

GLOBAL MED TECHNOLOGIES INC
Form S-1
March 16, 2005

As Filed With The Securities and Exchange Commission On March 16, 2005

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

GLOBAL MED TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Colorado (State or other jurisdiction of incorporation or organization)	8741 (Primary Standard Industrial Classification Code Number)	84-1116894 (I.R.S. Employer Identification No.)
	12600 West Colfax, Suite C-420 Lakewood, Colorado 80215 Telephone (303) 238-2000	
	(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	

Copies to:

Michael I. Ruxin, M.D.
Chairman of the Board and Chief Executive Officer
Global Med Technologies, Inc.
12600 West Colfax, Suite C-420
Lakewood, Colorado 80215
Telephone No.: (303) 238-2000
Telecopier No.: (303) 238-3368

Clayton E. Parker, Esq.
Ronald S. Haligman, Esq.
Kirkpatrick & Lockhart LLP
201 South Biscayne Boulevard, Suite 2000
Miami, Florida 33131
Telephone No.: (305) 539-3300
Telecopier No.: (305) 358-7095

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee(2)
Common stock, par value \$0.01 per share	50,724,329(2)	\$ 2.23	\$113,115,253.67	\$13,313.67
TOTAL	50,724,329(2)	\$ 2.23	\$113,115,253.67	\$13,313.67

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For the purposes of this table, we have used the average of the closing bid and asked prices as of March 14, 2005.
- (2) Of these shares, 10,486,815 shares are being registered under the Common Stock Purchase Agreement, 7,777,000 shares are being registered upon conversion of preferred stock, 13,289,730 shares are being registered upon exercise of warrants, and 19,170,784 are being registered for other selling stockholders.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion, Dated March 16, 2005

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sales is not permitted.

PROSPECTUS

GLOBAL MED TECHNOLOGIES, INC.

50,724,329 Shares of Common Stock

Selling stockholders are offering for sale up to 50,724,329 shares of our common stock. Eleven Million Twenty Three Thousand and Six Hundred and Thirty-One (11,023,631) shares of our common stock are being offered hereby by Fusion Capital Fund II, LLC. Thirty-nine million seven hundred thousand six hundred and ninety eight (39,700,698) shares of our common stock are being offered by other selling stockholders of Global Med Technologies, Inc (Global Med or the Company).

The prices at which such stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive proceeds from the sale of our shares by any of the selling stockholders.

Our common stock is quoted on the Nasdaq Over-The-Counter Bulletin Board under the symbol GLOB. On March 14, 2005, the average of the bid and asked sale prices for the common stock as reported was \$2.26 per share.

Investing in the securities involves a high degree of risk. See Risk Factors beginning on page 3. You should carefully consider the risk factors, as well as the other information presented in this prospectus, in deciding whether or not to invest in our common stock. Each of the factors could adversely affect the price of our common stock, our business, financial condition and results of operations, and could result in a loss of all or part of your investment.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Fusion Capital, a selling stockholder, is an underwriter within the meaning of the Securities Act of 1933, as amended.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 16, 2005

TABLE OF CONTENTS

	Page
PROSPECTUS SUMMARY	1
RISK FACTORS	3
FORWARD-LOOKING STATEMENTS	11
MARKET FOR OUR COMMON STOCK	12
SELECTED CONSOLIDATED FINANCIAL INFORMATION	13
SUPPLEMENTARY FINANCIAL INFORMATION	15
USE OF PROCEEDS	16
DIVIDEND POLICY	16
DILUTION	16
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
BUSINESS	29
MANAGEMENT	36
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	44
THE FUSION CAPITAL TRANSACTION	45
PRINCIPAL SHAREHOLDERS	49
SELLING STOCKHOLDERS	52
PLAN OF DISTRIBUTION	55
SHARES ELIGIBLE FOR RESALE	57
DESCRIPTION OF CAPITAL STOCK	58
EXPERTS	60
LEGAL MATTERS	60

	Page
AVAILABLE INFORMATION	61
PART II	II-1
FINANCIAL STATEMENTS	F-1

We intend to distribute to our shareholders annual reports containing audited financial statements. Our audited financial statements for the fiscal year December 31, 2004, were contained in our Annual Report on Form 10-K.

PROSPECTUS SUMMARY

Business

Global Med Technologies, Inc. (Global Med or the Company) provides information management software products and services to the health care industry. Wyndgate operates as a division of Global Med and designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities. Our PeopleMed subsidiary offers chronic disease management as an Application Service Provider (ASP). PeopleMed s system uses the internet to coordinate sources and users of a patient s clinical information, including laboratory, pharmacy, primary and specialty care providers, claims and medical records. PeopleMed earns revenues primarily by providing ongoing ASP services. PeopleMed s revenues were not significant during the three or twelve months ended December 31, 2004.

Global Med has two main products in its Wyndgate division: SafeTrace® and SafeTrace Tx®. SafeTrace is used by blood centers and hospitals to track blood donations. SafeTrace Tx is used primarily by hospitals and centralized transfusion centers 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 U.S. Food and Drug Administration for the collection and management of blood and blood products. Our Wyndgate division earns revenues primarily through the sale of software licenses, implementation of the software systems sold, and by providing maintenance for the SafeTrace and SafeTrace Tx software systems. During the three months ended December 31, 2004 and 2003, Wyndgate s revenues represented 98% and 96%, respectively, of Global Med s total revenues. During the years ended December 31, 2004 and 2003, Wyndgate s revenues represented 97% and 93%, respectively, of Global Med s total revenues. During these periods, PeopleMed s revenues represented the remainder.

The decision to purchase a new blood bank system is driven in large part by one or all of the following: replacing antiquated technology, upgrading the laboratory information system (LIS) of the hospital which typically includes the purchase of a blood bank system, and replacing existing products that have been sunsetted. We believe that because the purchase of an LIS by a hospital is a significant driver in the decision to purchase a blood bank system, Global Med is heavily reliant on its relationships with its channel partners that sell their LIS systems in combination with Global Med s blood bank products. The Company s channel partner relationships are more fully discussed in the BUSINESS section Royalty and Commission Agreements.

Entities that plan to purchase blood bank products primarily have two choices:

- o Upgrade their current system with their existing vendor, or
- o Select a replacement system from an alternative vendor.

Global Med s two primary locations are in Lakewood, Colorado, the corporate headquarters, and El Dorado Hills, California, our primary operations, which include research and development, implementation staff, support services, and certain administrative staff. Approximately 20% of our employees are not located in Lakewood, Colorado or El Dorado Hills, California. These employees provide support for Global Med s sales and marketing, research and development, and implementation efforts.

Management of Global Med is focused on increasing its revenues and cash flows through direct sales efforts, increasing its marketing footprint through adding additional channel partners and strategic alliances, and developing new products and enhanced functionality to its existing product mix to attract potential customers.

The Offering

On March 16, 2005, we entered into a common stock purchase agreement (the "Common Stock Purchase Agreement") with Fusion Capital Fund II, LLC, pursuant to which Fusion Capital has agreed to purchase, on each trading day, \$12,500 of our common stock up to an aggregate, under certain conditions, of \$8.0 million. At our discretion, we may elect to sell more of our common stock to Fusion Capital than the minimum daily amount. Fusion Capital, one of the selling stockholders under this prospectus, is offering for sale up to 11,023,631 shares of our common stock. As of March 4, 2005, there were 27,672,056 shares outstanding, including 486,816 shares that we have issued to Fusion Capital as compensation for its purchase commitment and 50 thousand shares we issued to Fusion Capital as reimbursement for expenses in connection with the transaction. Up to 39,700,698 shares of our common stock are being offered by other selling stockholders of the Company.

The 50,724,329 shares offered by this Prospectus represents approximately 85.6% of our total outstanding common stock as of March 16, 2005. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares sold by the Company to Fusion Capital under the Common Stock Purchase Agreement.

2

RISK FACTORS

You should carefully consider the risks described below before purchasing our common stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. If any of the following risks actually occur, our business, financial condition, or results or operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment therein. You should acquire shares of our common stock only if you can afford to lose your entire investment.

We Have Significant Operating Losses, A Net Working Capital Deficit And Cumulative Net Losses; We May Not Be Able To Generate Sufficient Revenues To Operate Profitably In The Future Or To Pay Our Debts And Liabilities As They Become Due

For the fiscal years ended December 31, 2004, 2003, and 2002, we incurred a net loss of approximately \$766 thousand, \$878 thousand, and \$705 thousand respectively. For the three months ended December 31, 2004, the Company had net income of \$153 thousand. For the fiscal year ended December 31, 2004 we incurred a net loss from operations of \$582 thousand. For the fiscal year ended December 31, 2003, we incurred a loss from operations of \$303 thousand. For the fiscal year ended December 31, 2002, we had income from operations of approximately \$16 thousand. As of December 31, 2004, and December 31, 2003 we had a net working capital deficit of approximately \$1.452 million and \$1.574 million respectively, and an accumulated deficit of approximately \$40.967 million and \$39.722 million respectively. Therefore, we may not be able to generate sufficient revenues to operate profitably in the future or to pay our debts and liabilities as they become due and may be forced to curtail or cease our business operations.

We May Not Achieve Profitability Or Positive Cash Flows Operations And May Be Required To Reduce Our Software Development Programs And Operating Expenses

We may generate positive cash flows from operations and negative cash flows from investing activities through 2005 on an annual basis and possibly thereafter, but we may not achieve profitability during this time. Additional external funding may be required in order for us to pay off our outstanding debt and the redeemable preferred stock when it becomes due or redeemable at the holder's option, respectively, on March 1, 2006. In addition, our Series AA Preferred Stock requires significant dividend payments in 2005 that could require us to obtain additional financing. In the event we are unable to acquire additional external financing, we could be required to substantially reduce our software development programs and/or substantially reduce our other operating expenses.

We Have Experienced Significant Revenue Fluctuations

We have experienced revenue fluctuations from our SafeTrace and SafeTrace Tx products. SafeTrace and SafeTrace Tx license fees have historically been recognized as revenue upon delivery of the software if no significant vendor obligations exist as of the delivery date. Therefore, revenue fluctuations are affected by delays of the delivery service and customer delayed delivery requests. Revenue fluctuations could also be affected by the decision on whether or not to recognize revenues based upon the length of time the licensees take to implement SafeTrace and SafeTrace Tx. The typical implementation cycle of Wyndgate's software products currently is taking approximately 12-15 months. Implementation cycles are dependent on various items, including the blood center's size and the complexity of the blood center's standard operating procedures. Further, special development projects required by customers, concurrent with the licensing of our software products, and other significant obligations, could result in revenue recognition delays. Additionally, the development and marketing of new software products may cause difficulties in accurately anticipating implementation and development schedules, future revenues, expenses, financial condition and net cash flows. In the event we experience any of these difficulties, we could be forced to curtail or cease our business operations.

