intend," and similar expressions. Although these statements reflect management's good faith beliefs and projections, they are not guarantees of future performance and they may not prove true. These projections involve risk and uncertainties that could cause the Company's actual results to differ materially from those addressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, changes in general economic, market, or business conditions; changes in laws or regulations or policies of federal and state regulators and agencies; and other circumstances beyond the Company's control. Consequently all of the forward-looking statements made in this document are qualified by these cautionary statements, and there can be no assurance that the actual results anticipated will be realized, or if substantially realized, will have the expected consequences on the Company's business or operations.

BIOELECTRONICS CORPORATION
INFORMATION AND QUARTERLY UPDATE DISCLOSURE STATEMENT

ITEM 1: **NAME OF ISSUER:** BioElectronics Corporation

ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:
4539 Metropolitan Court
Frederick, MD 21704
(301) 874-4890 Office
(301) 874-6935 Fax
www.bielcorp.com

ITEM 2: **NUMBER OF SHARES OR TOTAL AMOUNT OF SECURITIES OUSTANDING FOREACH CLASS OF SECURITIES AUTHORIZED.**

As of March 31, 2012 the Issuer had 2,105,681,871 shares issued and outstanding. As of December 31, 2011, the Issuer had 1,963,281,871 shares of Common Stock issued and outstanding.

Period End Date	# of Shares Authorized	# of Shares Outstanding	Freely-Tradeable Shares	# of Beneficial Shareholders	# of Shareholders
31-Mar-12	2,500,000,000	2,105,681,871	2,037,095,249	3	201
31-Dec-11	2,500,000,000	1,963,281,871	1,882,095,249,	3	180
31-Dec-10	1,750,000,000	1,546,684,871	1,351,875,364	3	154
31-Dec-09	1,500,000,000	1,470,998,871	1,289,575,281	3	103

ITEM 3: INTERIM FINANCIAL STATEMENTS: The un-audited interim financial statements of the issuer as of March 31, 2012 are attached to the end of this Quarterly Update, and the financial statements included therein, and where they are located, are as follow:

ITEM 4: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Most of our operational plan is centered on marketing oriented functions, instead of design and production oriented functions. We believe our product set is very strong, our quality is very high and our ISO-certified production capabilities are extensive.

Our recently developed improved circuitry devices that last 7 continuous days are available as follows:

1. Back Pain Therapy
2. Neck Pain Therapy;
3. Knee Pain Therapy;
4. Wrist and Elbow Pain Therapy;
5. Smart-In Sole™ for Heel Pain; and,
6. Allay™ Menstrual Cycle Pain Therapy.

The musculoskeletal devices retail for $19.95 and include the affixing wrap. The Allay, monthly menstrual cycle device retails for $9.95 and includes two protective sleeves.

These topical analgesic products are clinically proven more efficacious, safer, and cost effective than the leading hot and cold pads and pain medications. The new products are all cleared for sales and marketing around the world over-the-counter and, the Company is awaiting OTC reclassification of its products to include the US in its retail product operations.

Current Objectives

- Dominate the drug free anti-inflammatory therapy market with OTC products and unique medical products sold in the U.S. and internationally.
- Obtain additional US FDA market clearances for its products for:
    - The postoperative treatment of pain and edema in soft tissue
    - Over-the-counter treatment of musculoskeletal pain
    - Over-the-counter treatment of menstrual cycle pain and discomfort
- Complete Tufts University dental clinical study and the C-section post surgical study at Mt. Sinai Hospital, Toronto, Canada.

SALES AND MARKETING METHODS

The Company will substantially invest in advertising and promotion to drive the growth of its key brands. The marketing strategy is focused primarily on consumer-oriented programs that include media advertising, targeted coupon programs and in-store advertising.

ActiPatch and Allay Retail Sales and Distribution

During 2011 BioElectronics launched international campaigns that include substantial retail presence and extensive media support, to stage the domestic launch and introduce larger revenue sources into the company

The Company has entered into retail Management Agreements with the Greenwood Group, (www.greenwoodg.com) , a leading brand management and sales organization, to execute its retail sales and marketing strategy. We relaunched our Canada sales and marketing to stage our US program. Simultaneously, we are launching the UK market to stage our European and other international markets.

The Greenwood Group are leading experts in brand management and bringing new products into the US and Canadian markets, including retail sales, supply chain, logistics, and extensive expertise in OTC strategy, pricing, and analysis. The Companies for which they manage brands include Bayer, Morton Salt, Advanced Visio, Nice Pak, Kobayashi, Kids=+Med, Hothands Heat-Max, and Hygenic. Brands owned by Greenwood include Breathe Right, Plax, Joint-ritis, Zone, and others. Its management have had decades of senior retail experience in such notable companies as Bayer, Johnson & Johnson, The Gillette company, Novartis, and other leading OTC sales and marketers.

RETAIL OTC (OVER-THE-COUNTER) U.S. MARKET

The Company has filed two U.S. FDA 510(k) market clearance applications for the OTC ActiPatch and the Allay Menstrual Cycle Pain Therapy devices and received “Not Substantially Equivalent” letters for both products. The U.S. FDA's position is that the current pulsed electromagnetic product category is restricted to post operative devices only. The Company has now filed a Section 513 petition for reclassification of the devices. It is management’s position that the U.S. FDA market clearance is inevitable and obtaining U.S. FDA OTC clearance will open the markets for both ActiPatch and Allay.

Each of the Company’s retail product kits are unique to the market as drug free, anti-inflammatory therapeutic agents that rapidly and safely reduce pain, swelling and required healing time. Each retail kit is designed with an extremity wrap and an unconditional money back guarantee. The devices are wafer thin, easily concealed, comfortable and easy to use. There are no “messy” odorous topical ointments or creams, and because they do not use heat or ice, they are safe to use for diabetics and the bedridden.

DOMESTIC SALES AND DISTRIBUTION

Plastic surgery is the only domestic market segment with current U.S. FDA market clearance. Consequently, domestic sales are restricted primarily to medical providers until additional clearances are received from the U.S. FDA. Past sales efforts have centered on podiatry, orthopedics and plastic surgery. Sales increases to these target markets have been very slow, however, the product has a number of very strong medical supporters. Once we obtain an additional FDA clearance, we expect to be much more successful in obtaining sales in the following identifiable markets for RecoveryRx:

- Plastic Surgeons
- Oral Surgeons
- Orthopedic Surgeons
- General Surgeons for complex C-Sections and Hernias
- Wound care centers, nursing homes, hospitals, and home health care specialists for chronic wounds,
- Podiatrists
- Chiropractors
- Pain clinics

The sales and marketing to these physicians will be direct response mail, telemarketing, trade shows and advertising in trade journals. Internationally, we will use specialized medical supply distributors.

