

GLOBAL MED TECHNOLOGIES INC  
Form 10-Q  
November 12, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 10-Q**

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

For the Quarterly Period Ended September 30, 2009.

-or-

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

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

Commission file number 0-22083.

**GLOBAL MED TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Colorado**

(State or other jurisdiction of  
incorporation or organization)

**84-1116894**

(I.R.S. Employer  
Identification No.)

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

(Address of principal executive offices)

**80215**

(Zip Code)

**(303) 238-2000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

Yes  No

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

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and small reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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As of November 8, 2009 the registrant had 36,343,009 common shares outstanding.

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**GLOBAL MED TECHNOLOGIES, INC.**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2009**

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**PART I.**  
**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**GLOBAL MED TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(In thousands)**

	<b>September 30,</b> <b>2009</b> <b>(Unaudited)</b>	<b>December 31,</b> <b>2008</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 6,470	\$ 4,472
Marketable securities	329	188
Accounts receivable, net of allowance for uncollectible accounts of \$601 and \$502, respectively	2,856	6,257
Accrued revenues, net of allowance for uncollectible accounts of \$28 and \$28, respectively	2,131	1,617
Prepaid expenses and other assets	1,470	1,692
<b>Total current assets</b>	<b>13,256</b>	<b>14,226</b>
Property and equipment, net	1,249	1,385
Software, net	3,732	4,097
Intangibles, net	1,563	1,642
Goodwill	8,664	8,342
Deferred income taxes	88	92
<b>Total assets</b>	<b>\$ 28,552</b>	<b>\$ 29,784</b>

Condensed Consolidated Balance Sheets continued on next page.

See accompanying notes to unaudited condensed consolidated financial statements.

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

	September 30, 2009 (unaudited)	December 31, 2008
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,031	\$ 1,248
Accrued expenses	5,158	4,703
Deferred revenue	4,761	6,361
Current portion of litigation accrual	365	347
Current deferred income taxes	524	461
Current portion of long-term debt, notes payable and capital lease obligations	1,197	1,168
Current portion of obligations to Inlog sellers, related party	1,173	1,167
<b>Total current liabilities</b>	<b>14,209</b>	<b>15,455</b>
Long-term debt and capital lease obligations	5,976	6,763
Obligation to Inlog s sellers, related party	--	1,090
Litigation accrual	--	1,004
Other long-term liabilities	73	61
<b>Total liabilities</b>	<b>20,258</b>	<b>24,373</b>
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Convertible Preferred Stock Series A, \$.01 par value:	5,060	5,948
Authorized shares 100; 5 and 6 issued and outstanding at September 30, 2009 and December 31, 2008		
Convertible Preferred Stock Series BB, \$.01 par value:	--	--
Authorized shares 675; none issued and 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 36,211 and 34,067 at September 30, 2009 and December 31, 2008, respectively	362	340
Additional paid-in capital	61,863	60,311
Accumulated deficit	(58,082)	(59,779)
Accumulated comprehensive loss	(909)	(1,409)
<b>Total stockholders' equity</b>	<b>8,294</b>	<b>5,411</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 28,552</b>	<b>\$ 29,784</b>

See accompanying notes to unaudited condensed consolidated financial statements.



**GLOBAL MED TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE INCOME**

(In thousands, except per share information)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenues	\$ 7,257	\$ 6,940	\$ 23,675	\$ 16,378
Cost of revenues	2,812	2,759	9,018	6,177
Gross profit	4,445	4,181	14,657	10,201
Operating expenses:				
General and administrative	1,857	1,682	4,891	3,747
Legal accrual reversal	(1,004)	-	(1,004)	-
Sales and marketing	777	1,055	3,302	2,430
Research and development	1,319	1,214	3,623	2,722
Depreciation and amortization	372	348	1,043	462
Total operating expenses	3,321	4,299	11,855	9,361
Income from operations	1,124	(118)	2,802	840
Other income (expense):				
Interest income	7	27	25	86
Interest expense	(171)	(191)	(567)	(212)
Total other income (expense)	(164)	(164)	(542)	(126)
Income before provision for income taxes	960	(282)	2,260	714
Income taxes (expense) benefit	143	54	(563)	(430)
Net income	\$ 1,103	\$ (228)	\$ 1,697	\$ 284
Basic and Diluted net income per common share:				
Basic	\$ 0.03	\$ (0.01)	\$ 0.05	\$ 0.01
Diluted	\$ 0.02	\$ (0.01)	\$ 0.04	\$ 0.01
Weighted average number of common shares outstanding:				
Basic	35,891	30,754	34,775	28,546
Diluted	45,532	30,754	44,415	46,898
Comprehensive Income:				
Net income (loss)	\$ 1,103	\$ (228)	\$ 1,697	\$ 284
Foreign currency translation adjustments	263	(971)	357	(971)
Unrealized gain (loss) on marketable securities	12	(328)	143	(328)
Comprehensive Income (loss)	\$ 1,378	\$ (1,527)	\$ 2,197	\$ (1,015)

See accompanying notes to unaudited condensed consolidated financial statements.