3

The Sale Of Our Common Stock To Fusion Capital May Cause Dilution And The Sale Of The Shares Of Common Stock Acquired By Fusion Capital Could Cause The Price Of Our Common Stock To Decline

The purchase price for the common stock to be issued to Fusion Capital pursuant to the Common Stock Purchase Agreement will fluctuate based on the price of our common stock. All shares issued to Fusion Capital will be freely tradable. Fusion Capital may sell some or all of the shares purchased from us at any time. The common shares sold to Fusion Capital could be sold over a period of up to 32 months from the date of the Common Stock Purchase Agreement. Depending upon market liquidity at the time, a sale of shares by Fusion Capital at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock by Fusion Capital, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

We May Require Additional Financing To Sustain Our Operations And Without It We May Not Be Able To Continue Operations

At December 31, 2004, we had a working capital deficit of approximately \$1.452 million. For the three months ended December 31, 2004, we had positive cash flows from operations of \$492 thousand. For the years ended December 31, 2004, 2003 and 2002, our operations provided operating cash of \$256 thousand, \$24 thousand, and \$547 thousand, respectively. The Company believes that its current customer base and projected backlog of business as well as sales to new customers will be sufficient to fund operations, and we likely will generate positive cash flows from operations and negative cash flows from investing activities through 2005 on an annual basis and possibly thereafter, but we may not achieve profitability during this period or anytime in the foreseeable future, if ever. The Company's cash flows from operations have funded the operations of the Company since 2001 and we expect to be able to fund operating activities in the near term, additional external funding may be required in order for the Company to pay off its outstanding debt and the redeemable preferred stock when it becomes due or redeemable at the holder's option, respectively, on March 1, 2006. In addition, the Company's Series AA Preferred Stock requires significant dividend payments in 2005 that could require the Company to obtain additional financing. In the event we are unable to require additional external financing, we could be required to substantially reduce our software development programs and/or substantially reduce our other operating expenses.

We have the right to receive \$12,500 per trading day under the Common Stock Purchase Agreement unless our stock price equals or exceeds \$0.85, in which case the daily amount may be increased under certain conditions as the price of our common stock increases. Fusion Capital will not have the right nor the obligation to purchase any shares of common stock on any trading days that the market price of the common stock is less than \$0.20 per common share. The selling price of our common stock to Fusion Capital will have to average at least \$0.80 per share for us to receive the maximum proceeds of \$8 million without registering additional shares of common stock in a new registration statement. Assuming a purchase price of \$2.26 per share (the closing sale price of the common stock on March 4, 2005), we would sell 3,529,823 shares of common

stock to Fusion Capital in order to obtain the full \$8 million. The extent to which we rely on Fusion Capital as a source of funding will depend on a number of factors including, the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient financing from Fusion Capital were to prove prohibitively expensive and if we are unable to commercialize and sell the products or technologies of our subsidiaries, we will need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the funds available under the Common Stock Purchase Agreement, we may still need additional capital to fully implement our business and operating plans. Additional financing could be prohibitively expensive due to the possibility of reduced investor confidence generally in the financial markets and in technology companies. Should the financing we require to sustain our working capital needs be unavailable, or prohibitively expensive when we require it, we would be forced to curtail or cease our business operations.

4

Existing Shareholders Will Experience Significant Dilution From Our Sale Of Shares Under The Common Stock Purchase Agreement With Fusion Capital And Any Other Equity Financing

The sale of shares pursuant to our agreement with Fusion Capital or any other future equity financing transaction will have a dilutive impact on our stockholders. As a result, our net income or loss per share could decrease in future periods, and the market price of our common stock could decline. In addition, the lower our stock price is, the more shares of common stock we will have to issue under the Common Stock Purchase Agreement with Fusion Capital in order to draw down the full amount. If our stock price is lower, then our existing stockholders would experience greater dilution. We cannot predict the actual number of shares of common stock that will be issued pursuant to the agreement with Fusion Capital or any other future equity financing transaction, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we do not know the exact amount of funds we will need.

Our Business And Our Software Products Are Subject To Substantial Competition

There is substantial competition in all aspects of the blood bank and hospital information management industry. Numerous companies are developing technologies and marketing products and services in the healthcare information management area. Many competitors in the blood bank industry have received FDA clearance for their products. Many of these competitors have been in business longer and have substantially greater personnel and financial resources than Global Med. Global Med is aware of three primary competitors to our SafeTrace software product: Mak-System Corp.; Blood Bank Computer Systems, Inc. and Medware Information Systems, Inc. There are five primary competitors in the United States to our SafeTrace Tx product: Misys Hospital Systems, Inc. (Misys is a channel partner that currently resells the Company's SafeTrace software); Medware Information Systems, Inc.; Meditech, Inc., SCC Soft Computer; and Cerner Corp. Global Med believes it is able to compete based on the current technological capabilities of SafeTrace and SafeTrace Tx.

If We Are Unable To Acquire Or Maintain A Technological Advantage, Or If We Fail To Stay Current And Evolve In The Applications Software And Information Management Fields, We May Not Be Successful

The market for applications software is characterized by rapidly changing technology and by changes from mainframe to client/server computer technology, including frequent new product introductions and technological enhancements in the applications software business. During the last ten years, the use of computer technology in the information management industry has expanded significantly to create intense competition. With rapidly expanding technology and our limited resources, we can provide no assurance that we will be able to acquire or maintain any technological advantage. Our success will be in large part dependent on our ability to use developing technology to our maximum advantage and to remain competitive in price and product performance. If we are unable to acquire or maintain a technological advantage, or if we fail to stay current and evolve in the applications software and information management fields, we may be forced to curtail or cease our business operations.

We Are Dependent On The Development Of New Business

To execute our plan of operations, which includes the generation of increased revenues, we must expand our operations significantly beyond our historical operations to other markets that require similar management information services. However, we may not be able to successfully expand our business operations. Our current activities in the blood bank industry do not assure future business expansion, profitability or long-term and sustainable success. In the event we fail to successfully implement our business plan, we could be forced to curtail or cease our business operations.

5

Our Success Depends In Part On Our Ability To Obtain And Enforce Intellectual Property Rights And Licenses For Our Technology And Software

Our success depends in part on our ability to obtain and enforce intellectual property rights for our technology and software, both in the United States and in other countries. Our proprietary software is protected by the use of copyrights, trademarks, confidentiality agreements and license agreements that restrict the unauthorized distribution of our proprietary data and limit our software products to the customer's internal use only. In addition, our SafeTrace Tx product has three patents pending. While we have attempted to limit unauthorized use of our software products or the dissemination of our proprietary information, we may not be able to retain our proprietary software rights and prohibit the unauthorized use of proprietary information. Any patents, copyrights, or trademarks we have or may obtain may not be sufficiently broad to protect our products, may be subject to challenge, invalidated or circumvented and may not provide competitive advantages. In addition, our competitors may independently develop technologies or products that are substantially equivalent or superior. If our software products infringe upon the rights of others, we may be subject to suit for damages or an injunction to cease the use of such products. Our industry is characterized by frequent intellectual property litigation based on allegations of infringement of intellectual property rights. Although we are not aware of any intellectual property claims against us, we may be a party to litigation in the future.

Our success will also depend in part on our ability to develop commercially viable products without infringing the proprietary rights of others. We have not conducted freedom of use patent searches and patents may exist or could be filed which would have an adverse effect on our ability to market our products or maintain our competition position with respect to our products.

We Are Subject To Potential Under-Capitalization And Limitations With Respect To Personnel, Financial And Other Resources, And May Encounter Difficulty Licensing SafeTrace or SafeTrace Tx To A Sufficient Number Of Additional Customers Necessary To Achieve Profitability. In Addition, We May Encounter Difficulty Developing And Licensing New Products

Although we have been in existence since 1989, we are subject to potential under-capitalization, limitations with respect to personnel, financial and other resources, and have limited customers and revenues. We had positive cash flows from operations for the years ended December 31, 2004, 2003 and 2002. Although we believe that we will be able to fund our operations internally for the near term, in the event we encounter difficulty attracting new customers for our licensed products, our operations may not be able to fund the development of new products, or our current level of operations. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the development and marketing of new software products and related services. In the event we are unable to fund our operations or the development of new products, we could be forced to curtail or cease our business operations.

We May Have Difficulties Managing Our Business In The Event Of Rapid Growth That Could Materially Adversely Affect Our Business, Financial Condition And Results Of Operations

Our future success will depend to a significant extent on the ability of our current and future management personnel to operate effectively, both independently and as a group. In order to compete successfully against current and future competitors, to timely complete research and development projects and to develop future products, we must continue to expand our operations, particularly in the areas of research and development, sales and marketing and training. If we experience significant growth in the future, such growth would likely place significant strain upon our management, operating and financial systems and other resources. To accommodate such growth and compete effectively, we must continue to implement and improve our information systems, procedures and controls, and to expand, train, motivate and manage our work force. Any failure to implement and improve our operational, financial and management systems or to expand, train, motivate or manage our work force could materially and adversely affect our business, financial condition and results of operations, which could force us to curtail or cease our business operations.

We May Experience A Change In Our Board of Directors

Pursuant to our various financing agreements with Global Med International Limited (GMIL) and its affiliates, China Credit Holdings Limited (China Credit), formerly Heng Fung, has appointed the following five directors to our Board of Directors: Fai H. Chan, Robert L. Trapp, Kwok Jen Fong, Gary L. Cook, and Tony T.W. Chan. In addition, pursuant to these financing agreements, certain members of our Board of Directors were required to execute and deliver resignation letters to China Credit, which letters are being held in escrow pending any default under the terms of the financing agreements.

Failure To Comply With Governmental Regulations And Requirements Could Preclude Us From Continuing To Market Our Existing Products Or Introducing New Products On A Commercial Basis And Materially Adversely Affect Our Business, Financial Condition And Results Of Operations

Our SafeTrace and SafeTrace Tx products and services are subject to regulations adopted by governmental authorities, including the Food and Drug Administration, which govern blood center computer software products regulated as medical devices. Compliance with government regulations can be burdensome and may result in our incurring product development delays and substantial costs. In addition, modifications to such regulations could materially adversely affect the timing and cost of new products and services we introduce. We cannot predict the effect of possible future legislation and regulation. We also are required to follow applicable Good Manufacturing Practices regulations of the FDA, which include testing, control and documentation requirements, as well as similar requirements in other countries, including International Standards Organization 9001 standards. Failure to comply with applicable regulatory requirements could result in, among other things, operating and marketing restrictions and fines, and could force us to curtail or cease our business operations.

We Have Limited Sales, Marketing And Distribution Systems

We currently market SafeTrace and SafeTrace Tx through a small direct sales force, both in the U.S. and internationally. We have entered into various strategic business alliances to assist us in national and international sales, marketing and distribution. However, there can be no assurance that any business alliance will be successful or will continue. Our business strategy for marketing and selling our products and services is two tiered:

- o The first tier is comprised of direct selling to customers through Global Med's internal sales force, and
- o The second tier is focused on marketing and selling indirectly through channel partner agreements with companies that are established in blood donor and hospital markets.