The pending US FDA market clearance will enable us to market the RecoveryRx, the device, and the affixing back belt, extremity tubular sleeves and adhesive pads to all surgeons, hospitals, wound care clinics, pain clinics, and orthopedic physicians. The completed oral surgery and the C-section studies will enhance sales to all surgeons, with particular emphasis on the 6,000+ oral surgeons and to the obstetrics physicians performing the 1.4 million annual C-section procedures.

MANAGEMENT DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our principal activity, to sell and market in the U.S. retail market, has not yet commenced due to the lack of U.S. FDA approval for our product. As a result, we consider ourselves a development stage entity in accordance with FASB Accounting Standards Codification Topic 915, “Development Stage Enterprise”, and accordingly present, in our financial statements, the results of operations and other disclosures for the company for the period from our inception, April 10, 2000, to March 31, 2012. Apart from the additional financial information provided regarding our financial results for the period from inception, April 10, 2000, to March 31, 2012, our designation as a Development Stage Company did not affect our accounting or other information provided in our financial statements.

Comparison of the three months ended March 31, 2012 and 2011:

Revenue. Revenue from operations for the three months ended March 31, 2012 and 2011 amounted to approximately $124,159 and $375,436, respectively, a decrease of $251,277 or 202% from the prior year. The decrease was mainly a result of continued weakness in the overall economy and less bulk purchases in the first quarter of 2012 compared to 2011.

Cost of Goods Sold and Gross Margin. Costs of goods sold for the three months ended March 31, 2012 and 2011 amounted to approximately $71,736 and $148,314, respectively. Gross margin decreased from approximately 60% of sales for the three months ended March 31, 2011 to approximately 42% for the three months ended March 31, 2012. The decrease in margin was a function of discounting on sales prices and higher production costs, which arose from an increase in the use of contingent workers to expedite shipment of the Allay packaging, and higher shipping costs related to international sales. We expect the normal gross margins on our products to be in the range of 65 % to 70 % of sales in the future, depending on product mix and sales prices. This gross margin range is consistent with other medical device and pharmaceutical companies.

General and Administrative Expense. General and administrative expenses for the three months ended March 31, 2012 and 2011 amounted to approximately $494,816 and $447,311 respectively, a decrease of $274,895 or 159%. The decrease in total general and administrative expenses related mainly to across the board decreases in administrative and sales staff salaries, reduction in investor relations expenses in prior year for capital raising initiatives. In addition, legal and accounting expenses decreased mainly due to accounting and auditing fees incurred in the first quarter of 2011 that did not occur in the first quarter of 2012.

Interest Expense. Interest expense increased to approximately $112,424 for the three months ended March 31, 2012 from approximately $85,680 in the comparable period in 2011. The increase in interest expense was mainly attributed to the increase in overall related party notes payable from prior year to current year.

Net Loss. Net losses during the three months ended March 31, 2012 and 2011 amounted to approximately $561,076 and $660,248, respectively. Losses were decreased primarily due the decrease in total general and administrative expenses which were larger than the overall decrease in gross profit for the three months ended March 31, 2012 compared to the same period in 2011.

Going concern. The Company's financial statements have been prepared on a going concern basis which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. We have incurred substantial losses from operations in the three months ended March 31, 2012 and prior periods. The Company also has an accumulated deficit as of March 31, 2012 of $18,103,136.

The Company projects that it will require an additional two to three million in working capital in the next 12 months. If sales increase as anticipated, the Company will seek additional capital from new investors. The Company has prepared a financing proposal to discuss opportunities with potential investors or possible strategic partners. However, we can provide no assurance that we will be able to obtain financing on reasonable terms and at sufficient levels to enable us to complete developmental activities, receive U.S. FDA approval and develop sufficient sales revenue and achieve profitable operations. Until sufficient financing has been received to complete our developmental activities, there exists substantial doubt as to our ability to continue as a going concern.

Off Balance Sheet Arrangements

None.

ITEM 5: LEGAL PROCEEDINGS:

Issuer has not become involved in any legal proceedings in addition to those already disclosed in a prior disclosure statement.

ITEM 6: DEFAULTS UPON SENIOR SECURITIES:

Issuer has not experienced any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer. Nor has issuer experienced any material arrearage in the payment of dividends, or any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the issuer.

ITEM 7: OTHER INFORMATION: Per the instructions, none applicable.

ITEM 8: EXHIBITS: Per the instruction, no exhibits are required here which have not already been described or attached in any prior disclosure statement.

ITEM 9: CERTIFICATIONS:

I, Andrew J. Whelan, certify that:

1. I have reviewed this quarterly disclosure statement dated March 31, 2012 of BioElectronics Corporation;

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

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

IN WITNESS THEREOF, the undersigned has executed this Certification as of this 15th of May 2012.

Certified By: /s/ Andrew J. Whelan,
Andrew J. Whelan
President, CEO and CFO

BioElectronics Corporation

(A Development Stage Company)

UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

Unaudited condensed financial statements for BioElectronics Corporation for the three-month period ended March 31, 2012 have been prepared by management. Accordingly, the condensed financial statements have not been audited, reviewed or compiled by independent auditors and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Trading Symbol: BIEL

CUSIP Number: 09062H108

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BioElectronics Corporation (A Development Stage Company)
Condensed Balance Sheets

	March 31, 2012 (Unaudited)	(Restated) December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 43,207	$ 55,492
Trade and other receivables, net	197,798	185,823
Inventory	912,998	775,184
Prepaid expenses and other	9,844	50,000
Total current assets	1,163,847	1,066,499
Property and equipment	170,011	170,011
Less: Accumulated depreciation	(116,772)	(112,058)
Property and equipment, net	53,239	57,953
Total assets	$ 1,217,086	$ 1,124,452
Liabilities and stockholders' deficiency		
Current liabilities:		
Accounts payable and accrued expenses	$ 435,056	$ 314,990
Related party notes payable	1,529,846	2,120,427
Deferred revenue	131,543	-
Notes payable	102,501	100,537
Total current liabilities	2,198,946	2,535,954
Long-term liabilities:		
Related party notes payable, net of discount	4,308,817	3,565,811
Total liabilities	6,507,763	6,101,765
Commitments and contingencies		
Stockholders' deficiency:		
Common stock, par value $0.001 per share, 2,105,681,871 shares authorized at March 31, 2012 and 1,950,681,871 at December 31, 2011.	2,105,682	1,950,682
Additional paid-in capital	10,706,775	10,614,063
Deficit accumulated during the development stage	(18,103,134)	(17,542,058)
Total stockholders' deficiency	(5,290,677)	(4,977,313)
Total liabilities and stockholders' deficiency	$ 1,217,086	$ 1,124,452