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

	Nine months ended September 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,697	\$ 284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,043	462
Amortization of financing costs	168	39
Bad debt expense	81	47
Stock-based compensation expense	178	281
Changes in operating assets and liabilities:		
Accounts receivable	3,391	512
Accrued revenues	(441)	1,094
Prepaid expenses and other assets	334	(97)
Deferred taxes	(78)	328
Accounts payable	(247)	631
Accrued expenses	401	(1,504)
Litigation accrual	(1,004)	--
Deferred revenue	(1,651)	(963)
Net cash provided by operating activities	3,872	1,114
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(151)	(267)
Capitalized software development and other intangibles	(184)	(148)
Acquisitions, net of cash acquired	(32)	(9,464)
Net cash used in investing activities	(367)	(9,879)

Condensed Consolidated Statements of Cash Flows continued on next page.

See accompanying notes to the unaudited condensed consolidated financial statements.

**GLOBAL MED TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(CONTINUED)**  
**(In thousands)**  
**(Unaudited)**

	Nine months ended September 30,	
	2009	2008
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt and capital lease obligations, net of Proceeds	(1,454)	(123)
Proceeds of long-term debt, net of financing costs	25	7,354
Exercise of options and warrants for cash	23	1,421
Tax associated with cashless exercise of options	(146)	-
Net cash (used in) provided by financing activities	(1,552)	8,652
Effect of exchange rate changes on cash	45	(116)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,998</b>	<b>(229)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,472</b>	<b>6,748</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 6,470</b>	<b>\$ 6,519</b>

**SUPPLEMENTAL DISCLOSURES**

## Non-cash financing activities:

Conversion of Series A Preferred Stock to common shares	\$ 888	\$ 635
Shares issued to repay obligation to Inlog sellers	651	568

## Cash paid for the period:

Interest on long-term debt, notes payable and capital lease obligations	432	109
Income taxes	106	749

See accompanying notes to the unaudited condensed consolidated financial statements.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2009**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Global Med Technologies, Inc. ( Global Med or the Company ) and its subsidiaries and divisions design, develop, market and support information management software products for blood banks, hospitals, centralized transfusion centers, laboratories and other health care related facilities.

On June 26, 2008, the Company acquired all of the capital stock of Inlog S.A. ( Inlog ), a French company, and its subsidiaries and Inlog became a wholly-owned subsidiary of the Company. Effective August 1, 2008, the Company acquired substantially all of the assets of Blueridge Solutions, LC, doing business as eDonor ( eDonor ), with eDonor becoming a division of the Company.

The accompanying consolidated financial statements include the accounts of Global Med Technologies, Inc., its Wyndgate division, its 83%-owned subsidiary PeopleMed.com, Inc. ( PeopleMed ), and its wholly-owned subsidiary Inlog and eDonor division from the dates of their acquisitions. Intercompany accounts and transactions are eliminated in consolidation. There is no non-controlling interest reflected in the consolidated balance sheets at September 30, 2009 and December 31, 2008, because the non-controlling interest is not material to the financial statements.

The accompanying unaudited condensed consolidated financial statements are presented pursuant to the rules and regulations of the United States Securities and Exchange Commission in accordance with the disclosure requirements for the quarterly report on Form 10-Q. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary to fairly state the results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Global Med s Annual Report on Form 10-K for the year ended December 31, 2008.

*Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Accounting Policies*

The Company's accounting policies are set forth in Note 1 of the Notes to Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2008. There have been no changes to these policies through September 30, 2009 other than the adoption of Accounting Standards Codification ASC 820 Fair Value Measurements and Disclosures, previously known as SFAS 157, Fair Value Measurements , for nonfinancial assets and liabilities which did not have a significant impact on the Company s financial condition or results of operations.

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### *Income Taxes*

The Company's effective tax rate for the nine months ended September 30, 2009 was 25%, compared to 60% for the nine months ended September 30, 2008. During the nine months ended September 30, 2009, due to the projected results for 2009, the Company released additional valuation allowance. As a result of the release of the valuation allowance our estimated annual effective tax rate was reduced for all of 2009.

