

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.

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)

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
CURRENT ASSETS:		
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
Total current assets	13,256	14,226
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
Total assets	\$ 28,552	\$ 29,784

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
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
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
Total current liabilities	14,209	15,455
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
Total liabilities	20,258	24,373
COMMITMENT AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
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)
Total stockholders' equity	8,294	5,411
Total liabilities and stockholders' equity	\$ 28,552	\$ 29,784

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
CASH FLOWS FROM OPERATING ACTIVITIES:		
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
CASH FLOWS FROM INVESTING ACTIVITIES:		
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
CASH FLOWS FROM FINANCING ACTIVITIES:		
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)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,998	(229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,472	6,748
&		