BioElectronics Corporation (A Development Stage Company)
Condensed Statements of Operations
For Three Months Ended March 31, 2012 and 2011
and for the Period from April 10, 2000 (Inception) to March 31, 2012
(Unaudited)

	March 31, 2012	March 31, 2011	Period from April 10, 2000 (Inception) to March 31, 2012
Sales	$ 124,159	$ 375,436	$ 5,207,311
Cost of Goods Sold	71,736	148,314	2,411,031
Gross profit	52,423	227,122	2,796,280
General and Administrative Expenses:			
Bad Debt Expense	-	-	319,610
Depreciation and Amortization	4,714	4,714	134,699
Investor Relations Expenses	9,486	94,413	2,039,520
Legal and Accounting Expenses	44,346	137,736	1,804,982
Sales Support Expenses	113,863	117,516	3,055,707
Other General and Administrative Expenses	322,416	447,311	10,513,940
Total General and Administrative Expenses	494,825	801,690	17,868,458
Loss from Operations	(442,402)	(574,568)	(15,072,178)
Interest Expense and Other, Net:			
Other Income (Expense)	(6,250)	-	116,280
Interest Expense	(112,424)	(85,680)	(2,955,693)
Loss on Disposal of Assets	-	-	(41,543)
Total Interest Expense and Other, Net	(118,674)	(85,680)	(2,880,956)
Loss Before Income Taxes	(561,076)	(660,248)	(17,953,134)
Provision for Income Tax Expense	-	-	-
Net loss	$ (561,076)	$ (660,248)	$ (17,953,134)
Net loss Per Share - Basic and Diluted	$0.00	$0.00	N/A
Weighted Average Number of Shares Outstanding - Basic and Diluted	2,105,681,871	1,624,382,204	N/A

BioElectronics Corporation (A Development Stage Company)
Statement of Changes in Stockholders' Deficiency
For the Period from April 10, 2000 (Inception) to March 31, 2012

	Capital Stock		(Restated) Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
	Shares	Amount			
Balance at April 10, 2000 (Inception)	-	$ -	$ -	$ -	$ -
Net Loss	-	-	-	(34,124)	(34,124)
Contribution of assets	-	-	8,000	-	8,000
Issuance of common stock for services rendered	22,150,000	22,150	(8,000)	(13,150)	1,000
Balance at December 31, 2000	22,150,000	22,150	-	(47,274)	(25,124)
Net Loss		-	-	-	-
Balance at December 31, 2001	22,150,000	22,150	-	(47,274)	(25,124)
Net Loss		-	-	-	-
Balance at December 31, 2002	22,150,000	22,150	-	(47,274)	(25,124)
Net Loss		-	-	(568,087)	(568,087)
Sale of common stock at $.03 per share	3,950,000	3,950	112,100	-	116,050
Sale of common stock at $.0496 per share	800,000	800	38,900	-	39,700
Sale of common stock at $.35 per share	40,000	40	13,960	-	14,000
Balance at December 31, 2003	26,940,000	26,940	164,960	(615,361)	(423,461)
Net loss		-	-	(792,799)	(792,799)
Common stock dividend	15,800,577	15,800	-	(15,800)	-
Issuance of common stock for services rendered	2,245,649	2,246	110,036	-	112,282
Sale of common stock at $.3540 per share	678,000	678	239,322	-	240,000
Sale of common stock at $.4286 per share	149,333	149	63,851	-	64,000
Sale of common stock at $.30 per share	83,333	83	24,917		25,000
Sale of common stock at $.01 per share	5,020,000	5,020	45,180	-	50,200
Balance at December 31, 2004	50,916,892	50,916	648,266	(1,423,960)	(724,778)
Net loss		-	-	(2,233,678)	(2,233,678)
Fair value of warrants issued in connection with financing arrangements			542,460		542,460
Issuance of convertible debt with beneficial conversion interest	-	-	422,324	-	422,324
Issuance of common stock for services rendered	2,128,000	2,128	205,043	-	207,171
Sale of common stock at $.30 per share	3,420,000	3,420	1,022,580	-	1,026,000
Sale of common stock at $.0833 per share	4,600,000	4,600	378,785	-	383,385
Sale of common stock at $.0959 per share	800,000	800	75,912	-	76,712
Sale of common stock at $.1475 per share	1,000,000	1,000	146,500	-	147,500
Balance at December 31, 2005 (As Restated)	62,864,892	62,864	3,441,870	(3,657,638)	(152,904)
Net loss				(3,185,522)	(3,185,522)
Issuance of convertible debt with beneficial conversion interest			88,214		88,214
Issuance of common stock for services rendered	7,099,856	7,100	433,481	-	440,581
Fair value of warrants issued in connection with financing arrangements	-	-	182,913	-	182,913
Sale of common stock at $.1667 per share	240,000	240	39,760	-	40,000
Sale of common stock at $.10 per share	400,000	400	39,600	-	40,000
Issuance of common stock for conversion of debt	5,000,000	5,000	495,000		500,000
Stock based compensation expense	-	-	72,703	-	72,703
Balance at December 31, 2006 (As Restated)	75,604,748	75,604	4,793,541	(6,843,160)	(1,974,015)
Net loss				(2,105,180)	(2,105,180)
Issuance of convertible debt with beneficial conversion interest			155,665		155,665
Issuance of common stock for services rendered	1,555,000	1,555	51,145	-	52,700
Sale of common stock at $.035 per share	6,000,000	6,000	204,000	-	210,000
Sale of common stock at $.04 per share	750,000	750	29,250	-	30,000
Sale of common stock at $.0444 per share	1,125,000	1,125	48,875	-	50,000
Issuance of common stock for conversion of debt	33,366,847	33,367	1,470,471	-	1,503,838
Balance at December 31, 2007 (As Restated)	118,401,595	118,401	6,752,947	(8,948,340)	(2,076,992)
Net loss				(2,127,028)	(2,127,028)
Issuance of convertible debt with beneficial conversion interest			168,779		168,779
Issuance of common stock for services rendered	45,338,500	45,338	355,007	-	400,345
Sale of common stock at $.035 per share	2,000,000	2,000	68,000	-	70,000
Sale of common stock at $.0026 per share	8,500,000	8,500	14,000	-	22,500
Sale of common stock at $.005 per share	5,000,000	5,000	20,000	-	25,000
Sale of common stock at $.0032 per share	6,250,000	6,250	13,750	-	20,000
Sale of common stock at $.00351 per share	5,700,000	5,700	14,300	-	20,000
Sale of common stock at $.0035 per share	11,642,857	11,643	29,107	-	40,750
Issuance of common stock for conversion of debt	63,709,683	63,710	838,051	-	901,761
Balance at December 31, 2008 (As Restated)	266,542,635	$ 266,542	$ 8,273,941	$ (11,075,368)	$ (2,534,885)
Net loss				(634,091)	(634,091)
Issuance of convertible debt with beneficial conversion interest			6,000	-	6,000
Issuance of common stock for services rendered	149,051,667	149,052	93,845	-	242,897
Sale of common stock at $.0030 per share	9,000,000	9,000	18,000	-	27,000
Sale of common stock at $.0020 per share	15,000,000	15,000	15,000	-	30,000
Sale of common stock at $.0017 per share	11,500,000	11,500	8,500	-	20,000
Sale of common stock at $.0015 per share	16,666,667	16,667	8,334	-	25,001
Sale of common stock at $.0012 per share	55,500,000	55,500	11,100	-	66,600
Sale of common stock at $.0013 per share	16,750,000	16,750	4,850	-	21,600
Sale of common stock at $.02 per share	7,500,000	7,500	142,500	-	150,000
Sale of common stock at $.028 per share	5,357,142	5,357	144,643	-	150,000
Sale of common stock at $.0444 per share	2,250,000	2,250	97,750	-	100,000
Sale of common stock at $.05 per share	5,646,000	5,646	276,654	-	282,300
Issuance of common stock for conversion of debt	905,788,207	905,788	182,724	-	1,088,512
Issuance of common stock for warrant exercises	4,446,553	4,447	889	-	5,336