### *Recently Issued Accounting Pronouncements*

In June 2009, the Financial Accounting Standards board ( FASB ) issued Statement of Financial Accounting Standard ( SFAS ) 168. The FASB Accounting Standards Codification<sup>TM</sup> and the Hierarchy of Generally Accepted Accounting Principles, a replacement of SFAS 162. SFAS 168 provides that the FASB Accounting Standards Codification (the Codification ) is the single source of U.S. GAAP in the preparation of financial statements, except for rules and interpretive releases of the SEC under authority of federal securities laws, which are sources of authoritative guidance for SEC registrants. The Codification was not meant to create new accounting and reporting guidance, but rather to simplify user access to all authoritative accounting guidance by reorganizing U.S. GAAP pronouncements into accounting topics within a consistent organizational structure. The Codification supersedes all existing non-SEC accounting and reporting standards and is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Following SFAS 168, the FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, it will issue Accounting Standards Updates (ASU's). The FASB will not consider ASU's as authoritative in their own right; rather these updates will serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the change(s) in the Codification. In the description that follows, the Company will provide reference to both the Codification Topic reference and the previously authoritative references, if applicable, in italics related to Codification Topics and Subtopics, as appropriate.

*(Included in Accounting Standards Codification ASC 805 Business Combination, previously known as SFAS 141 (revised 2007), Business Combinations ).* In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations ( SFAS 141(R) ).* SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non controlling interest in the acquiree and the goodwill acquired. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) became effective for the Company on January 1, 2009. The adoption of SFAS 141(R) did not have a material impact on the Company's financial position, cash flows or results of operations.

*(Included in Accounting Standards Codification ASC 810 Consolidation, previously known as FASB 160).* In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ( SFAS 160 ).* The standard changes the accounting for noncontrolling (minority) interests in consolidated financial statements including the requirements to classify noncontrolling interests as a component of consolidated stockholders' equity, and the elimination of minority interest accounting in results of operations with earnings attributable to noncontrolling interests reported as part of consolidated earnings. Additionally, SFAS 160 revises the accounting for both increases and decreases in a parent's controlling ownership interest. SFAS 160 was effective for the Company beginning January 1, 2009. The adoption of SFAS 160 did not have a material impact on the financial statements.

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*(Included in Accounting Standards Codification ASC 820 Fair Value Measurements and Disclosures, previously known as SFAS 157, Fair Value Measurements ).* In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS 157 ), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other existing accounting pronouncements that require or permit fair value measurements, as the FASB previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, SFAS 157 does not require any new fair value measurements. Effective January 1, 2008, the Company adopted SFAS 157 as it relates to financial assets and liabilities. The new disclosures required by SFAS 157 are included in Note 7.

*(Included in Accounting Standards Codification ASC 820 Effective Date of FASB Statement No. 157, previously known as FASB Staff Position ( FSP ) SFAS No. 157-2, Effective Date of FASB Statement No. 157 ).* In February 2008, the FASB approved FASB Staff Position ( FSP ) SFAS No. 157-~~Effective Date of FASB Statement No. 157~~ , ( FSP SFAS 157-2 ), which allows companies to elect a one-year delay in applying SFAS 157 to certain fair value measurements, primarily related to nonfinancial instruments. The Company elected the delayed adoption date for the portions of SFAS 157 impacted by FSP SFAS 157-2. The partial adoption of SFAS 157 was prospective and did not have a significant effect on the Company's consolidated financial statements. The Company adopted the deferred portion of SFAS 157, applying its provisions to the nonrecurring fair value measurements of its nonfinancial assets and liabilities on January 1, 2009, and this did not have a material impact on the Company's financial statements.

*(Included in Accounting Standards Codification ASC 350 previously known as FSP SFAS No. 142- an amendment of FASB Statement No. 142, Goodwill and Other intangible Assets).* In April 2008, the FASB issued FSP SFAS No. 142-3, (FSP SFAS 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other intangible Assets* ( SFAS 142 ). The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other U.S. generally accepted accounting principles. FSP SFAS 142-3 requires an entity to disclose information for a recognized intangible asset that enables users of the financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the arrangement. FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company adopted FSP SFAS 142-3 on January 1, 2009. The adoption of FSP SFAS 142-3 did not have a material impact on the Company's financial position or results of operations.

*(Included in Accounting Standards Codification ASC 825 Disclosures about Fair Value of Financial Instrument previously known as FSP 107-1 and APB 28-1.)* In April 2009, the FASB issued FSP SFAS No. 107-1 ( FSP 107-1 ) and Accounting Principles Board 28-1 ( APB 28-1 ), *Interim Disclosures about Fair Value of Financial Instruments*, which amends SFAS No. 107, *Disclosures about Fair Value of Financial Instruments* ( SFAS 107 ) and APB Opinion No. 28, *Interim Financial Reporting*, respectively, to require disclosures about fair value of financial instruments in financial statements, in addition to the annual financial statements as already required by SFAS 107. FSP 107-1 and APB 28-1 will be required for interim periods ending after June 15, 2009. As FSP 107-1 and APB 28-1 provide only disclosure requirements, the application of this standard will not have a material impact on the Company's results of operations, cash flows or financial position.