These strategic alliances that are facilitated through the channel partner agreements assist us in selling our products nationally and may assist us in selling our products internationally. Our ability to increase future revenues is highly dependent upon these strategic alliances, and our ability to make further inroads in selling our products directly to potential customers. In addition, our success is dependent upon the ability of our marketing partners to sell their complementary products in conjunction with Global Med's products. In the event we fail to maintain and further develop our strategic alliances, we could be forced to curtail or cease our business operations.

We May Lose Software Licenses If We Fail To Meet Maintenance Service Requirements

Our current software license agreements are typically a perpetual term. In addition to the software license, customers can obtain software maintenance for a separate fee. These maintenance agreements range in term from single year to multi-year agreements. Maintenance consists of product bug fixes, continued regulatory compliance, and product updates. During the years ended December 31, 2002, 2003, and 2004, recurring maintenance fees represented a significant portion of the Company's total revenues for the year. However, if we fail to be able to continue to meet these maintenance commitments, a significant portion of our revenues could be at risk and we could be forced to curtail or cease our business operations.

We May Have Product Liability And Reporting Liability Exposure

We have product liability exposure for defects in our products that may become apparent through widespread use of our products. To date, we have not had any claims filed against us involving our products and we are not aware of any material problems with them. While we will continue to attempt to take appropriate precautions, we may not be able to completely avoid product liability exposure. We maintain product liability insurance on a claims made basis for our products in the aggregate of at least \$4 million. Although we have had a history of being able to obtain such coverage at reasonable prices, such coverage may not be available in the future, or at reasonable prices, or in amounts adequate to cover any product liabilities that we may incur.

Our Common Stock Is Deemed To Be "Penny Stock," Subject To Special Requirements And Conditions, And May Not Be A Suitable Investment

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Our common stock is deemed to be penny stock as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934. Penny stocks are stocks:

- o With a price of less than \$5.00 per share;
- o That are not traded on a recognized national exchange;
- o Whose prices are not quoted on the Nasdaq automated quotation system (Nasdaq listed stock must still have a price of not less than \$5.00 per share); or
- o In issuers with net tangible assets less than \$2.0 million (if the issuer has been in continuous operation for at least three years) or \$5.0 million (if in continuous operation for less than three years), or with average revenues of less than \$6.0 million for the last three years.

Broker/dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker/dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to resell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

We Rely On Management, The Loss Of Whose Services Could Have A Material Adverse Effect Upon Our Business

We rely principally upon the services of our Board of Directors, senior executive management, and certain key employees, the loss of whose services could have a material adverse effect upon our business and prospects. Competition for appropriately qualified personnel is intense. Our ability to attract and retain highly qualified senior management and technical research and development personnel are believed to be an important element of our future success. Our failure to attract and retain such personnel may, among other things, limit the rate at which we can expand operations and achieve profitability. There can be no assurance that we will be able to attract and retain senior management and key employees having competency in those substantive areas deemed important to the successful implementation of our plans and the inability to do so or any difficulties encountered by management in establishing effective working relationships among them may adversely affect our business and prospects. Currently, we do not carry key person life insurance for any of our directors, executive management, or key employees.

8

Our Officers And Directors Are Able To Substantially Influence All Matters Requiring Approval By Our Shareholders, Including The Election Of Directors

As of February 28, 2005, our officers and directors beneficially own approximately 48.1% of our outstanding common stock, in addition, certain directors through their affiliation with our majority shareholder, GMIL, control 3.5 million shares of Series AA Preferred Stock with one voting right per share. The Series AA Preferred Stock shares are required to vote together and not as separate classes on any matter submitted to the shareholders or required to be submitted. With the addition of the Series AA Preferred Stock shares, the directors and officers beneficially control 53.9% of the voting shares of Global Med and are able to substantially influence all matters requiring approval by our shareholders, including the election of directors. Our Articles of Incorporation do not provide for cumulative voting in the election of directors and, therefore, although they are able to vote, our other shareholders should not expect to be able to elect any directors to our Board of Directors.

If Our Majority Shareholder And Its Affiliates Convert Or Exercise Their Derivative Securities To Or For Shares Of Our Common Stock, The Ownership Of Our Present Shareholders Could Be Significantly Diluted

Our majority shareholder, GMIL, and its affiliates currently own approximately 11.2 million shares of our common stock and derivative securities convertible or exercisable for another 20 million shares of our common stock, all of which shares of common stock are being registered in the accompanying registration statement. If GMIL and its affiliates convert or exercise their derivative securities to or for shares of our common stock, the ownership of our present shareholders could be significantly diluted.

The Existence Of Severance Payment Provisions And The Large Number Of Common Shares And Derivative Securities Outstanding Could Have The Effect Of Delaying, Deferring, Preventing Or Limiting The Price Paid To Shareholders In A Change In Control

We have employment agreements with certain of our officers and employees which provide for payment of salaries, benefits and incentives for periods ranging from three (3) to twenty-four (24) months, or the remainder of their employment contract, whichever is less. At current

salary levels, the total amounts payable under these employment contracts for salary payments to them over their severance payment period could be up to \$1.3 million and in addition, we could be required to make benefits payments of approximately \$162 thousand at their current benefit levels if we terminate their employment for any reason, other than for cause or disability. In addition, GMIL and its affiliates currently own approximately 11.2 million shares of our common stock and derivative securities convertible or exercisable for another 20 million shares of our common stock. The existence of the severance payment provisions and the large number of common shares and derivative securities outstanding owned by GMIL increases the likelihood that a potential purchaser would seek to negotiate directly with our Board of Directors or GMIL, in order to obtain control, rather than approaching our shareholders as a group. All of the foregoing could have the effect of delaying, deferring, preventing or limiting the price paid to shareholders in a change in control.

Our Issuance Of Additional Shares Of Stock May Cause Dilution To The Ownership Of Our Shareholders And Could Discourage, Delay, Prevent Or Limit The Price Paid To Shareholders In A Change In Control

We have a total of 90 million shares of common stock and 10 million shares of preferred stock authorized for future issuance under our Articles of Incorporation. As of March 4, 2005, we had 27,672,056 shares of our common stock outstanding.

We have approximately 21,066,730 shares of our common stock reserved for issuance upon the conversion or exercise of outstanding derivative securities which include the Series AA Preferred Stock and warrants. There are approximately 9,129,442 securities common shares reserved for issuance related to outstanding stock options. In addition, there are approximately 8.058 million common shares reserved for issuance under our stock option and stock compensation plans related to options and stock compensation shares that have not been granted or issued, respectively. In addition, we have entered into a Common Stock Purchase whereby Fusion Capital has agreed to purchase, on each trading day, \$12.5 thousand of our common stock up to an aggregate of \$8 million under certain conditions. The purchase price for the common stock to be issued to Fusion Capital pursuant to the Common Stock Purchase Agreement will fluctuate based on the price of our common stock. The conversion or exercise of these outstanding derivative securities, and the sale of our common stock to Fusion Capital, will cause dilution to the ownership of our shareholders.

9

The remaining shares of our common and preferred stock not issued or reserved for specific purposes may be issued without any action or approval of our shareholders. Our Board of Directors may issue additional shares of preferred stock without shareholder approval on such terms as the Board may determine. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. Although we have no existing agreements involving the issuance of such shares, we may undertake to issue such shares if we deem it appropriate. Any such issuances could discourage, delay, prevent or limit the price paid to shareholders in a change in control, and could dilute the ownership of our shareholders.

The Market Price Of Our Common Stock Is Highly Volatile

The market price of our common stock has been and is expected to continue to be highly volatile. Factors, including announcements of technological innovations by us or other companies, regulatory matters, new or existing products or procedures, concerns about our financial position, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights, among other items, may have a significant impact on the market price of our stock.

The Selling Security Holders Sale Of The Shares Of Commons Stock In This Offering Could Cause The Price Of Our Common Stock To Decline And Could Make It More Difficult For Us To Sell Equity Or Equity Related Securities In The Future

The potential dilutive effects of future sales of shares of common stock and shares of common stock underlying preferred stock and warrants by selling security holders pursuant to this prospectus could have an adverse effect on the prices of our securities. All shares in this offering are freely tradable. The selling security holders may sell none, some or all of their shares of common stock in this offering. Depending upon market liquidity at the time, a sale of shares under this offering at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock under this offering, or anticipation of such sales, also could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

We Do Not Anticipate Paying Any Dividends On Our Common Stock

We do not anticipate paying any cash dividends on our common stock for the foreseeable future. We expect that future earnings, if any, will be used to finance growth and pay dividends on our Series AA Preferred Stock, and retiring our Series AA Preferred Stock and paying off our outstanding debt.

FORWARD-LOOKING STATEMENTS

Such forward-looking statements include statements regarding, among other things, (a) our projected sales, profitability, and cash flows (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans and (e) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend, or project or the negative of these words or other these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under Management's Discussion and Analysis of Financial Condition and Results of Operations and Business, as well as in this prospectus generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under Risk Factors and matters described in this prospectus generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. In addition to the information expressly required to be included in this filing, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

MARKET FOR OUR COMMON STOCK

Our common stock trades on the Over-the-Counter Bulletin Board under the trading symbol GLOB. Our high and low bid prices by quarter during fiscal years 2004, 2003 and 2002 are presented as follows:

	FISCAL YEAR 2004	
	HIGH	LOW
First Quarter (January 2004 to March 2004)	\$ 0.70	\$ 0.34
Second Quarter (April 2004 to June 2004)	\$ 0.64	\$ 0.44
Third Quarter (July 2004 to September 2004)	\$ 0.78	\$ 0.38
Fourth Quarter (October 2004 to December 2004)	\$ 1.30	\$ 0.46

	FISCAL YEAR 2004	
	FISCAL YEAR 2003	
	HIGH	LOW
First Quarter (January 2003 to March 2003)	\$ 0.68	\$ 0.45
Second Quarter (April 2003 to June 2003)	\$ 0.55	\$ 0.27
Third Quarter (July 2003 to September 2003)	\$ 0.50	\$ 0.33
Fourth Quarter (October 2003 to December 2003)	\$ 0.80	\$ 0.34
	FISCAL YEAR 2002	
	HIGH	LOW
First Quarter (January 2002 to March 2002)	\$ 1.31	\$ 0.62
Second Quarter (April 2002 to June 2002)	\$ 1.06	\$ 0.55
Third Quarter (July 2002 to September 2002)	\$ 0.70	\$ 0.45
Fourth Quarter (October 2002 to December 2002)	\$ 0.63	\$ 0.37

On March 4, 2005, the closing price of our common stock as reported on the Over-the-Counter Bulletin Board was \$2.26 per share. On March 4, 2005, we had approximately 154 beneficial stockholders of our common stock and 27,672,056 shares of our common stock outstanding.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following summary statement of operations and summary balance sheet data are derived from our consolidated financial statements for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 that were filed with the Securities and Exchange Commission (SEC) on our Annual Reports on Form 10-K or Form 10-KSB as applicable. This information should be read in conjunction with the audited consolidated financial statements and the related notes.