BioElectronics Corporation (A Development Stage Company)
Statement of Changes in Stockholders' Deficiency
For the Period from April 10, 2000 (Inception) to March 31, 2012
(Continued)

	Capital Stock		(Restated) Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
Balance at December 31, 2009 (As Restated)	1,470,998,871	$ 1,470,999	$ 9,284,730	$ (11,709,459)	$ (953,730)
Net loss				(2,992,539)	(2,992,539)
Compensation expense for nonvested share awards					
Share-based compensation	9,950,000	9,950	326,768	-	336,718
Issuance of common stock for services rendered at $.002250 per share	3,200,000	3,200	4,000	-	7,200
Issuance of common stock for services rendered at $.00500 per share	2,500,000	2,500	10,000	-	12,500
Issuance of common stock for services rendered at $.005250 per share	5,000,000	5,000	21,250	-	26,250
Issuance of common stock for conversion of debt at $.0012 per share	55,000,000	55,000	11,000	-	66,000
Balance at December 31, 2010	1,546,648,871	$ 1,546,649	$ 9,657,748	$ (14,701,998)	$ (3,497,601)
Net loss				$ -	-
Compensation expense for nonvested share awards					
Share-based compensation	-	-	222,815	-	222,815
Issuance of common stock for conversion of debt at $.0015 per share	80,000,000	80,000	16,000	-	96,000
Issuance of common stock for services rendered at $.0060 per share	1,800,000	1,800	9,000	-	10,800
Issuance of common stock for services rendered at $.0080 per share	12,150,000	12,150	-	-	12,150
Issuance of common stock for services rendered at $.0069 per share	83,000	83	-	-	83
Issuance of common stock for services rendered at $.0049 per share	5,000,000	5,000	19,500	-	24,500
Issuance of common stock for services rendered at $.00295 per share	20,000,000	20,000	39,000	-	59,000
Issuance of common stock for services rendered at $.00650 per share	20,000,000	20,000	110,000	-	130,000
Issuance of common stock for cash at $.00250 per share	10,000,000	10,000	15,000	-	25,000
Issuance of common stock for cash at $.009091 per share	5,500,000	5,500	44,500	-	50,000
Issuance of common stock for cash at $.00625 per share	8,000,000	8,000	42,000	-	50,000
Issuance of common stock for cash at $.00500 per share	10,000,000	10,000	40,000	-	50,000
Issuance of common stock for cash at $.00400 per share	12,500,000	12,500	37,500	-	50,000
Issuance of common stock for cash at $.003226 per share	15,500,000	15,500	34,500	-	50,000
Issuance of common stock for cash at $.003704 per share	13,500,000	13,500	36,500	-	50,000
Issuance of common stock for cash at $.003704 per share	13,500,000	13,500	36,500	-	50,000
Issuance of common stock for cash at $.003226 per share	15,500,000	15,500	34,500	-	50,000
Issuance of common stock for cash at $.002778 per share	18,000,000	18,000	32,000	-	50,000
Issuance of common stock for cash at $.002778 per share	18,000,000	18,000	32,000	-	50,000
Issuance of common stock for cash at $.002778 per share	18,000,000	18,000	32,000	-	50,000
Issuance of common stock for cash at $.002500 per share	20,000,000	20,000	30,000	-	50,000
Issuance of common stock for cash at $.002500 per share	20,000,000	20,000	30,000	-	50,000
Issuance of common stock for cash at $.002273 per share	22,000,000	22,000	28,000	-	50,000
Issuance of common stock for cash at $.002000 per share	25,000,000	25,000	25,000	-	50,000
Issuance of common stock for cash at $.001500 per share	20,000,000	20,000	10,000	-	30,000
Net loss				(2,840,060)	(2,840,060)
Balance at December 31, 2011 (Restated)	1,950,681,871	$ 1,950,682	$ 10,614,063	$ (17,542,058)	$ (4,977,313)
Issuance of common Stock for cash at $.001450 per share	20,000,000	20,000	10,000	-	30,000
Issuance of common stock for cash at $.001500 per share	20,000,000	20,000	10,000	-	30,000
Issuance of common stock for cash at $.001300 per share	20,000,000	20,000	10,000	-	30,000
Issuance of common stock for cash at $.001350 per share	25,000,000	25,000	5,000	-	30,000
Issuance of common stock for cash at $.001200 per share	25,000,000	25,000	5,000	-	30,000
Issuance of common stock for cash at $.001100 per share	45,000,000	45,000	-	-	45,000
Compensation expense for nonvested share awards			52,712	-	52,712
Net loss				(561,076)	(561,076)
Balance at March 31, 2012	2,105,681,871	2,105,682	10,706,775	(18,103,134)	(5,290,677)
			-		