*(Included in Accounting Standards Codification ASC 855 Subsequent Events previously known SFAS 165).* In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ( SFAS 165 ) which defines further disclosure requirements for events which occur after the balance sheet date but before financial statements are issued. SFAS 165 was effective for the Company beginning on April 1, 2009. In accordance with SFAS 165, the Company's management has evaluated events subsequent to September 30, 2009 through November 11, 2009 which is the issuance date of this report. There has been no material event noted in this period which would either impact the results reflected in this report or the Company's results going forward.

(Included in Accounting Standards Codification ASC 605 *Multiple-Deliverable Revenue Arrangements* ). In October 2009, the FASB issued authoritative direction on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. ASC 605 will be effective for our Company beginning fiscal year 2011, with earlier adoption permitted. We believe adoption of this new guidance will not have a material impact on our financial statements.

#### *Reclassifications*

Certain prior period amounts have been reclassified to conform with the current period presentation.

## **2. ACQUISITIONS**

On June 26, 2008, the Company acquired 100% of the capital stock of Inlog, a developer of donor center and transfusion management systems as well as cellular therapy software, laboratory information systems and quality assurance medical software systems which are marketed internationally, to strategically expand the Company's global presence. The purchase price included payments at closing consisting of \$6.891 million in cash and 451,152 shares of the Company's common stock, valued at \$568 thousand, or \$1.26 per share, the average closing price for the ten day period preceding the acquisition. In addition, the Company paid 400 thousand and issued 517,077 shares of common stock, valued at \$651 thousand, or \$1.26 per share, in June 2009. The Company is further obligated to pay 400 thousand and to issue its common stock with a market value of \$651 thousand in June 2010. The market value of the shares to be issued is to be valued at the greater of the average closing price of the Company's stock on the ten days preceding payment or \$1.26. The Company may elect to pay cash in lieu of issuing shares. The aggregate non-contingent purchase price, including \$1.200 million in transactions costs was \$10.964 million. In addition, the Company is contingently obligated to pay up to \$1.481 million in earn out consideration, based on 20% of operating income over five years. The Company had not accrued any earn out consideration for the nine months ended September 30, 2009. As of September 30, 2009, earned out consideration had been earned nor was it deemed probable that any would be paid as of this date.

Effective August 1, 2008 Global Med completed the acquisition of certain assets of eDonor, a web-based donor relationship management system that integrates recruitment, scheduling, retention and fulfillment for national as well as local community blood centers, to compliment the Company's line of international blood management and laboratory information software and service solutions. The aggregate purchase price was \$5.143 million, consisting of \$3.5 million in cash, 1.18 million shares of the Company's common stock, valued at \$1.5 million, or \$1.27 per share, the average closing price for the ten day period preceding the acquisition, and \$143 thousand in transaction costs.

Inlog is a wholly-owned subsidiary of the Company and eDonor operates as a division.

The total purchase price for the acquisitions was comprised of the following at September 30, 2009 (in thousands):

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Summary of purchase price:

	<b>Inlog</b>	<b>eDonor</b>
Cash paid	\$ 7,520	\$ 3,500
Common stock	1,219	1,500
Transaction costs	1,200	143
	9,939	5,143
<b>Fixed future consideration to be paid:</b>		
Cash payment due by June 26, 2010 (1)	629	
Common stock or cash to be issued by June 26, 2010	651	
Discount on future consideration	(107)	
	\$ 11,112	\$ 5,143

(1) Underlying payments are to be made in Euros, which have been converted to U.S. dollars using the exchange rate as of the acquisition date.

The total non-contingent purchase price of the acquisitions was allocated to the assets and liabilities based on their estimated fair values as of the acquisitions date as follows (in thousands):

	<b>Inlog</b>	<b>eDonor</b>
Cash and marketable securities	\$ 2,885	\$ 276
Trade and unbilled receivables, net	3,542	14
Other current assets	674	27
Equipment, furniture and fixtures	842	70
Intangible assets	3,722	2,480
Goodwill	6,744	2,402
Accounts payable and other accrued expenses	(3,683)	-
Deferred revenue	(1,393)	(126)
Deferred tax liability	(1,504)	-
Long-term debt	(865)	-
	\$ 10,964	\$ 5,143

The Company is contingently obligated to pay up to \$1.481 million in earn out consideration, based on 20% of Inlog's operating income over five years. Any earn out consideration will be recognized when deemed probable. As of September 30, 2009 this has not been deemed probable. The Company has adjusted its preliminary purchase price allocation for Inlog from what was presented in its Annual Report on Form 10-K for the year ended December 31, 2008, to reflect a revision to its acquisition costs estimates. The following summarized unaudited pro forma financial information assumes the Inlog and eDonor acquisitions occurred on January 1, 2008 (in thousands, except per share data):

