

GLOBAL MED TECHNOLOGIES INC  
Form 10QSB  
October 30, 2006  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-QSB**

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

For the quarterly period ended September 30, 2006

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-22083

**GLOBAL MED TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

COLORADO  
(State or other jurisdiction of  
incorporation or organization)

84-1116894  
(IRS Employer Identification No.)

**12600 West Colfax, Suite C-420, Lakewood, Colorado 80215**

(Address of principal executive offices)

**(303) 238-2000**  
(Issuer's telephone number)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Check mark whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange 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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes  No

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**APPLICABLE ONLY TO CORPORATE ISSUERS**

As of October 27, 2006, 23,211,982 shares of the issuer's Common Stock were outstanding.

Transitional small Business Disclosure Format  
(Check One): Yes  No

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**FORM 10-QSB**  
**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006**  
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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b>(Unaudited)</b>		
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$2,357	\$1,368
Accounts receivable-trade, net	1,411	1,029
Accrued revenues, net	306	754
Prepaid expenses and other assets	223	234
Deposit in escrow	1,004	1,004
Total current assets	5,301	4,389
Equipment, furniture and fixtures, net	306	310
Capitalized software development costs, net		2
Total assets	\$5,607	\$4,701

See accompanying notes to unaudited condensed consolidated financial statements.

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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(In thousands)

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b>(Unaudited)</b>		
<b><u>LIABILITIES AND STOCKHOLDERS DEFICIT</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 394	\$ 135
Accrued expenses	658	733
Accrued payroll	129	236
Accrued compensated absences	424	386
Noncompete accrual	35	35
Deferred revenue	2,901	2,690
Litigation accrual	1,004	1,004
Notes payable, current portion	12	
Capital lease obligation, current portion	17	19
<b>Total current liabilities</b>	<b>5,574</b>	<b>5,238</b>
NOTES PAYABLE, less current portion	28	
Capital lease obligation, less current portion	44	54
<b>DERIVATIVE FINANCIAL INSTRUMENTS SERIES A AND WARRANTS, at estimated fair value</b>		<b>15,267</b>
<b>Total liabilities</b>	<b>5,646</b>	<b>20,559</b>
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>CONVERTIBLE PREFERRED STOCK SERIES A, \$.01</b>		
par value: authorized shares 100, 10 outstanding (liquidation preference of \$9,975)		9,975
<b>STOCKHOLDERS DEFICIT:</b>		
Convertible Preferred Stock Series A, \$.01 par value: authorized shares 100, 10 outstanding	9,975	
Convertible Preferred Stock Series BB, \$.01 par value: authorized shares 675; none outstanding		
Preferred stock, \$.01 par value: authorized shares - 5,725; none issued or outstanding		
Common stock, \$.01 par value: authorized shares 90,000: Issued and outstanding shares 23,212 and 22,955 at September 30, 2006 and December 31, 2005, respectively	232	229
Additional paid-in capital	51,456	36,657
Accumulated deficit	(61,702)	(62,719)
<b>Total stockholders deficit</b>	<b>(39)</b>	<b>(25,833)</b>

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	<b>September 30, 2006</b>	<b>December 31, 2005</b>
Total liabilities and stockholders' deficit	\$ 5,607	\$ 4,701

See accompanying notes to unaudited condensed consolidated financial statements.

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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except share information)

	<b>Three months ended September 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenues	\$ 2,854	\$ 2,660
Cost of revenues	961	892
Gross profit	1,893	1,768
<b>OPERATING EXPENSES:</b>		
General and administrative	577	522
Sales and marketing	471	567
Research and development	742	584
Depreciation and software amortization	47	42
Total operating expenses	1,837	1,715
Income from operations	56	53
<b>OTHER INCOME (EXPENSE):</b>		
Interest income	7	13
Interest expense	(3)	(3)
Interest expense, related party		(20)
Total other income (expense)	4	(10)
Income before provision for income tax	60	43
Provision for income tax		
Net income	\$ 60	\$ 43
Preferred dividend, related party		(185)
Net income (loss) attributable to common shareholders	\$ 60	\$ (142)
<b>Basic and Diluted (loss) income per common share</b>		
Basic	\$ 0.00	\$ (0.01)



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**Three months ended  
September 30,**

Diluted	\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding		
Basic	23,212	27,810
Diluted	37,604	27,810

See accompanying notes to unaudited condensed consolidated financial statements.

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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except share information)

	Nine months ended September 30,	
	2006	2005
	(Unaudited)	(Unaudited)
Revenues	\$ 8,684	\$ 8,089
Cost of revenues	3,009	2,403
Gross profit	5,675	5,686
<b>OPERATING EXPENSES:</b>		
General and administrative	1,829	1,708
Sales and marketing	1,460	1,813
Research and development	1,954	1,544
Depreciation and software amortization	137	124
Total operating expenses	5,380	5,189
Income from operations	295	497
<b>OTHER INCOME (EXPENSE):</b>		
Interest income	7	45
Change in estimated fair value of derivative instrument	724	
Interest expense	(9)	(9)
Interest expense, related party		(60)
Total other income (expense)	722	(24)
Income before provision for income tax	1,017	473
Provision for income tax		
Net income	1,017	473
Preferred dividends, related party		(515)
Net income (loss) attributable to common shareholders	\$ 1,017	\$ (42)
Net income (loss) per common share		

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	<b>Nine months ended September 30,</b>	
Basic	\$ 0.04	\$ (0.00)
Diluted	\$ 0.03	\$ (0.00)
<b>Weighted average number of common shares outstanding:</b>		
Basic	23,152	27,714
Diluted	39,547	27,714

See accompanying notes to unaudited condensed consolidated financial statements.

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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIT**  
(In thousands)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Accumulated Deficit	Total
<b>Balances, December 31, 2005</b>		\$	22,955	\$ 229	\$36,657	\$(62,719)	\$(25,833)
Exercise of options (unaudited)			257	3	179		182
Expense associated with issuance of options for services to employees or consultants, (unaudited)					157		157
Issuance costs associate with Series A Preferred and registration statement (unaudited)					(80)		(80)
Series A Convertible Preferred Stock, (see Note 4) (unaudited)	10	9,975					9,975
Embedded derivative valuation reversal (see Note 4) (unaudited)					14,543		14,543
Net income (unaudited)						1,017	1,017
<b>Balances, September 30, 2006 (unaudited)</b>	10	\$9,975	23,212	\$ 232	\$51,456	\$(61,702)	\$ (39)

See accompanying notes to unaudited condensed consolidated financial statements.

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**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Nine months ended September 30,	
	2006	2005
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,017	\$ 473
Adjustments to reconcile net income to net cash provided by		
operating activities:		
Depreciation and amortization	135	112
Amortization of software development costs	2	12
Bad debt expense (credit)	22	22
Common stock, options and warrants issued		
for services and other, net	176	35
Change in estimated fair value of derivative instrument	(724)	
Changes in operating assets and liabilities:		
Accounts receivable-trade, gross		