	Year Ended December 31				
	2004	2003	2002	2001	2000
Revenues	\$ 6,884	\$ 6,514	\$ 6,627	\$ 6,224	\$ 4,379
Cost of revenues	2,437	2,272	2,140	1,913	966

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	Year Ended December 31				
Gross profit	4,447	4,242	4,487	4,311	3,413
OPERATING EXPENSES:					
General and administrative	2,434	2,057	1,945	2,529	2,766
Sales and marketing	1,597	1,442	1,426	1,545	1,417
Research and development	838	595	465	306	709
Depreciation and software amortization	160	451	635	851	827
	<u>5,029</u>	<u>4,545</u>	<u>4,471</u>	<u>5,231</u>	<u>5,719</u>
Total operating expenses					
Income (loss) from operations	(582)	(303)	16	(920)	(2,306)
OTHER INCOME (EXPENSES):					
Interest income	51	86	15	25	16
Interest expense	(6)	(2)	(9)	(25)	(41)
Interest expense to related party	(229)	(532)	(472)	(453)	(577)
Financing costs to related party	--	(127)	(255)	(317)	(1,984)
	<u>\$ (766)</u>	<u>\$ (878)</u>	<u>\$ (705)</u>	<u>\$(1,690)</u>	<u>\$(4,892)</u>
Loss before income taxes					
Provision for income taxes	--	--	--	--	--
	<u>\$ (766)</u>	<u>\$ (878)</u>	<u>\$ (705)</u>	<u>\$(1,690)</u>	<u>\$(4,892)</u>
Net Loss					
Preferred dividend, related party	(479)	--	--	--	--
	<u>\$(1,245)</u>	<u>\$ (878)</u>	<u>\$ (705)</u>	<u>\$(1,690)</u>	<u>\$(4,892)</u>
Net loss attributable to common shareholders					
	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>	<u>\$ (0.36)</u>
Basic and diluted loss per common share					
	<u>25,771</u>	<u>24,545</u>	<u>24,487</u>	<u>23,300</u>	<u>13,745</u>
Weighted average number of common shares outstanding: basic and diluted					

13

	December 31,				
BALANCE SHEET DATA: (In thousands)	2004	2003	2002	2001	2000
Cash and cash equivalents	\$ 1,633	\$ 983	\$ 1,007	\$ 677	\$ 1,210
Accounts receivable - trade, net of allowance for uncollectible accounts	731	286	648	778	789
Accrued revenues, net of allowance for uncollectible accounts	188	72	185	426	232

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

December 31,

Prepaid expenses and other assets	533	97	177	83	105
Total current assets	3,085	1,438	2,017	1,964	2,336
Net equipment, furniture and fixtures	287	238	286	245	373
Deferred Financing Costs	--	--	--	--	189
Capitalized Software Development costs	15	52	377	808	1,177
Other assets	--	--	--	70	273
Notes receivable, related party	--	--	370	80	--
Notes receivable and accrued interest	529	481	--	--	--
Total Assets	\$ 3,916	\$ 2,209	\$ 3,050	\$ 3,167	\$ 4,348
Deferred revenue	\$ 2,785	\$ 1,375	\$ 1,142	\$ 1,333	\$ 781
Total Current Liabilities	4,537	3,012	\$ 2,844	\$ 3,052	\$ 3,361
Total Liabilities	5,140	7,055	7,432	7,769	8,093
Preferred stock Series AA	3,493	--	--	--	--
Other assets	--	--	--	70	273
Total Stockholders' Deficit	(4,717)	(4,846)	(4,382)	(4,602)	(3,745)

14

SUPPLEMENTARY FINANCIAL INFORMATION

Certain quarterly financial information regarding Global Med is set forth below *(In thousands)*.

	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
Revenues	\$ 1,353	\$ 1,460	\$ 1,794	\$ 2,277
Gross Profit	790	839	1,207	1,611
Net Income (Loss)	(448)	(372)	(99)	153
Net Income (Loss) Per Share (Basic)	(0.02)	(0.02)	(0.01)	0.00

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
Revenues	\$ 1,527	\$ 2,291	\$ 1,279	\$ 1,417
Gross Profit	954	1,721	739	828
Net Income (Loss)	(346)	413	(468)	(477)
Net Income (Loss) Per Share (Basic)	(0.01)	0.02	(0.02)	(0.02)
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Revenues	\$ 1,581	\$ 1,832	\$ 1,425	\$ 1,789
Gross Profit	1,064	1,271	953	1,199
Net Income (Loss)	(146)	19	(410)	(168)
Net Income (Loss) Per Share (Basic)	(0.01)	0.00	(0.02)	(0.01)

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by selling stockholders. We will receive no proceeds from the sale of shares of common stock in this offering. However, we may receive up to an available \$8 million in proceeds from the sale of our common stock to Fusion Capital under the \$8 million Common Stock Purchase Agreement. Any proceeds from Fusion Capital we receive under the Common Stock Purchase Agreement will be used first to redeem our Series AA Preferred Stock then pay down our outstanding related party debt, then for working capital and general corporate purposes. On March 4, 2005, the closing sale price of our common stock was \$2.26.

DIVIDEND POLICY

Common Stock

We have never declared or paid dividends on our common stock. Our dividend practices are determined by our Board of Directors and may be changed from time to time. We will base any issuance of dividends upon our earnings (if any), financial condition, capital requirements,

acquisition strategies, and other factors considered important by our Board of Directors. Colorado law and our articles of incorporation do not require our Board of Directors to declare dividends on our common stock. We expect to retain any earnings generated by our operations for the development and expansion of our business and do not anticipate paying any dividends to our common stockholders for the foreseeable future.

Preferred Stock

The Company has 3.5 million shares of Series AA Preferred Stock that are outstanding as of December 31, 2004. The Company is required to pay mandatory cash dividends on these preferred shares. The Company is required to pay dividends on these outstanding preferred shares based on their \$3.5 million value. The current dividend rate is 15% per year, and this rate increases to 21% beginning on March 1, 2005. See the notes to the audited consolidated financial statements for further discussion.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, and should be read in conjunction with our financial statements and related notes. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In addition, the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in Risk Factors, Forward Looking Statements and elsewhere in this prospectus.

GENERAL

The Company designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other health care related facilities. Revenues for Wyndgate are derived from the licensing of software, the provision of consulting and other value-added support services and the re-sale of hardware and software obtained from vendors. Revenues for PeopleMed are derived, generally, from providing ASP services. Revenues were not significant

Business Strategy

The Company's business strategy for marketing and selling its products and services is two tiered:

1. The first tier is comprised of direct selling to customers through the Company's internal sales force, and
2. The second tier is focused on marketing and selling directly through agreements with companies (Channel Partner Agreements) that are established in blood donor hospital markets.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

The Company's ability to increase future revenues is highly dependent upon the Company's ability to make further inroads in selling its products directly to potential customers. These Channel Partner Agreements are more fully described in BUSINESS , ROYALTY AND COMMISSION AGREEMENTS. In addition, the Company's success is dependent upon the ability of its marketing partners to sell their complementary products in conjunction with the Company's.

Overview

Global Med Technologies, Inc. provides information management software products and services to the health care industry. Wyndgate operates as a division of Global Med Technologies, Inc. and designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities. The Company's PeopleMed subsidiary offers chronic disease management as an Application Service Provider (ASP). PeopleMed's system uses the Internet to coordinate sources and users of a patient's clinical information, including laboratory, pharmacy, primary and specialty care providers, claims and medical records. PeopleMed earns revenues primarily by providing ongoing ASP services. PeopleMed's revenues were not significant during 2004 or 2003.

The Company has two main products in its Wyndgate division: SafeTrace and SafeTrace Tx. SafeTrace is used by blood centers and hospitals to track blood donations. SafeTrace Tx is used primarily by hospitals and centralized transfusion centers 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 U.S. Food and Drug Administration (FDA) for the collection and management of blood and blood products. The Company's Wyndgate division earns revenues primarily through the sale of software licenses, implementation of the software systems sold, and by providing maintenance for the SafeTrace and SafeTrace Tx software systems. During the year ended December 31, 2004, the Wyndgate division accounted for approximately 97% of the Company's revenues.

17

The decision to purchase a new blood bank system is driven in large part by one or all of the following: replacing antiquated technology, upgrading the laboratory information system (LIS) of the hospital which typically includes the purchase of a blood bank system, and replacing existing products that have been sunsetted. The Company believes that because the purchase of an LIS by a Hospital is a significant driver in the decision to purchase a blood bank system, the Company is heavily reliant on its relationships with its channel partners that sell their LIS systems in combination with the Company's blood bank products. The Company's channel partner relationships are more fully discussed in BUSINESS , COMMISSION AND MARKETING AGREEMENTS.

Entities that plan to purchase blood bank products primarily have two choices:

1. Upgrade their current system with their existing vendor, or
2. Select a replacement system from an alternative vendor.

The Company's two primary locations are in Lakewood, Colorado, the corporate headquarters, and El Dorado Hills, California. The Company's primary operations which include research and development, implementation staff, support services, and certain administrative staff, are located in the El Dorado Hills facility. Approximately 20% of the Company's employees are not located in Lakewood, Colorado or El Dorado Hills. These employees provide support for the Company's sales and marketing, research and development, and implementation efforts.

Overall, the Company's revenues and cost of revenues were relatively flat for the years ended December 31, 2002, 2003 and 2004. Revenues for this period ranged from \$6.514 million to \$6.884 million and cost of revenues ranged from \$2.140 million to \$2.437 million. For the years ended December 31, 2002, 2003 and 2004, the Company's operating expenses were \$4.471 million, \$4.545 million, and \$5.029 million, respectively. The additional operating expenses in 2004 were in general and administrative expenses and resulted mainly from increased legal expenses associated with litigation with a former employee.

For the years ended December 31, 2002, 2003 and 2004, the Company's operations generated positive cash flows in the amount of \$547 thousand, \$24 thousand and \$256 thousand, respectively. For 2005, the Company believes that its cash flows from the sale of SafeTrace and SafeTrace Tx to new customers, the current backlog of existing business, and any sales of equity will be sufficient to fund its operations through the remainder of fiscal year 2005. If the Company is unable to meet its sales projections and the resultant projected cash flows anticipated from those transactions or raise money through additional debt or equity offerings, the Company may be required to significantly reduce planned as well as existing levels of expenditures for all cost categories which includes, cost of sales, sales and marketing, research and development, and general and administrative. If the Company substantially reduces its planned or the existing levels of expenditures, this could significantly

impact the Company's future viability in the blood bank software market.

Management of the Company is focused on increasing its revenues and cash flows through direct sales efforts, increasing its marketing footprint through adding additional channel partners and strategic alliances, and developing new products and enhanced functionality to its existing product mix to make them more attractive to potential customers.

For the year ended December 31, 2004, the Company generated sales in the form of sold software license and implementation fees of approximately \$5.8 million. Of the \$5.8 million in sales, approximately \$1.64 million was recognized into revenues and the remaining \$4.16 million as December 31, 2004, became part of the Company's backlog of business. The Company expects to recognize the vast majority of the unrecognized software license and implementation fees over a period of approximately 12 months from December 31, 2004. Of the \$5.8 million sales value for the year ended December 31, 2004, approximately \$153 thousand relates to contracts that are billed on an hourly basis for certain services. Therefore, the \$153 thousand portion of the sales values could vary materially from the values provided above.