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	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Revenues	\$ 7,257	\$ 7,129	\$ 23,675	\$ 23,976
Net income	\$ 1,103	\$ (205)	\$ 1,697	\$ 48
Basic net income per share	\$ 0.03	\$ (0.01)	\$ 0.05	\$ 0.01
Diluted net income per share	\$ 0.02	\$ (0.01)	\$ 0.04	\$ 0.00

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisitions and associated debt financing had taken place at the beginning of each of the periods presented. The pro forma financial information for all periods presented also includes amortization of acquired intangible assets, adjustments to interest expense and related tax effects.

### 3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following (in thousands):

	September 30, 2009	December 31, 2008
Computer hardware and software	\$ 2,711	\$ 2,551
Furniture and fixtures	676	691
Leasehold improvements	619	665
Machinery and equipment	613	596
	4,619	4,503
Less accumulated depreciation and amortization	(3,370)	(3,118)
Property and equipment, net	\$ 1,249	\$ 1,385

Depreciation expense for the three months ended September 30, 2009 and 2008 was \$117 thousand and \$108 thousand, respectively. Depreciation expense for the nine months ended September 30, 2009 and 2008 was \$306 thousand and \$207 thousand, respectively.

### 4. GOODWILL AND INTANGIBLES

Goodwill and intangible asset activity for the nine months ended September 30, 2009 and the composition of the balances at September 30, 2009 is as follow (in thousands):

	Software	Intangibles	Goodwill
Net balance at December 31, 2008	\$ 4,097	\$ 1,642	\$ 8,342
Additions	145	40	32
Amortization expense	(590)	(147)	-
Net foreign currency translation	80	28	290
Net balance at September 30, 2009	3,732	\$ 1,563	\$ 8,664
Gross balance at September 30, 2009	\$ 8,096	\$ 1,808	\$ 8,664
Accumulated amortization	(4,364)	(245)	-
Net balance at September 30, 2009	\$ 3,732	\$ 1,563	\$ 8,664



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The table above includes capitalized software development costs, plus the software, intangibles and goodwill recorded in connection with the Company's acquisitions of Inlog and eDonor. The goodwill, software and intangibles of the Company's Inlog subsidiary are denominated in local currencies and are subject to currency fluctuations.

Amortization expense for the three months ended September 30, 2009 and 2008 was \$255 thousand and \$240 thousand, respectively. Amortization expense for the nine months ended September 30, 2009 and 2008 was \$737 thousand and \$255 thousand, respectively.

### 5. LONG-TERM DEBT AND OBLIGATIONS TO INLOG SELLERS

Long-term debt is comprised of the following (in thousands):

	September 30, 2009	December 31, 2008
Revolving line of credit	\$ 988	\$ 983
Term loan	4,177	4,898
Subordinated term loan	1,406	1,400
Inlog notes payable and capital leases	602	639
Capital leases	-	11
	7,173	7,931
Less -- current portion	(1,197)	(1,168)
	\$ 5,976	\$ 6,763

Effective March 19, 2009, the Company amended its Term Loan Agreement and Subordinated Term Loan Agreement to waive the Company's failure to comply with specified loan covenants for the quarter ended December 31, 2008 and to amend the Company's liquidity ratio and free cash flow covenants for the remaining term of the agreements. The amendment of the Term Loan Agreement raises the interest rate on the Company's revolving line of credit from the greater of the prime rate plus 0.5% or 5.5% to the greater of the prime rate plus 1.0%, or 6.0% and increases the annual interest rate on the Company's term loan from the greater of the prime rate plus 2.0% or 7.0%, to a fixed rate of 7.5%. In connection with the amendment of the Subordinated Term Loan Agreement, the Company agreed to amend the exercise price of the lender's warrant to \$0.72 and to pay a one-time cash payment of \$30,450 and a waiver fee of \$2,500.

Obligations to Inlog Sellers is comprised of the following (in thousands):

	September 30, 2009	December 31, 2008
Cash payments due Inlog sellers	\$ 555	\$ 1,040
Amount payable to Inlog sellers in stock	618	1,217
	1,173	2,257
Less -- current portion	(1,173)	(1,167)
	\$ -	\$ 1,090

## 6. CREDIT RISK AND MARKET RISK

Accounts receivable are derived primarily from customers in the United States and Europe, with the United States representing approximately 42% and 71% of accounts receivable at September 30, 2009 and December 31, 2008, respectively, and Europe representing approximately 56% and 29% of accounts receivable at September 30, 2009 and December 31, 2008, respectively. The remaining 2% of the September 30, 2009 accounts receivable balance is from customers located in countries outside the United States and Europe. Historically, the Company has not required collateral or other security to support customer receivables. In order to reduce credit risk, the Company typically requires substantial down payments and progress payments during the course of an installation of its software products. The Company establishes allowances for doubtful accounts based upon factors surrounding the credit risk or other circumstances specific to customers which may include the right of offset against amounts payable to the customer.