BioElectronics Corporation (A Development Stage Company)
Condensed Statements of Cash Flows
For the Three Months Ended March 31, 2012 and 2011
And for the period from April 10, 2000 (Inception) to March 31, 2012
(Unaudited)

	March 31, 2012	March 31, 2011	April 10, 2000 (Inception) to March 31, 2012
Cash flows from Operating Activities:			
Net loss	$ (561,076)	$ (660,248)	$ (18,115,735)
Adjustment to Reconcile Net Loss to			
Net Cash Used In Operating Activities:			
Depreciation and amortization	4,714	4,714	134,199
Provision for bad debts	-	-	417,610
Amortization of non-cash debt issuance costs		-	725,373
Amortization and extinguishment of beneficial conversion discoun	-	5,186	783,332
Non-cash expenses	-	85,320	1,503,499
Share-based employee compensation expense	52,712	87,524	881,369
Non-cash interest related to notes payable	-	-	592,418
Non-cash interest related to related party notes payable	112,424	80,494	771,392
Adjustment of related party notes payable	-	-	(266,490)
Amortization of loan costs	-	-	129,852
Increase in related party notes payable for services rendered	-	52,121	903,985
Loss on disposal of property and equipment	-	-	41,543
Changes in Assets and Liabilities			
(Increase) Decrease in:			
Trade and other receivables	(11,975)	(164,638)	(615,408)
Inventory	(137,814)	34,457	(912,998)
Trade receivable from related parties	-	(22,514)	-
Prepaid expenses and others	40,158	(54,702)	31,770
Increase (Decrease) in:			
Accounts payable	120,065	(111,871)	872,704
Deferred revenue	131,543	128,270	131,543
Net cash used in operating activities	(249,249)	(535,887)	(11,990,042)
Cash flows from Investing Activities			
Acquisition of property and equipment	-	-	(128,729)
Net cash Used in Investing Activities	-	-	(128,729)
Cash flows from Financing Activities			
Proceeds from note payable, net of loan costs of $10,000	-	-	1,090,148
Payments on note payable	1,964	(7,198)	(526,255)
Proceeds from related party notes payable	40,000	610,000	4,844,953
Proceeds from financing of receivables with related party	-	-	-
Payments on related party notes payable	-	-	(969,803)
Payments for financing of receivables with related party	-	-	-
Proceeds from issuance of common stock	195,000	-	3,623,837
Other	-	-	(9,987)
Net cash provided by financing activities	236,964	602,802	8,052,893
Net increase (Decrease) in cash	(12,285)	66,915	(4,065,878)
Cash- Beginning of Period	55,492	26,389	-
Cash- End of Period	$ 43,207	$ 93,304	$ (4,065,878)
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the periods for:			
Interest	$ -	$ -	$ 66,632
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Conversion of debt and accrued interest into common stock	$ -	$ 96,000	$ 3,471,625
Issuance of convertible debt with beneficial conversion interest	$ -	$ -	$ 840,982
Conversion of warrants into common stock	$ -	$ -	$ 5,336
Prepaid insurance expense through issuance of notes	$ -	$ -	$ 12,654
Equipment purchases financed through capital leases and notes payable	$ -	$ -	$ 9,986

NOTE 1 – NATURE OF BUSINESS

BioElectronics Corporation was incorporated in April 2000 and began employee-based operations in 2003. BioElectronics Corporation (the "Company") is the maker of inexpensive, drug–free, anti-inflammatory medical devices and patches – its primary SIC code is 3845. The Company's wafer thin patches contain an embedded microchip and battery that deliver pulsed electromagnetic energy, a clinically proven and widely accepted anti-inflammatory and pain relief therapy that heretofore has only been possible to obtain from large, facility-based equipment. BioElectronics markets and sells its current products under the brand names ActiPatch®, Allay™ and RecoveryRx™.

The dermal patch delivery system creates a multitude of new product opportunities for chronic and acute inflammatory conditions. The market potential is estimated at $10 billion or 400 million incidents worldwide. The distinctive value proposition of the device is the delivery of drug-free therapy that reduces pain and inflammation and accelerates healing by 30% to 50% when compared with the present standard methods of patient care. The current major applications are:

- Medical Surgeries
- Chronic Wounds
- Oral Surgeries
- Sprains and Strains
- Lower Back Pain
- Chronic Repetitive Stress Injuries, Heel Pain, Carpal Tunnel, Bursitis, etc.

The Company was granted its first approval from the FDA under a 510(k) in August 2002. Prior to FDA approval and the establishment of its research and development group, PAW, LLC (an entity owned by the family of Andy Whelan, President) funded the operations and costs of product development.

In December 2004, the Company received ISO and CE (European Common Market) certification. In 2005, Health Canada approved ActiPatch® Therapy for the relief of pain in musculoskeletal complaints.

In early 2008, the Company redesigned its product and manufacturing process and established new disease specific products and distinct medical and retail product lines. It also shifted its attention to international sales.

The accompanying financial statements are those of a development stage company. The Company is currently engaged in and devotes considerable time to planning, developing and testing Infomercials, product design changes, establishing sources of material supply and manufacturing subcontractors, recruiting distributors and establishing a market presence for its product.

NOTE 1– NATURE OF BUSINESS (CONTINUED)

The Company has focused attention on international customers to expand its distributions and sales. The Company has established distribution agreements with distributors in Korea, Singapore, Malaysia, Canada, Columbia, Italy, Scandinavia, Saudi Arabia, Japan, Benelux, the Balkans, Austria, Australia, China and South America. The distribution agreements grant the right to sell BioElectronics' products in certain territories. The distributors are responsible for advertising and promotion in their assigned territories. In addition, the distributors are subject to minimum annual product purchases, minimum initial purchases and minimum inventory requirements.