18

The Company billed out over \$8.1 million to our customers during the year. Our cash inflows from operations for the year were over \$7.98 million. In addition, the Company's revenues were increasing at a double-digit rate in the third and fourth quarters of 2004 when compared with the preceding quarter. For the three months ended September 30, 2004, revenues increased 22.9% from the second quarter of 2004, and revenues for the fourth quarter ended December 31, 2004 increased 24.9% from the third quarter of 2004.

On March 16, 2005, the Company entered into a Common Stock Purchase agreement with Fusion Capital Fund II, LLC, a Chicago based institutional investor, whereby Fusion Capital has agreed to purchase up to \$8.0 million of common stock over a 32-month period. Specifically, after the Securities & Exchange Commission has declared effective a registration statement, each month Global Med has the right to sell to Fusion Capital \$12.5 thousand of its common stock, per trading day, at a purchase price based upon the market price of Global Med's common stock on the date of each sale without any fixed discount to the market price. The Common Stock Purchase Agreement with Fusion Capital allows the Company to increase the amount of Fusion's purchase of common stock beyond the \$12.5 thousand amount under certain circumstances. For each \$0.10 increase in the price of the Company's common stock over \$0.75, the Company will have the right, but not obligation, to increase the amount purchased by Fusion Capital by \$3 thousand per day. The price of a share of Global Med's common stock was \$2.26 on March 4, 2005. Assuming the Company invoked its right to increase the daily amount of stock purchased by Fusion Capital to the maximum level, Fusion capital would be purchasing approximately \$1.15 million worth of common stock per month, assuming twenty (20) trading days per month. At the Company's sole option, Fusion Capital can be required to purchase lesser or greater amounts of common stock, within certain ranges, each month up to \$8.0 million in the aggregate. The Company has the right to control the timing and the amount of stock sold to Fusion Capital. Global Med also has the right to terminate the agreement at any time without any additional cost. Fusion Capital has agreed not to engage in any direct or indirect short selling or hedging of the common stock in any manner whatsoever. The Company plans on using the first \$4 million in proceeds from Fusion Capital to redeem the Company's \$3.5 million in Series AA Convertible Redeemable Preferred Stock and payoff the outstanding \$529 thousand in related party debt. Assuming the Company's stock price remains at \$2.26 per share, the Company believes it would be able to redeem its outstanding Series AA Preferred Stock and pay off the outstanding debt within approximately 4 months of the common shares being registered and sold under the terms of Purchase Agreement.

Balance Sheet Changes

As of December 31, 2003 and 2004, certain balance sheet account changes were significant. For example, net accounts receivable increased \$445 thousand mainly as a result of billings during the year that resulted from increased sales activity. In addition, deferred revenue balance increased by \$1.396 million from December 31, 2003 to December 31, 2004. The increases in deferred revenue were primarily due to additional billings during the year that resulted from increased sales activity. In addition, the increases were associated with the deferral of software license fee revenue associated with certain contracts due to the fact that the software required additional customization.

YEAR ENDED DECEMBER 31, 2004 COMPARED TO YEAR ENDED DECEMBER 31, 2003

RESULTS OF OPERATIONS

Revenues. Revenues are comprised of software sales, maintenance and usage fees revenues, implementation and consulting revenues, and the re-sale of hardware and software obtained from vendors.

Revenues increased \$370 thousand, or 5.7% to \$6.884 million for the year ended December 31, 2004 compared to \$6.514 million for the year ended December 31, 2003. The increase in revenues was due primarily to a \$571 thousand increase in license fees, a \$428 thousand increase in usage fees, partially offset by a \$292 thousand decrease in PeopleMed revenues. Of the \$292 thousand decrease in PeopleMed revenues, \$300

thousand of the decrease related to the loss of revenues from a significant customer when they terminated their agreement for the Company to provide services to them in December 2002. During 2003, PeopleMed recognized \$300 thousand from the provisions of the termination agreement. Revenues from implementation and consulting services decreased \$337 thousand for the year ended December 31, 2004 compared with the year ended December 31, 2003. This decrease was primarily the result of \$500 thousand in revenues being recognized in during 2003 as part of a non-cash settlement agreement between the Company and one of its marketing partners whereby the Company was released from its obligation to perform additional services in accordance with the terms of prior agreements. See Note 1 in the consolidated financial statements for further discussion.

Cost of Revenues. Cost of revenues increased \$165 thousand, or 7.3%, to \$2.437 million for the year ended December 31, 2004, from \$2.272 million for the year ended December 31, 2003. The increase was consistent with the increase in revenues.

The overall gross profit as a percentage of revenues was 64.6% and 65.1% for the years ended December 31, 2004 and 2003, respectively. The margins for 2003 were higher due to certain non-cash and non-recurring transactions as more fully discussed in note 1 to the financial statements.

General and Administrative. General and administrative expenses increased \$377 thousand, or 18.3%, to \$2.434 million for the year ended December 31, 2004 compared to \$2.057 million for the year ended December 31, 2003. The increase in general and administrative expenses was primarily due to an increase in legal expenses of \$127 thousand, primarily associated with the costs of the Company's litigation with a former employee, an increase of \$56 thousand associated with certain consulting activities, an increase in labor-related expenses of \$43 thousand, and an increase of \$39 thousand in accounting related costs, when comparing 2004 with 2003.

Sales and Marketing. Sales and marketing expenses increased 10.7% to \$1.597 million for the year ended December 31, 2004 from \$1.442 million for the years ended December 31, 2003. The increase is primarily due to the increased level of sales activity during 2004 that resulted in combined internal and external commission expense increasing by \$191 thousand when comparing 2004 with 2003.

Research and Development. Research and development expenses increased by \$243 thousand, or 40.8%, to \$838 thousand for the year ended December 31, 2004 from \$595 thousand for the year ended December 31, 2003. Research and development costs increased during the year ended December 31, 2004 primarily as a result of a \$106 thousand increase in labor-related costs and a \$91 thousand increase in consulting expenses for the year ended December 31, 2004 when compared with 2003.

Depreciation and Software Amortization. Depreciation and software amortization costs decreased by \$291 thousand to \$160 thousand from \$451 thousand for the periods ended December 31, 2004 and 2003, respectively. The primary reason for the decrease was due to the \$307 thousand decrease in software amortization costs for 2004 when compared to 2003. This decrease is the result of the capitalized development costs for SafeTrace Tx being fully amortized as of June 2003.

Interest Income. Interest income decreased \$35 thousand to \$51 thousand in 2004 from \$86 thousand in 2003. The primary reason for the increase was due to the removal of a valuation reserve in 2003 related to interest income that resulted in the Company recognizing \$81 thousand in interest on the an outstanding note receivable in 2003 and \$48 thousand in 2004.

Interest Expense. Interest expense decreased \$299 thousand to \$235 thousand for the year ended December 31, 2004 from \$534 thousand for the year ended December 31, 2003. The decrease in interest expense was mainly due to the decrease in debt related to the conversion of \$3.5 million of the \$4.029 million in related party debt into convertible Preferred Stock Series AA. This occurred on April 14, 2004.

Financing Costs. For the years ended December 31, 2004 and 2003, the Company recognized \$0 and \$127 thousand, respectively, in financing costs expenses associated with certain financing agreements and the issuance of warrants to eBanker. The decrease in financing costs was due to amortization costs associated with the warrants issued July 1, 2001 related to the Financing Agreement with eBanker being completed in June of 2003.

Net Loss. The Company's net loss during 2004 as compared to 2003 decreased \$112 thousand. The decrease in the net loss is primarily associated with the increase in revenues, offset by higher operating expenses, and lower interest and financing costs.

YEAR ENDED DECEMBER 31, 2003 COMPARED TO YEAR ENDED DECEMBER 31, 2002

RESULTS OF OPERATIONS

Revenues. Revenues are comprised of software sales, maintenance and usage fees revenues, implementation and consulting revenues, and the re-sale of hardware and software obtained from vendors.

Revenues decreased \$113 thousand, or 1.7% to \$6.514 million for the year ended December 31, 2003 compared to \$6.627 million for the year ended December 31, 2002. The change in revenues was primarily due to the \$616 thousand decrease in PeopleMed revenues, \$522 thousand of the decrease related to the loss of revenues from a significant customer when they terminated their agreement for the Company to provide services to them in December 2002. During 2003 and 2002, PeopleMed recognized \$300 thousand and \$500 thousand, respectively, from the provisions of the termination agreement. Revenues from implementation and consulting services decreased \$249 thousand for the year ended December 31, 2003 compared to the year ended December 31, 2002. The decrease in 2003 was primarily attributable to a decrease in implementation revenues. This decrease was the result of fewer SafeTrace Tx customers being implemented in 2003 compared with 2002 and implementations being extended beyond their originally projected completion date. The decrease in implementation and consulting revenues was partially offset by \$500 thousand related to a non-cash settlement agreement between the Company and one of its marketing partners whereby the Company was released from its obligation to perform additional services in accordance with the terms of prior agreements. See Note 1 in the consolidated financial statements for further discussion. The decrease in revenues were partially offset by a \$511 thousand increase in license fees and a \$241 thousand increase in usage fees. Of the \$511 thousand increase in software license fees, \$388 thousand related to non-cash consideration in the form of a reduction of liabilities the Company owed to a customer. See Note 1 of the consolidated financial statements for further discussion.

Cost of Revenues. Cost of revenues increased \$132 thousand or 6.2% to \$2.272 million for for the year ended December 31, 2003, from \$2.140 million for the year ended December 31, 2002. The increase was primarily associated with an increase in labor-related costs during 2003 when compared with 2002.

The overall gross profit as a percentage of revenues was 65.1% and 67.7% for the years ended December 31, 2003 and 2002, respectively.

General and Administrative. General and administrative expenses increased \$112 thousand, or 5.7%, to \$2.057 million for the year ended December 31, 2003 compared to \$1.945 million for the year ended December 31, 2002. The increase in general and administrative expenses was primarily due to an increase in wages of \$89 thousand, an increase in consulting services of \$45 thousand, offset by a reduction in bad debt expense of \$59 thousand, when comparing 2003 with 2002.

Sales and Marketing. Sales and marketing expenses were \$1.442 million and \$1.426 million for the years ended December 31, 2003 and 2002, respectively.

Research and Development. Research and development expenses increased \$130 thousand, or 28.0%, to \$595 thousand for the year ended December 31, 2003 from \$465 thousand for the year ended December 31, 2002. Research and development costs increased during the year ended December 31, 2003 primarily as a result of a reduction of \$104 thousand in development-related costs as a result of lower levels of software capitalization on PeopleMed's products during 2003 when compared with 2002.

Depreciation and Software Amortization. The decrease in depreciation and software amortization was primarily due the decrease in software amortization costs of \$135 thousand to \$344 thousand for the year ended December 31, 2003 when compared with \$481 thousand for the comparable period in 2002. The primary reason for the decrease is due to the fact the Company had fully amortized the software development costs associated with SafeTrace Tx in June of 2003. The reduction in SafeTrace Tx amortization costs during 2003 was partially offset by an increase due to a one-time charge of \$77 thousand associated with certain PeopleMed-related development protocols.