During the three months ended September 30, 2009 and 2008, approximately 67% and 62% of the Company's revenue was derived from customers in the United States, respectively, and 33% and 38% of the Company's revenue was derived from customers outside of the United States, primarily in Europe. During the nine months ended September 30, 2009 and 2008, approximately 65% and over 83% of the Company's revenue was derived from customers in the United States, respectively, and 35% and 17% of the Company's revenue was derived from customers outside of the United States, primarily in Europe. Substantially all of the Company's revenue outside of the United States comes from Inlog. No single customer accounted for more than 10% of the Company's revenue in the three and nine months ended September 30, 2009 and 2008.

Although the Company had no individual customers accounting for more than 10% of revenues, one of the Company's marketing partners that sells the Company's products directly to its customers accounted for 10% and 9% of revenues for the three months ended September 30, 2009 and 2008, respectively, and 9% and 17% of revenues during the nine months ended September 30, 2009 and 2008, respectively. In addition, this same marketing partner accounted for 5% and 32% of gross accounts receivable as of September 30, 2009 and December 31, 2008, respectively.

## 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company classifies and discloses the fair value of its financial assets and liabilities in periods subsequent to initial measurement, in a three-tier fair value hierarchy. These tiers include Level 1, quoted prices in active markets for identical assets or liabilities; Level 2, quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or Level 3-- unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's financial instruments consist primarily of cash, trade receivables, marketable securities, trade payables, and debt instruments. As of September 30, 2009, the historical cost of cash, trade receivables, and trade payables are considered to be representative of their respective fair values due to the short-term maturities of these items. At September 30, 2009 the fair value of the Company's marketable securities was based upon quoted market prices for the securities owned by the Company which is a Level 1 input. The fair value of marketable securities had declined by \$267 thousand as of September 30, 2009, which was comprised of \$258 thousand in cumulative unrealized losses and \$9 thousand in cumulative foreign currency translation adjustments. The net book value of the Company's long-term debt and obligations to Inlog sellers was approximately \$8.346 million as of September 30, 2009 and their fair value was approximately \$8.341 million at that date, based on the Company's current incremental borrowing rate.

**8. COMMITMENTS AND CONTINGENCIES***Litigation*

On September 23, 2002, Global Med and PeopleMed.com, Inc. ( PeopleMed ) filed a complaint against Donnie L. Jackson, Jr. ( Jackson ) in a lawsuit entitled Global Med Technologies, Inc. v. Donnie L. Jackson, Jr., et al., El Dorado Superior Court Case No. PC 20020576 (the Lawsuit ). The Lawsuit has been settled and claims have been released. No amount was paid by Global Med to Jackson or Mediware Information Systems, Inc. ( Mediware ) and no amount was paid by Jackson or Mediware to Global Med in connection with such settlement. Jackson made a representation as part of the settlement that he does not have possession of any trade secret or proprietary material of Plaintiffs as so described in Plaintiffs' complaint for damages. During 2005, the Company set up a legal accrual in the amount of \$1.004 million and expensed the same amount. As a result of the above, the Company reversed the \$1.004 million legal accrual and the related expense during the three and nine months ended September 30, 2009.

The Company's Inlog subsidiary is a party to a dispute with a former client, for which it established a legal accrual prior to Global Med's acquisition. Based on information currently available, Global Med believes the legal accrual in the amount of \$365 thousand at September 30, 2009 is adequate to cover the Company's liability should there be an adverse outcome in the Inlog matter.

**9. INDUSTRY SEGMENTS AND FOREIGN REVENUE**

The Company operates in one industry segment: the design, development, and market and support information management software products for blood banks, hospitals, centralized transfusion centers, laboratories and other health care related facilities. Revenues are derived from the licensing of software, maintenance, the provision of consulting and other value-added support services, and the resale of software obtained from vendors. During the three months ended September 30, 2009 and 2008, approximately 33% and 38% of the Company's revenue was derived from customers outside of the United States, primarily in Europe. For the nine months ended September 30, 2009, revenue from customers in foreign locations was 35% from Europe, the Middle East and Africa. Revenue from customers in foreign locations for the nine months ended September 30, 2008 was less than 18% of the consolidated revenue.