NOTE 2 – BASIS OF PRESENTION

The unaudited condensed financial statements included herein have been prepared by BioElectronics Corporation (the "Company", "we" or "us"), a Maryland corporation without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly state such information. All such adjustments are of a normal recurring nature. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations.

The year-end condensed balance sheet data were derived from the 2011 annual financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America. Certain reclassifications were made to the prior year financial statement amounts to conform to current year presentation. These financial statements should be read in conjunction with the 2011 unaudited financial statements and accompanying notes.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEVELOPMENT STAGE COMPANY

As defined by ASC Topic 915, "Development Stage Entities", the Company is devoting substantially all of its present efforts to developing its business. Additionally, the Company has not yet commenced one of its planned principal activities, the sales of products in the U.S. retail market. All losses accumulated since inception have been considered as part of the Company's development stage activities. Costs of start-up activities, including organizational costs, are expensed as incurred.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRADE RECEIVABLES

The Company maintains reserves on customer accounts where estimated losses may result from the inability of its customers to make required payments. These reserves are determined based on a number of factors, including the current financial condition of specific customers, the age of trade and other receivable balances and historical loss rate. The allowance for doubtful accounts was $132,000 at both March 31, 2012 and December 31, 2011. Bad debt expense was $-0- for the three months ended March 31, 2012 and March 31, 2011.

ADVERTISING COSTS

The Company expenses the costs associated with advertising as incurred. Costs incurred to fund the production of advertisements, including Infomercials, are reported as a prepaid expense if the related advertisement has not yet been broadcast. Advertising expenses for the three months ended March 31, 2012 and 2011 are $58,087 and $59,317, respectively, and are included in other general and administrative expenses in the statements of operations. Prepaid advertising costs are amortized on a straight-line basis over a one year period beginning on the date the advertisements are aired.

As of March 31, 2012 and December 31, 2011, total advertising costs included in prepaid expenses on the balance sheets were $-0-. Total amortization expense related to prepaid amortized advertising costs included in advertising costs for the three months ended March 31, 2012 and 2011 and for the period from inception (April 10, 2000) through March 31, 2012, was $-0-, $19,639, and $86,250, respectively.

REVENUE RECOGNITION

The Company sells its products to wholesale distributors and directly to hospitals and clinics. Revenue is recognized when evidence of an arrangement exists, pricing is fixed and determinable, collection is reasonably assured, and shipment has occurred. Payment is due on a net basis in 30 days. If the customer is deemed not credit worthy, payment in advance is required. Payments received in advance of when revenue is recognized are recorded as deferred revenue on the balance sheets and recognized as revenue when the goods are shipped and all other general revenue recognition criteria have been met. The Company's agreement with customers includes a right of return, but the return history of products is immaterial. No allowance for sales returns is required for the three months ended March 31, 2012 and 2011. Defective units are replaced at the request of the customer.

ISSUANCE OF STOCK FOR NON-CASH CONSIDERATION

All issuances of the Company's stock for non-cash consideration have been assigned a per share amount determined with reference to the value of consideration received, which has been determined to be a more readily determinable fair value than the fair value of the common stock. The majority of the non-cash consideration pertains to services rendered by consultants and vendors.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ISSUANCE OF STOCK FOR NON-CASH CONSIDERATION (Continued)

The fair value of the services received was used to record the related expense in the statement and fair value attributed to the shares issued.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of ASC Topic 505-50, "Equity-Based Payments to Non-Employees. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete.

NOTE 4 – GOING CONCERN

The Company's financial statements have been prepared on a going concern basis which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. The Company has incurred substantial losses from operations. The Company sustained a net loss of $561,076 for the three months ended March 31, 2012. The Company is currently seeking financing to provide the needed funds for operations. However, the Company can provide no assurance that it will be able to obtain the financing it needs to continue its efforts for market acceptance, U.S. FDA approval and to maintain operations and alleviate doubt about its ability to continue as a going concern.

NOTE 5 - INVENTORY

The components of inventory consisted of the following as of:

	March 31, 2012	December 31, 2011
Raw materials	$ 510,388	$ 411,232
Prepaid inventory	55,732	52,366
Finished goods	346,878	311,586
	$ 912,998	$ 775,184

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at:

	March 31, 2012	December 31, 2011
Machinery & Equipment	$163,129	$ 163,129
Leasehold improvements	6,882	6,882
	170,011	170,011
Less: accumulated depreciation	116,772	112,058
Total property and equipment, net	$ 53,239	$ 57,953

Depreciation expense on property and equipment amounted to $4,714 for the three months ended March 31, 2012 and March 31, 2011.

NOTE 7 – RELATED PARTY NOTES PAYABLE

IBEX Revolver Agreement

IBEX, LLC is a limited liability company, whose President is the daughter of the President of the Company. On January 1, 2005, the Company entered into an unsecured revolving convertible promissory note agreement (“the Revolver”) with IBEX, LLC (“IBEX”) a related party, for a maximum limit of $2,000,000, with interest at the Prime Rate plus 2%, and all accrued interest and principal due on or before January 1, 2015, whether by the payment of cash or by conversion into shares of the Company’s common stock. (See additional information regarding the IBEX Revolver and restatements to prior financial statement information in Note 13.)

The IBEX revolving convertible promissory note states the initial conversion price is $0.05 per share subject to adjustments for a) stock dividends or other distributions and subdividing or combining its common stock or common stock equivalents, b) sales or issuances of common stock or common stock equivalents at less than market value, defined as the average of the daily closing price for the 10 trading days before the market value date. The closing price is the last sale price, regular way, or the average of last bid and ask price, regular way, if there are no reported sales during that period on exchanges where shares are admitted to trading or listed, and if not available, the fair market price as reasonably determined by the Board of Directors, or c) if the Company issues shares of common stock to the holder which are not freely transferable at the time of issuance, in lieu of payment of indebtedness, the conversion price shall be discounted to reflect such restriction.

Any discount will be negotiated on a case by case basis between the holder and the Company to reflect current market conditions and both parties must expressly accept the discounted conversion price.