Interest Income. Interest income increased \$71 thousand to \$86 thousand in 2003 from \$15 thousand in 2002.

Interest Expense. Interest expense increased \$53 thousand to \$534 thousand for the year ended December 31, 2003 from \$481 thousand for the year ended December 31, 2002. The increase in interest expense was mainly due to the increase in the interest rate on the Company's related party \$3.829 million debt from 12% to 15% per year effective July 1, 2003.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Financing Costs. For the years ended December 31, 2003 and 2002, the Company recognized \$127 thousand and \$255 thousand, respectively, in financing costs expenses associated with certain financing agreements and the issuance of warrants to eBanker. The decrease in financing costs was due to amortization costs associated with the warrants issued July 1, 2001 related to the Financing Agreement with eBanker being completed in June of 2003.

Net Loss. The Company's net loss during 2003 as compared to 2002 increased \$173 thousand. The net loss includes the recognition of a total of \$127 thousand and \$255 thousand of financing costs to a related party during the year ended December 31, 2003 and 2002, respectively.

Quarterly Results of Operations

The following table sets forth certain unaudited quarterly results of operations for each of the quarters in the years ended December 31, 2004 and 2003. In management's opinion, this unaudited information has been prepared on the same basis as the audited consolidated financial statements and includes all adjustments necessary for a fair presentation of the information for the quarters presented, when read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, included elsewhere in the Company's Form 10-K for the year ended December 31, 2004. During the year and three months ended December 31, 2004, the Company received \$265 thousand in cash and recognized \$145 thousand into revenues as a result of a termination agreement with a customer. The remaining \$120 thousand reduced certain general and administrative expenses for the three months and year ended December 31, 2004. During the three months ended March 31 and June 30, 2003, the Company recognized \$150 thousand in each of these quarters related to a termination fee associated with a significant PeopleMed customer. During the three months ended June 30, 2003, the Company recognized \$388 thousand related to non-cash consideration in the form of a reduction of liabilities that the Company owed to a customer. In addition, during the three months ended June 30, 2003, the Company recognized \$500 thousand related to non-cash settlements from one of its marketing partners whereby the Company was released from its obligation to perform services in accordance with the terms of prior agreements. See Note 1 of the consolidated financial statements for further discussion of these non-cash transactions. During the three months ended June 30, 2003, the Company had fully amortized the outstanding capitalized software development costs for SafeTrace Tx. During the three months ended December 31, 2003, the Company wrote down approximately \$77 thousand in costs associated with capitalized software development for certain PeopleMed products. These costs related to the underlying protocols that could be used in PeopleMed's software. The protocols were received in January of 2002 and as of December 31, 2003 had not been used incorporated into PeopleMed's software, and the Company has no current plans to do so. This expense was included in software amortization during 2003.

Included in the results for the three months ended December 31, 2003, the Company recognized \$81 thousand in interest in income from an outstanding note receivable. Prior to this period, effectively, the Company had a valuation allowance against the accrued interest. Of the \$81 thousand in interest income, \$69 thousand related to prior periods. The Company reversed this valuation allowance based on improvements in the financial status of the party to the note receivable. See the RELATED PARTIES of Note 1 of the consolidated financial statements for further discussion.

(In thousands, except share and per share information)

	Quarters Ended			
	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004
Revenues	\$ 2,277	\$ 1,794	\$ 1,460	\$ 1,353
Cost of revenues	666	587	621	563
Gross profit	1,611	1,207	839	790

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Quarters Ended

	Quarters Ended			
Operating expenses:				
General and administrative	606	644	580	604
Sales and marketing	526	377	386	308
Research and development	269	236	182	151
Depreciation and software amortization	46	41	36	37
Total operating expenses:	1,447	1,298	1,184	1,100
Income (loss) from operations	164	(91)	(345)	(310)
Interest income	13	13	13	12
Interest expense, including related party	(24)	(21)	(40)	(150)
Income (loss) before income taxes	153	(99)	(372)	(448)
Provision for income taxes	--	--	--	--
Net income (loss)	\$ 153	\$ (99)	\$ (372)	\$ (448)
Preferred dividend, related party	(131)	(159)	(189)	--
Net income (loss) attributable to common shareholders	\$ 22	\$ (258)	\$ (561)	\$ (448)
Basic and Diluted income (loss) per common share	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding:				
Basic	26,773	26,116	25,626	24,552
Diluted	35,029	26,116	25,626	24,552

23

(In thousands, except share and per share information)

Quarters Ended

	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003
Revenues	\$ 1,417	\$ 1,279	\$ 2,291	\$ 1,527
Cost of revenues	589	540	570	573

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Quarters Ended

Gross profit	828	739	1,721	954
Operating expenses:				
General and administrative	548	525	513	471
Sales and marketing	400	342	321	379
Research and development	166	150	156	123
Depreciation and software amortization	122	40	145	144
Total operating expenses:	1,236	1,057	1,135	1,117
Income (loss) from operations	(408)	(318)	586	(163)
Interest income	82	--	2	2
Interest expense, including related party	(151)	(150)	(112)	(121)
Financing costs to related party	--	--	(63)	(64)
Income (loss) before income taxes	(477)	(468)	413	(346)
Provision for income taxes	\$ --	\$ --	\$ --	\$ --
Net income (loss)	\$ (477)	\$ (468)	\$ 413	\$ (346)
Basic and Diluted income (loss) per common share	\$ (0.02)	\$ (0.02)	\$ 0.02	\$ (0.01)
Weighted average number of common shares outstanding:				
Basic	24,545	24,545	24,545	24,545
Diluted	24,545	24,545	25,326	24,545

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of \$1.633 million and \$983 thousand as of December 31, 2004 and 2003, respectively. Additionally, the Company had a net working capital deficit of \$1.452 million and \$1.574 million as of December 31, 2004 and 2003, respectively.

As of December 31, 2004, the Company's \$529 thousand in related party financing was considered long-term debt. On April 14, 2004, GMIL and Global Med entered into an agreement to convert \$3.5 million of the related party financing into preferred stock. This preferred stock is redeemable at the holder's option at any time after March 1, 2006 and mandatorily convertible on March 1, 2009. The remaining \$529 thousand in related party financing is due and payable on March 1, 2006. As part of the November 19, 2000 Loan Agreement, there exists a personal guarantee of Dr. Michael I. Ruxin, up to \$650 thousand plus pro rata accrued interest. The personal guarantee is limited to certain of Dr. Ruxin's assets and remains in full force and effect. The guarantee is limited by the Remaining Debt only. In consideration for the extension, Global Med agreed to pay GMCAL a fee of \$287 thousand which includes the extension fee and all interest due for the period from July 1, 2003 to January 1, 2004. As of the date of this agreement, Global Med had paid the \$287 thousand extension fee.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

On April 14, 2004, the Company restructured its outstanding financing agreements with GMIL into debt and preferred stock. The terms of the debt and preferred stock require cash interest and dividend payments to be made on the following dates: March 1, June 1, September 1, and December 1. During 2005, the Company is required to make interest payments of approximately \$20 thousand March 1, June 1, September 1, and December 1, on each of the dates noted above. In addition, the Company will be required to make base dividend payments of approximately \$184 thousand March 1, June 1, September 1, and December 1 as well as certain additional dividends payments related to 2004 that are expected to remain unpaid as of the end of that year. In the event that the Company is unable to make the mandatory dividend payments in a timely manner, the Company, at GMIL's option, can pay for the dividends in common stock or preferred stock of the Company. Based on the Company's projected cash flows for 2005, the payment of mandatory dividends represent a material use of available operating cash. If sufficient cash flows do not materialize, the Company may be required to reduce planned expenditures for sales and marketing and research and development. See Notes 2 and Note 11 of the consolidated financial statements for further discussion related to the debt and preferred stock.

The Company may require additional external financing through additional debt or equity in order to pay off the debt due in March of 2006 or the preferred stock if it is called by the holder in 2006. In addition, the Company's Series AA Preferred Stock requires significant dividend payments in 2005 that could require the Company to obtain additional financing. In the event we are unable to require additional external financing, we could be required to substantially reduce our software development programs and/or substantially reduce our other operating expenses.

It is expected that cash flows from the Company's existing customer base, new sales, sales of common stock and the Company's current assets, including cash and accounts receivable, will be sufficient to fund the Company's liquidity and capital requirements for the next twelve months excluding acquisitions or major new product development initiatives. Management anticipates that the cash, accounts receivable balances, recurring revenues, proceeds from the sale of common stock, and any future financing activities will be used to fund the Company's anticipated research and development costs, sales and marketing efforts during the remainder of 2005 and for general working capital purposes. The Company continues to pursue financing alternatives through the issuance of additional equity or debt.

Net cash provided by operating activities was \$256 thousand, \$24 thousand, and \$547 thousand during 2004, 2003 and 2002, respectively. The cash provided by operations of \$256 thousand during 2004 consisted primarily of the net loss of \$766 thousand, offset by non-cash charges of \$179 thousand and changes in operating assets and liabilities of \$843 thousand. During the years ended 2004, 2003, and 2002, the Company received \$265 thousand, \$350 thousand, and \$450 thousand, respectively, in cash proceeds related to the termination of contracts with significant customers. See Note 1 of the consolidated financial statements for further discussion. During the years ended 2004 and 2003, the Company made cash interest payments of \$259 thousand and \$200 thousand to its parent Company. No related party interest payments were made during the year ended 2002.

Net cash used by investing activities was \$77 thousand, and \$48 thousand, and \$458 thousand during 2004, 2003 and 2002, respectively. The Company invested \$0, \$19 thousand, and \$122 thousand in capitalized software development during 2004, 2003, and 2002 respectively. For 2002, the Company provided \$290 thousand to fund notes receivable to a related party. During 2003, the Company provided \$30 thousand to this same entity that was no longer a related party.

The Company's financing activities provided \$471 thousand in 2004. There were no financing related activities during 2003 that provided or used cash. Net cash provided by financing activities was \$241 during 2002. As of December 31, 2004, the Company had the following contractual obligations or unrecorded obligations:

Contractual Obligations Expected Maturity Dates (\$000s)

	2005	2006	2007	2008	2009
Related party financing	--	\$529	--	--	--
Preferred Stock	--	*	*	*	\$3,500
Operating leases	\$207	\$ 97	\$ 5	--	--
Capital leases **	\$ 26	\$ 26	\$26	\$26	\$ 17

* The Series AA Preferred Stock is callable by the holder on March 1, 2006 and mandatorily redeemable on March 1, 2009. As of December 31, 2003, the Series AA Preferred stock was classified as INDEBTEDNESS DUE IN 2004, REFINANCED AS PREFERRED STOCK IN 2004, RELATED PARTY in the consolidated financial statements because the outstanding debt was not converted to preferred stock until April 14, 2004. See Note 6 to the consolidated financial statements for further discussion. The related party financing is due and payable on March 1, 2006 and may not be repaid as long as the Series AA Preferred Stock is outstanding.