**10. STOCK-BASED COMPENSATION**

The following summarizes the Company's stock options activity for the nine months ended September 30, 2009:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2009	8,597,136	\$ 0.83		
Granted	140,001	0.75		
Exercised	(351,453)	0.59		
Canceled or expired	(1,043,747)	1.52		
Outstanding at September 30, 2009	7,341,937	\$ 0.87	3.95	\$ 1,161,054
Exercisable at September 30, 2009	6,646,864	\$ 0.85	3.66	\$ 1,142,554

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During the nine months ended September 30, 2009, 351 thousand options were exercised with an intrinsic value of \$332 thousand and cash received from the exercise of the stock options was \$23 thousand. During the nine months ended September 30, 2008, 1.151 million options were exercised with an intrinsic value of \$910 thousand and cash received from the exercise of the stock options was \$458 thousand.

During the nine months ended September 30, 2009, options were granted to purchase 140,001 shares of the Company's common stock. The grant date estimated fair value of the options granted was \$95 thousand and the options vest over twelve months. The estimated fair value was determined using the Black-Scholes pricing model using the following assumptions: risk-free rate of return 3.29%; expected volatility 101.6%; expected life (in years) 10. Under ASC 718, forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate. As of September 30, 2009, the Company anticipates all outstanding options will vest. No options were granted during the nine months ended September 30, 2008.

The following summarizes the activity of the Company's stock options that have not vested for the nine months ended September 30, 2009.

	Shares		Weighted Average Fair Value
Nonvested at September 30, 2009	920,700	\$	1
Granted	140,001		0.68
Canceled or expired	(204,200)		0.81
Vested	(161,428)		0.88
Nonvested at September 30, 2009	695,073	\$	1.03

During the three month periods ended September 30, 2009 and 2008, the Company recognized non-cash stock option compensation expense of \$77 thousand and \$74 thousand, respectively. During the nine month periods ended September 30, 2009 and 2008, the Company recognized non-cash stock option compensation expense of \$134 thousand and \$253 thousand, respectively. As of September 30, 2009, there was \$631 thousand of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under existing stock option plans. This cost is expected to be recognized over a weighted-average period of two years.

The Company had 10,137,292 warrants to purchase shares of Global Med common stock outstanding at September 30, 2009 and December 31, 2008. The warrants are exercisable at an average exercise price of \$0.73 per share and expire in the years 2009 to 2013. No warrants were exercised during the nine months ended September 30, 2009. During the nine months ended September 30, 2008, 2.003 million warrants were exercised and \$961 thousand of cash was received.

The following summarizes the Company's restricted stock activity for the nine months ended September 30, 2009:

	Shares		Weighted Average Grant Date Fair Value
Nonvested at January 1, 2009	72,003	\$	1.27
Canceled or expired	(3,056)		1.27
Vested	(37,001)		1.27
Nonvested at September 30, 2009	31,946	\$	1.27

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During the three month periods ended September 30, 2009 and 2008, the Company recognized non-cash share-based compensation expense related to the vesting of restricted stock of \$5 thousand and \$28 thousand, respectively. During the nine month periods ended September 30, 2009 and 2008, the Company recognized non-cash share-based compensation expense related to the vesting of restricted stock of \$44 thousand and \$28 thousand, respectively. As of September 30, 2009, the future pre-tax stock-based compensation expense for restricted stock was \$41 thousand, to be recognized through 2010.

### 11. NET INCOME PER SHARE

Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding for the period. Diluted shares outstanding is calculated factoring in stock options, and warrants outstanding, and their equivalents are included in diluted computations through the treasury stock method unless they are antidilutive. Convertible securities are included in diluted computations through the if converted method unless they are antidilutive. Antidilutive shares as of September 30, 2009 totaled 10,708,095.

The following tables set forth the computation of basic and diluted weighted average number of commons shares outstanding for the nine months ended September 30, 2009 and 2008, respectively, (in thousands):

	Nine Months Ended September 30,	
	2009	2008
Weighted average number of shares used in the basic		
Earnings per share computation	34,775	28,546
Effect of dilutive securities:		
Common stock options	670	3,010
Common stock warrants	296	4,563
Restricted stock	44	22
Preferred stock convertible securities	7,778	10,419
Contingently issuable shares associated with Inlog acquisition	852	338
Dilutive securities	9,640	18,352
Adjusted weighted average number of shares used in		
diluted earnings per share computation	44,415	46,898

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

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to Global Med, the Company, we, , our, and us refer to Global Technologies, Inc. and its subsidiaries. The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q, our audited consolidated financial statements and notes thereto for the year ended December 31, 2008, and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 25, 2009.