NOTE 7 – RELATED PARTY NOTES PAYABLE (CONTINUED)

The conversion price on the related party convertible notes payable discussed below and the individual advances under the IBEX revolving convertible promissory note has generally been 50% or less of the pink sheet closing price of the common stock on the date the notes or advances are issued to reflect the restricted nature of the stock into which the notes could be converted and the Board of Directors' belief that the closing stock price is not reflective of the fair market value of the common stock due to the price volatility, lack of an active market for trading shares resulting in limited trading volume of share transactions. The Board of Directors is active in negotiating conversion prices for each issuance and takes into consideration all information in establishing the issuance date fair market value.

During the three months ended March 31, 2012, IBEX converted $-0- of the Revolver's outstanding balance and received zero shares of the Company's common stock. The balance of the Revolver as of March 31, 2012 and December 31, 2011 was $1,222,003 and $1,200,727, respectively, net of unamortized discount from beneficial conversion feature of $52,849 and $57,654, respectively.

Amortization of the discount included in interest expense for the three months ended March 31, 2012 and 2011 was $4,804 and for the period from April 10, 2000 (Inception) through March 31, 2012 amounted to $788,133. Future amortization of the discount will be approximately $4,800 per quarter from 2012 through 2014, unless all or part of the outstanding Revolver balance is extinguished prior to January 1, 2015.

IBEX Promissory Convertible Notes Payable

In addition to the Revolver as described above, beginning on August 1, 2009, the Company started entering into convertible promissory note agreements with IBEX with simple interest at 8% per annum.

All accrued interest and principal on the various notes payable are due on or before the end of the month two years from the date of issuance (e.g. August 31, 2011), whether by the payment of cash or by conversion into shares of the Company's common stock. According to the original Security Agreement dated August 1, 2009, the Company grants IBEX a security interest in, all of the right, title, and interest of the Company, in and to all of the Company's personal property and intellectual property, and all proceeds or replacements as collateral for the convertible promissory note agreements.

Total interest expense incurred on the IBEX Revolver and IBEX convertible promissory notes payable for the three months ended March 31, 2012 and 2011 was $77,484 and $60,400, respectively.

Issuance Dates Ranging from	Maturity Dates Ranging from		Amounts Convertible			Average Conversion Price/Share	Shares to be Issued	Lender
			Principal	Interest	Total			
8/1/2009 to 8/17/2011	05/31/2012 to 4/30/2014	8.00%	$ 2,688,253	$ 398,564	$ 3,086,817	0.0038	803,533,382	Shareholder

NOTE 7 – RELATED PARTY NOTES PAYABLE (CONTINUED)

Other Related Party Loans

The Company has entered into convertible promissory note agreements with various other related parties of the Company. Other related parties consist of Robert Whelan, the son, and Janel Zaluski, a daughter of the President of the Company. Additionally, St. Johns, LLC is a limited liability company, which is owned by family members of the President of the Company. Richard Staelin is a member of the Board of Directors and Chairman of the Board.

The following table is a schedule of the individual promissory notes issuance date, maturity date, principal balance, accrued interest, and number of shares which the debt can be converted to as of March 31, 2012:

Maturity Dates Ranging from	Maturity Dates Ranging from	Amounts Convertible Principal	Interest	Total	Average Conversion Price/Share	Shares to be Issued	Lender
6/30/2010 to 9/16/2011	5/31/2012 to 1/31/2014	$ 1,026,688	$ 102,769	$ 1,129,457	$ 0.0039	293,002,581	President/Shareholder
11/9/2010 to 12/9/2010	11/30/2012 to 12/31/2012	103,333	11,629	114,962	0.0047	24,505,635	Board Chairman
8/9/2010 to 12/31/2010	8/31/2012 to 12/31/2012	252,095	33,332	285,427	0.0057	50,483,217	Other Related Parties
		$ 1,382,116	$ 147,730	$ 1,529,846	$ 0.0042	367,991,433	

Each of the promissory notes bears simple interest at 8% per annum, and all accrued interest and principal is due on the maturity date. At the option of the holder, the promissory notes are convertible into common shares of the Company's stock at a conversion rate equal to the quotient of (i) a sum equal to the entire outstanding principal and interest, divided by (ii) the conversion price indicated in the table above.

Similar to the IBEX promissory convertible notes, the conversion prices per the terms of the note agreements are based upon the fair market value of the OTC closing price of the Company's stock as of the date of issuance discounted based on the factors previously discussed in the disclosures related to the IBEX Revolver and promissory convertible notes. Accordingly, there have been no beneficial conversion features contained in the convertible promissory note agreements issued during the three months ended March 31, 2012.

Interest expense incurred on the other related party notes payable for the three months ended March 31, 2012 and 2011 was $30,135 and $21,319, respectively.

NOTE 7 – RELATED PARTY NOTES PAYABLE (CONTINUED)

Future minimum principal payments for the notes payable, IBEX Revolver, IBEX Notes and other related party loans are as follows:

2012	$ 2,139,896
2013	1,894,614
2014	1,804,152
2015	-
2016	-
Thereafter	-
	$ 5,838,662

NOTE 8 – LOSS PER SHARE

The following table sets forth the computation of basic and diluted share data:

	Three Months ended March 31,	
Common Stock:	2012	2011
Weighted Average Number of Shares Outstanding - Basic	2,105,681,871	1,481,415,538
Effect of Dilutive Securities:		
Options and Warrants	-	-
Weighted Average Number of Shares Outstanding - Diluted	2,105,681,871	1,481,415,538
Options and Warrants Not Included Above (Antidilutive)		
Nonvested Restricted Share Awards	-	76,550,000
Options to Purchase Common Stock	-	350,000
Warrants to Purchase Common Stock	-	332,000
	-	77,232,000

NOTE 9 – SHARE BASED COMPENSATION

On November 30, 2004, as amended March 22, 2005, the Company adopted the BioElectronics Equity Incentive Plan (''the Plan''), for the purpose of providing incentives for officers, directors, consultants and key employees to promote the success of the Company, and to enhance the Company's ability to attract and retain the services of such persons. The Plan initially reserved 10 million shares of common stock for issuance, which was amended to 100 million shares on March 1, 2010. The issuance can be in the forms of options or shares. The options may be incentive, nonqualified or stock appreciation rights. The shares may be issued for performance.

As of March 31, 2012, the Company had 200 million shares available for future grant under the Plan.

NOTE 9 – SHARE BASED COMPENSATION (CONTINUED)

Stock Option Awards

On September 1, 2011, the Company granted stock options to a third party vendor with a grant date fair value of $0.005 per share. The exercise price is $0.005 per share with a term of ten years and a three year vesting period, with one-third of the options vesting on each anniversary date after the initial date of grant. The option awards were granted with an exercise price equal to the Company's closing bid price on the Over-the-Counter Pink Sheets on the date of grant, discounted fifty percent for lack of marketability, which was deemed to be fair value.