** Includes interest payments of \$33 thousand.

The following table represents the projected cash outlays for interest and preferred dividends assuming the current levels of debt and preferred stock remain outstanding to maturity.

	Interest and Dividends (\$000s)				
	2005	2006	2007	2008	2009
Related party financing interest	\$ 79	\$ 20	--	--	--
Preferred Dividends	971	735	735	735	184
	<u>\$1,050</u>	<u>\$755</u>	<u>\$735</u>	<u>\$735</u>	<u>\$184</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For 2005, the Company will be required to pay approximately \$243 thousand in unpaid dividends accrued during 2004. As a result of the deferral of certain dividend payments, the Company will be required to pay a financing fee in the amount of approximately \$26 thousand in 2005. This amount is reflected in the schedule above. See Note 6 of the consolidated financial statements for further discussion of preferred stock.

IMPACT OF INFLATION

Although it is difficult to predict the impact of inflation on our costs and revenues in connection with our products, we do not anticipate that inflation will materially impact our costs of operation or the profitability of our products when marketed.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A critical accounting policy is one that is both important to the portrayal of the Company's financial condition or results of operations and requires significant judgment or a complex estimation process. The Company believes the following fit that definition:

Revenue Recognition

The Company recognizes revenue in accordance with the American Institute of Certified Public Accountants Statement of Position (SOP) No. 97-2, Software Revenue Recognition. The Company's standard software license agreement for the Company's products provides for an initial fee to use the product in perpetuity up to a maximum number of users. Fees from software licenses are recognized as revenue upon shipment, provided fees are fixed and determinable and collection is probable. Fees from licenses sold together with consulting services are generally recognized upon shipment provided that the above criteria have been met, payment of the license fees is not dependent upon the performance of the consulting services and the consulting services are not essential to the functionality of the licensed software. In instances in which the consulting services are not essential to the functionality of the software but payment of the license fee is due at the earlier of the performance of specific consulting services or the passage of time, the license fee is recognized ratably over the anticipated period of performance of the services or ratably over the license fee billing period, whichever is more readily determinable. If the consulting services are essential to the functionality of the product or any portion of the payment of the license fee is contingent solely upon the performance of consulting services, license fees are recognized ratably over the anticipated period of performance of the consulting services.

For arrangements with multiple elements, we allocate revenue to each element of a transaction based upon its fair value as determined by vendor specific objective evidence. Vendor specific objective evidence of fair value for all elements of an arrangement is based upon the normal pricing and discounting practices for those products and services when sold separately and for software license updates and product support services, and is additionally measured by the renewal rate offered to the customer. We may modify our pricing practices in the future, which could result in changes in our vendor specific objective evidence of fair value for these undelivered elements. As a result, our future revenue recognition for multi-element arrangements could differ significantly from our historical results.

If an arrangement does not qualify for separate accounting of the software license and consulting transactions, then new software license revenue is generally recognized together with the consulting services based on contract accounting using the percentage-of-completion method. Contract accounting is generally applied to arrangements when services include significant modification or customization of the software. Progress towards completion is generally measured based on hours incurred versus projected total hours.

Certain of the Company's contracts include warranties that provide for refunds of all or a portion of the software license and or other fees in the event that the Company is unable to provide maintenance services, for which there is a separate fee, for the contractually prescribed period. Contracts with these provisions are accounted for in accordance with the policies above.

Some of the Company's contracts with customers require significant customization of the software or have services that are essential to the functionality of the software. The Company recognizes revenues from these contracts over the period the services are performed, in accordance with AICPA Statement of Position 97-2, Software Revenue Recognition.

The Company provides consulting services that include implementation, training and the performance of other services to its customers. Revenue from such services is generally recognized ratably over the period during which the applicable service is to be performed.

Support agreements generally call for the Company to provide technical support and software updates, on a when-and-if-available basis to customers. Revenue on technical support and software update rights is recognized ratably over the term of the support agreement.

Revenues from the re-sale of hardware and software, obtained from vendors, is recognized at the time the hardware and software are delivered to customers.

PeopleMed has contracts that include fixed fee and per-member fees. The Company recognizes revenues from these contracts as services are provided.

Note Receivable Collectibility

The Company had outstanding notes receivable in the amount of \$400 thousand and accrued interest receivable of approximately \$129 thousand outstanding as of December 31, 2004. The Company lent money to the party to the notes receivable from 2001 to 2003. Consistent with the terms of the notes receivable, the Company has received no interest or principal payments and all accrued and unpaid interest and principal are due at various dates during 2006. The factors the Company considered in determining the collectibility of the notes receivable are as follows:

1. Continued improvements in the party to the notes receivable financial status from December 31, 2003 to December 31, 2004,
2. The Parties financial status as of December 31, 2004, and
3. The Parties current and projected funding sources through the due date of the notes receivable.

All of the information above was unaudited and supplied by the party to the notes receivable. Based on the Company's review of the information provided, the Company does not believe the outstanding notes receivable or the accrued interest are impaired as of December 31, 2004. If the party to the note receivable is unable to pay the note receivable or defaults on a material portion of payment of the note receivable, this could have material impact on the Company's financials statements for the period in which the default or impairment is recognized.

Prior to the fourth quarter of 2003, the Company had a valuation allowance on all of the interest income associated with the note receivable discussed above. Although the financial status of the entity that was lent the \$400 thousand notes receivable did not warrant a reserve for the principal amount of the notes receivable because the Company believed no impairment existed, no interest income was recognized prior to the

fourth quarter of 2003. Subsequent to the year ended December 31, 2003, the Company, which prior to this had not received any monies from the entity to whom the note receivable was lent, received \$42 thousand for services to be performed. Based on the improvements in the entities financial status and the receipt of monies from the entity, the Company effectively removed the valuation allowance from the interest income on the note receivable. Of the \$81 thousand in interest income recognized in 2003, \$27 thousand and \$7 thousand related to interest income for the years ended December 31, 2002 and 2001, respectively.

Income Tax Valuation Allowance

On an annual basis, the management of the Company evaluates the realizability of the net deferred tax assets and assesses the need for a valuation allowance. In assessing the realizability of deferred tax assets, management concluded that it is not more likely than not that the deferred tax assets would be realized. The ultimate realization of the deferred tax assets is dependent on the generation of future taxable income in the period in which the temporary differences become deductible. The Company has established a full valuation allowance for deferred taxes due to the uncertainty that the deferred tax assets will be utilized.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In December 2004 the FASB issued revised SFAS No. 123 (revised 2004), Share-Based Payment (SFAS No. 123R), which replaces SFAS No. 123, Accounting for Stock-Based Compensation, (SFAS 123) and supercedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first interim or annual period after June 15, 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. Global Med is currently required to adopt SFAS 123R in the third quarter of fiscal 2005, beginning July 1, 2005. Under SFAS 123R, Global Med must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS 123R, while the retroactive methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Global Med is evaluating the requirements of SFAS 123R and expects that the adoption of SFAS 123R will have a material impact on the Company's consolidated results of operations and earnings per share. Global Med has not yet determined the method of adoption or the effect of adopting SFAS 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS 123.

In December 2004 the FASB issued SFAS No. 153 Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is to be applied prospectively for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. Our adoption of SFAS No. 153 is not expected to have a material impact on our financial position or results of operations.

28

BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Global Med Technologies, Inc. was organized under the laws of the State of Colorado in December 1989.

In 1995, Global Med Technologies, Inc. merged with the Wyndgate Group, Inc. (Wyndgate). Wyndgate operates as a division of Global Med Technologies, Inc. and designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities.

During 1999, Global Med Technologies, Inc. formed a majority-owned subsidiary, PeopleMed.com, Inc. (PeopleMed), a Colorado corporation, to develop a software application designed to give HMO providers and other third party payers, access to clinical information for chronic disease patients. This application allows doctors and other medical employees access to a patient's history. PeopleMed offers chronic disease management as an Application Service Provider (ASP). PeopleMed's system uses the Internet to coordinate sources and users of a patient's clinical information, including laboratory, pharmacy, primary and specialty care providers, claims and medical records.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

PeopleMed is owned 83% by Global Med Technologies, Inc. and 13% by certain executive officers and directors of Global Med Technologies, Inc. and 4% owned by third parties. Global Med Technologies, Inc. and PeopleMed are referred to collectively herein as the Company or Global Med.

RELATED PARTIES

Global Med is financed primarily through lending arrangements with Global Med International Limited (GMIL). These lending arrangements were originated by eBanker USA.com, Inc., (eBanker) transferred, along with eBanker's ownership in Global Med, to Global Med China & Asia Limited (GMCAL) in October 2002, and then the lending arrangements were transferred to GMIL in September 2003. Until November 28, 2001, eBanker was a consolidated subsidiary of eVision International, Inc. (eVision). eVision is majority owned by China Credit Holdings Limited (China Credit formerly Heng Fung Holdings Limited) and its subsidiaries, Online Credit Limited (Online Credit) and Heng Fung Singapore Pte. Limited (Heng Fung Singapore). Currently, GMCAL is a shareholder of Global Med. Until November 2001, eVision was also a shareholder of Global Med. eBanker through its subsidiary, GMCAL, is a shareholder of Global Med. Additionally, eVision and GMCAL each hold warrants to acquire 1 million and 11.186 million shares, respectively, of Global Med's common stock with exercise prices that range from \$0.25-\$0.50 per share. In November 2000, eBanker and Global Med entered into a series of equity transactions that resulted in Global Med becoming a consolidated subsidiary of eBanker and eVision effective November 2000.

On November 28, 2001, the shareholders of eVision approved a transaction, which transferred certain of the assets of eVision to Online Credit as satisfaction of the certain obligations eVision had with Online Credit. As a result, all of Global Med's common shares held by eVision and all eBanker's common shares and warrants held by eVision were transferred to Online Credit. Consequently, as of November 28, 2001, Global Med remained a consolidated entity of eBanker for accounting purposes; however, eBanker was then directly controlled by Online Credit instead of eVision. Additionally, eVision Corporate Services, Inc. and certain other subsidiaries of China Credit provide certain support services to Global Med.

As a result of these transactions and relationships, the financial condition and results of operations for Global Med may not necessarily be indicative of those that would have resulted if Global Med were unaffiliated with these entities.

29

Description of Business

Principal Products and Their Markets

Global Med designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers 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 hardware and software obtained from vendors.

Wyndgate began development of a blood tracking system called SafeTrace to assist community blood centers, hospitals, plasma centers and outpatient clinics in the U.S. in complying with the quality and safety standards of the Food and Drug Administration for the collection and management of blood and blood products.

Global Med has two main products in its Wyndgate division: SafeTrace and SafeTrace Tx, a transfusion management information system that is designed to be used by hospitals and centralized transfusion centers to help insure the quality of blood transfused into patient-recipients. SafeTrace Tx provides electronic cross-matching capabilities to help insure blood compatibility with patient-recipients and tracks, inventory, bill and document all activities with blood products from the time blood products are received in inventory to the time the blood products are used or returned to blood centers. SafeTrace Tx complements SafeTrace, because the combined SAFETRACE Tx and SafeTrace software system is now able to integrate hospitals with blood centers and provide a vein-to-vein ® tracking of the blood supply. SafeTrace Tx received FDA clearance on January 29, 1999.