### Cautionary Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ( 1933 Act ), and Section 21E of the Securities Exchange Act of 1934, as amended ( 1934 Act ), and Global Med intends that such forward-looking statements be subject to the safe harbors for such statements under such sections. Our forward-looking statements include, among other things, the plans and objectives of management for future operations of companies acquired during 2008, our plans and objectives relating to our business strategy, our planned product enhancements and new product development, our planned marketing efforts and the future economic performance of Global Med. These forward-looking statements are (1) identified by the use of terms and phrases such as believe , expect , anticipate , assume , w should , could , intend , plan , estimate , objective , goal and other similar words and expressions, and (2) are subject to risks and uncertainties that represent our current expectations or beliefs concerning future events. Global Med cautions that the forward-looking statements are qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These risks, uncertainties and other factors are described in greater detail in Global Med's Annual Report on Form 10-K. Our forward-looking statements represent estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

### General

Global Med is an international medical software company which develops regulated and non-regulated products and services for the healthcare industry. We are a leading provider of blood and laboratory systems and services and our products are deployed in 20 countries and serve over 2,100 transfusion centers, blood banks and laboratories.

### Business Strategy

Global Med's goal is to become a global supplier of critical care management information software. We plan to achieve this goal through a combination of organic growth and strategic acquisitions.

Our organic growth strategy for marketing and selling our products and services is two pronged:

1. Direct selling to customers through our internal sales force; and
2. Marketing and selling through Channel Partners that are established in blood donor hospital markets.

In addition to increasing revenues and cash flows through our direct sales efforts and channel partner relationships, we are focused on adding new channel partners and strategic alliances and developing new products and adding enhanced functionality to our existing product mix to attract and maintain customers.

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Global Med's acquisition strategy is to purchase companies that sell software products that complement our current product mix, particularly companies focused on critical care management. We may use either equity or debt financing or our cash to make acquisitions.

### Overview

Global Med designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers, laboratories and other health care related facilities.

We sell various core products and their related components through our Wyndgate division: SafeTrace®, SafeTrace Tx®, and our EIDorado product suite. SafeTrace is used by blood centers and hospitals to track blood donations. SafeTrace Tx is used primarily by hospitals and centralized transfusion services to help insure the quality of blood transfused into patient-recipients. Both products are designed to help the users comply with quality and safety standards of the FDA for the collection and management of blood and blood products. EIDorado Donor™ is intended as a comprehensive blood management software application designed to provide for the information system needs of donor centers and hospitals. Donor Doc is an electronic history questionnaire that assists in the blood donor screening process.

We acquired our Inlog S.A. subsidiary on June 26, 2008 for \$10.964 million in a combination of cash and stock. We are also contingently obligated to pay up to \$1.481 million in earn out consideration over the next five years. Inlog has been developing, implementing, and supporting its blood bank and laboratory information management solutions since 1992 and currently supplies over 800 sites in 15 countries with its products. Its product line consists of five primary products: EdgeBlood (for the donor center market), EdgeTrace (for the hospital transfusion market), EdgeLab (a laboratory information system - LIS), EdgeCell (cellular therapy for tissue banks, stem cell centers and cord blood centers) and SAPA (a regulatory compliance and document management solution). Inlog recently completed the national installation of its EdgeBlood product in France where all of France's 2.5 million annual blood donations are transacted through EdgeBlood including blood collections, infectious disease testing, component manufacturing and distribution. In addition to France, Inlog has software applications in Germany, Austria, Belgium, Switzerland, Greece and Monaco, among other countries.

Our eDonor product, which we acquired on August 1, 2008 with the acquisition of substantially all of the assets of Blueridge Solutions, L.C., for \$3.5 million in cash and the issuance of \$1.5 million of our common stock, is a web-based donor relationship management system that integrates recruitment, scheduling, retention and fulfillment for blood donation centers of all sizes. As of September 30, 2009, eDonor was in use at 91 sites.

We derive our revenues from the sale of software licenses, annual maintenance fees, implementation fees, consulting fees and other value added support services. Annual maintenance fees represented over 50% of our revenue for the year ended December 31, 2008 and 53.5% and 47.3% for the nine month period ended September 30, 2009 and 2008, respectively. Our maintenance services are generally sold under multi-year agreements. As such, they represent a fairly stable recurring revenue source for us as software maintenance tends to be a nondiscretionary expenditure for our customers. The majority of our software is sold under a perpetual license with a one-time license fee. Our software license fee revenue, which represented 21% of our revenue for the year ended December 31, 2008 and 16.2% and 22% for the nine month periods ended September 30, 2009 and 2008, respectively, can fluctuate from period to period based on our customers' buying decisions. In addition, our ability to recognize software license fees can be impacted by contract terms and the application of accounting rules for revenue recognition to contracts that include deliverable and non-deliverable software products, service for modification or customization of our software, acceptance criteria and other contingencies. In all cases, we assess whether the service element of our sales arrangement is essential to the functionality of t