Below is a summary table of the options granted and the weighted-average grant date fair value during the three months ended March 31, 2012:

Stock options	Shares		Weighted-average grant date fair value
Balance at December 31, 2011	24,000,000	$	0.0050
Granted	-		-
Vested	-		-
Forfeited	-		-
Balance at March 31, 2012	24,000,000	$	0.0050

Compensation expense related to the stock options for the three months ended March 31, 2012 was $19,589. Remaining compensation expense totals $75,383 as of March 31, 2012.

The maximum amount of annual compensation cost related to nonvested equity-based compensation awards in the form of service-based restricted shares to the vendor that the Company will have to recognize over a 1.1 year weighted-average period is approximately $35,600.

Common Stock Issued for Services

There was no common stock issued for services during the three months ended March 31, 2012.

Nonvested Restricted Share Awards

In prior years, the Company also issued nonvested restricted share awards to directors, consultants and employees. The nonvested restricted share awards vest over a three year period based on the requisite service period. Compensation expense related to the fair value of these awards is recognized straight-line over the requisite service period based on those restricted stock grants that ultimately vest. The fair value of grants is measured by the market price of the Company’s common stock on the date of grant discounted by 50 percent based on the restricted nature of the stock, the volatility in the market and other variables taken into account by the Board of Directors in determining the fair value of the restricted share awards.

NOTE 9 – SHARE BASED COMPENSATION (CONTINUED)

Restricted stock awards generally vest ratably over the service period beginning with the first anniversary of the grant date. After shares are vested, they will be issued upon the request of the grantee.

A summary of the status of the Company's nonvested shares granted to employees as of March 31, 2012, and changes during the three months ended March 31, 2012, is as follows:

Nonvested shares	Shares	Weighted-average grant date fair value
Balance at December 31, 2011	11,333,334	$ 0.0107
Granted	-	-
Vested	-	-
Forfeited	-	-
Balance at March 31, 2012	11,333,334	$ 0.0107

Total compensation cost related to the restricted stock awards granted to employees was $22,928 and $64,595 for the three months ended March 31, 2012 and 2011, respectively.

Nonvested Restricted Share Awards (continued)

The maximum amount of compensation cost related to unvested equity-based compensation awards in the form of service-based restricted shares to employees that the Company will have to recognize over a 1.8 year weighted-average period is approximately $45,500.

Total compensation cost related to the restricted stock awards granted to Non-employees was approximately $22,298 for the three months ended March 31, 2012 and 2011, respectively.

A summary of the status of the Company's nonvested shares granted to Non-employees as of March 31, 2012, and changes during the three months ended March 31, 2012, is as follows:

Nonvested shares	Shares	Weighted-average grant date fair value
Balance at December 31, 2011	10,133,333	$ 0.0181
Granted	-	-
Vested	-	-
Forfeited	-	-
Balance at March 31, 2012	10,133,333	$ 0.0181

NOTE 9 – SHARE BASED COMPENSATION (CONTINUED)

The maximum amount of compensation cost related to unvested equity-based compensation awards in the form of service-based restricted shares to non-employees that the Company will have to recognize over a 1 year weighted-average period is approximately $84,000.

NOTE 10 – INCOME TAXES

The Company has not provided for income tax expense for the three months ended March 31, 2012 because of a significant net operating loss carry-forward of approximately $14.0 million. The net operating losses expire in various years through 2031. A full valuation allowance has been recorded against the deferred tax asset resulting from the benefits associated with the net operating loss carry-forward.

NOTE 11 – FAIR VALUE MEASUREMENTS

The Company's financial instruments consist primarily of cash, trade and other receivables, accounts payable, accrued liabilities, loans and notes payable. The carrying amounts of such financial instruments approximate their respective estimated fair value due to the short-term maturities and approximate market interest rates of these instruments. The estimated fair value is not necessarily indicative of the amounts the Company would realize in a current market exchange or from future earnings or cash flows. The Company adopted ASC Topic 820-10, "Fair Value Measurements and Disclosures", which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly including inputs in markets that are not considered to be active

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases office equipment under a non-cancelable operating lease expiring in 2014. In the normal course of business, operating leases are generally renewed or replace by other leases.

The future minimum lease payments as of March 31 for 2012 are $2,020, 2013 is $2,693 and 2014 is $1,346, respectively.

The amount of rental expenses were $22,106 for the three months ended March 31, 2012.

Litigation

General

In the ordinary course of conducting its business, the Company may become involved in various legal actions and other claims, some of which are currently pending. Litigation is subject to many uncertainties and management may be unable to accurately predict the outcome of individual litigated matters. Some of these matters may possibly be decided unfavorably towards the Company.

The Company is involved, on a continuing basis, in monitoring our compliance with environmental laws and in making capital and operating improvements necessary to comply with existing and anticipated environmental requirements. While it is impossible to predict with certainty, management currently does not foresee such expenses in the future as having a material effect on the business, results of operations, or financial condition of the Company.

NOTE 13 – RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Note 6, BioElectronics signed a distribution agreement on February 9, 2009 with eMarkets Group, LLC (eMarkets) a company owned and controlled by a member of the board of directors and sister of the company's president. The agreement provides for eMarkets to be the exclusive distributor of the veterinary products of the Company to customers in certain countries outside of the United States for a period of three years. The distribution agreement lists the prices to be paid for the company's products by eMarkets and provides for the company to provide training and customer support at its own cost to support the distributor's sales function.

Sales transactions to eMarkets recognized for the three months ended March 31, 2012 and 2011 include $543 and $22,514 in sales, respectively, and $305 and $4,953, in costs of goods sold, respectively. The balance due from eMarkets was $25,055 at March 31, 2012 and 24,512 at December 31, 2011.

NOTE 13 – RELATED PARTY TRANSACTIONS (CONTINUED)

Such amounts were included under “Trade and other receivables, net” on the accompanying condensed balance sheets.

NOTE 14 – CONCENTRATIONS

As of March 31, 2012 $269,366 of trade receivables was from five customers. For the three months ended March 31, 2012 approximately 85 percent of sales revenue was from four customers. Sales revenue for the three months ended March 31, 2012 was predominantly from international markets.