Global Med continues to concentrate its development efforts on enhancements to its existing SafeTrace blood bank product and SafeTrace Tx. The FDA has cleared both products for sale in the United States.

In 1999, Global Med introduced PeopleMed. PeopleMed supports chronic disease management as an ASP. PeopleMed's system uses the Internet to coordinate sources of information and users of a patient's clinical information, including laboratory, pharmacy, primary and specialty care providers, claims, and medical records.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

All of Global Med's revenues were generated from providing products and services to end users located throughout the United States, Canada, Puerto Rico and Africa.

Competition

There is substantial competition in all aspects of the blood bank and hospital information management industry. Numerous companies are developing technologies and marketing products and services in the healthcare information management area. Many competitors in the blood bank industry have received FDA clearance for their products. Many of these competitors have been in business longer and have substantially greater personnel and financial resources than Global Med. Global Med is aware of three primary competitors to our SafeTrace software product: Mak-System Corp.; Blood Bank Computer Systems, Inc. and Mediware Information Systems, Inc. There are five primary competitors in the United States to our SafeTrace Tx product: Misys Hospital Systems, Inc. (Misys is a channel partner that currently resells the Company's SafeTrace software); Mediware Information Systems, Inc.; Meditech, Inc., SCC Soft Computer; and Cerner Corp. Global Med believes it is able to compete based on the current technological capabilities of SafeTrace and SafeTrace Tx.

Dependence On Major Customers

As of February 8, 2005, Global Med, through its Wyndgate division, had over 125 customers. It intends to continue to target domestic and international blood centers, plasma centers and hospital donor and transfusion centers. During the year ended December 31, 2004, there were no customers accounting for more than 10% of revenues.

During the year ended December 31, 2003, Global Med had one customer, the Institute for Transfusion Medicine that accounted for 10.4%, or \$677 thousand of Global Med's revenues.

During the year ended December 31, 2002, Global Med had one customer that accounted for 15.4%, or \$1.022 million, of Global Med's revenues. Of the \$1.022 million in revenues, \$500 thousand was attributable to the customer terminating a five-year contract with PeopleMed. See Note 1 of the consolidated financial statements for discussion.

30

Royalty And Commission Agreements

The Royalty Group. Pursuant to a development agreement between Wyndgate and the Royalty Group, Wyndgate developed SafeTrace and must make royalty payments to the Royalty Group based on a percentage of Wyndgate's SafeTrace license fees collected, measured by cash received from SafeTrace licensees, net of certain fees and charges. The royalty schedule is based upon the first date of SafeTrace license invoicing, which was September 14, 1995. The royalty amounts are computed as a percentage of software license fees collected. For the years ended December 31, 2004, 2003, and 2002, Global Med expensed \$0, \$6 thousand, and \$12 thousand, respectively, and are included in the cost of revenues in the statement of operations. Global Med has accrued but not paid any royalties for the years ended December 31, 2004, 2003, or 2002. As of December 31, 2004, the outstanding royalty obligation was approximately \$125 thousand.

The Institute for Transfusion Medicine. Pursuant to a development agreement between Wyndgate and The Institute for Transfusion Medicine (ITXM), Wyndgate developed SafeTrace Tx and agreed to make royalty payments to ITXM, based on a percentage of Wyndgate's SafeTrace Tx license fees paid. The royalty amounts were computed as a percentage of net software license fees. Global Med did not pay any royalties for the years ended December 31, 2004, 2003 or 2002. In April 2003, Wyndgate signed an agreement with ITXM whereby ITXM waived its rights to payment for all future and past royalties. See Note 1 of the audited consolidated financial statements for further discussion.

Ortho Clinical Diagnostics, Inc. In 1996, Global Med entered into an Exclusivity and Software Development Agreement (the Exclusivity Agreement) with Ortho-Clinical Diagnostics, Inc. (OCD), successor to Ortho Diagnostic Systems Inc., a wholly owned subsidiary of Johnson & Johnson. The Exclusivity Agreement provided OCD the exclusive right to negotiate with Global Med with respect to Global Med's activities and developments in information technology and intellectual property relating to donor and transfusion medicine. In connection with this agreement, Global Med received \$500 thousand in 1996, which was recorded as deferred revenue, because the services to be provided to OCD in conjunction with the receipt of this cash had not yet been provided.

In May 1997, Global Med received a request from OCD to continue its evaluation of Global Med's technology, on a non-exclusive basis, with the intent of responding to Global Med by July 14, 1997 regarding whether or not OCD would propose some form of transaction with Global Med. Global Med received an additional \$500 thousand from OCD during 1997 which was recorded as deferred revenue until Global Med provided the software development services as defined in the Exclusivity Agreement. Global Med finalized the Manufacturer's Representative and Software Development Agreement (OCD Agreement) during June 1999 making OCD the exclusive *in-vitro* diagnostics manufacturer's

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

representative for the SafeTrace Tx product in defined territories around the world. The total of \$1 million was included in deferred revenue as of December 31, 1998. Global Med recognized \$500 thousand ratably over the term of the 22 month contract which ended in June of 2001. Global Med recognized the remaining portion of the deferred revenue in the amount of \$500 thousand in June 2003 in conjunction with a Settlement Agreement with Ortho.

In June 2003, Global Med signed a settlement agreement (the Settlement Agreement) with Ortho Clinical Diagnostics, Inc. (Ortho), whereby all of Global Med's outstanding obligations to and from Ortho were released. As a result, Global Med was released from its obligation to provide Ortho with \$500 thousand in software development work for which it had received payment from Ortho in 1997 as part of the exclusivity agreement Global Med signed with Ortho in 1997.

In addition, Global Med was released from all other obligations to Ortho, which included liabilities amounting to approximately \$36 thousand for sales distribution commissions. For the year ended December 31, 2003, Global Med recognized \$500 thousand in revenues associated with the Settlement Agreement and Ortho's waiver of its right to software development services. In addition, Global Med reduced sales and marketing expenses by \$36 thousand as a result the release of Global Med from its obligation to pay commissions to Ortho for prior sales. The OCD Agreement was signed with Ortho during June 1999 and expired in June 2003.

Siemens Medical Solutions Health Services Corporation. During September of 1999, Global Med entered into a non-exclusive marketing and support agreement with Shared Medical Systems Corporation (SMS). Under this agreement, SMS markets Global Med's blood bank products on a preferred basis. Global Med will pay a commission to SMS based on the software license fee for each sale SMS has facilitated. This agreement was automatically renewed and is still in effect.

31

Sysmex Infosystems America, Inc. Global Med entered into a non-exclusive marketing and support agreement with Sysmex Infosystems America, Inc. (SIA). Under this agreement, SIA will market Global Med's blood bank products on a preferred basis. Global Med will pay a commission to SIA based on the software license fee for each sale SIA has facilitated. This agreement was automatically renewed and is still in effect.

GE Medical (aka Triple G Systems Group, Inc.). Global Med entered into a non-exclusive marketing and support agreement (the Non-Exclusive Agreement #2) with GE Medical (aka Triple G Systems Group, Inc.) (Triple G). Triple G, under the Non-Exclusive Agreement #2, markets Global Med's SafeTrace Tx products on a preferred basis. Global Med will pay to Triple G a commission based on a percentage of the software license fee that Triple G facilitates through their marketing efforts. This agreement was automatically renewed and is still in effect.

National Jewish Medical and Research Center. Global Med, through its PeopleMed subsidiary, entered into a development and non-exclusive Marketing Agreement with National Jewish Medical and Research Center (National Jewish). Under the terms of this agreement, Global Med will pay National Jewish a royalty for all sales of PeopleMed's products that use National Jewish's protocols. In addition, in February 2002, PeopleMed signed a Sales and Marketing Agreement with National Jewish, whereby National Jewish will be paid a commission for sales of PeopleMed's products facilitated by National Jewish. The initial term of this agreement expired and this agreement has been automatically renewed. During the term of this agreement, there have been no royalties paid to National Jewish.

Cardiovascular Disease Management, LLC. Global Med, through its PeopleMed subsidiary, entered into a development and non-exclusive marketing agreement with Cardiovascular Disease Management (CVDM). Under the terms of this agreement, Global Med will pay CVDM a royalty for all sales of PeopleMed's products that use CVDM's protocols. During the term of this agreement, there have been no royalties paid to CVDM.

Misys Hospital Systems, Inc. Global Med entered into a non-exclusive marketing and support agreement with Misys Hospital Systems, Inc. (Misys). In the Agreement, Global Med granted to Misys the non-exclusive and non-transferable worldwide rights, excluding the African continent and the following countries; India, Indonesia, Bangladesh, Burma, Cambodia, Laos, Malaysia, Mongolia, Nepal, North Korea, Philippines, Singapore, Sri Lanka, South Korea, Taiwan, Thailand, Vietnam, China (including Hong Kong and Macau); non-exclusive and non-transferable right to market, promote, endorse and assist Wyndgate in the sale and license of its blood donor product, SafeTrace, to Misys clients. Global Med maintains all responsibilities for the licensure, delivery, installation, warranty or support between Wyndgate and the Licensee for all contracts facilitated under the terms of this agreement. Global Med will pay a commission to Misys based on the software license fee for each sale Misys has facilitated. This agreement was automatically renewed and is still in effect. During the term of this agreement, there have been no royalties paid to Misys.

McKesson Information Solutions LLC. Global Med entered into a Value Added Marketing Agreement (McKesson Agreement) with McKesson Information Solutions LLC, a division of McKesson Corporation, to provide Wyndgate's SafeTrace Tx (the Software) advanced transfusion

management system as Horizon Blood Bank, as a privately-labeled (OEM) module to be separately licensed with McKesson's Horizon Lab solution. Horizon Blood Bank serves as a tool to help organizations improve patient safety by automating the management and tracking patient transfusion services. McKesson Information Solution's products are in use in over 2 thousand hospitals throughout the United States.

The McKesson Agreement grants McKesson the right to privately brand SafeTrace Tx in the United States, Canada, and Mexico. The McKesson Agreement also grants McKesson rights to market the Software to McKesson's hospital information system, clinical systems and ancillary systems customers. This Agreement does not prevent Wyndgate from pursuing sales opportunities through its existing channel partner base as provided and/or required by those agreements. Wyndgate is not required and will not inform McKesson of the opportunities brought to Wyndgate by its channel partners.

The McKesson Agreement requires Wyndgate and McKesson to integrate certain aspects of their respective software products. Wyndgate and McKesson have agreed that certain aspects of their joint software development will be unique to one another, and not available to any other channel partner or non-McKesson customers. In light of these grants of exclusivity, McKesson has agreed to certain revenue commitments in order to maintain their marketing rights in terms of the increased software product functionality. The revenue commitments include software license fees, implementation services fees, and maintenance fees.

32

In the event that McKesson is unable to meet certain revenue commitments, McKesson has the right to purchase prepaid license fees from Wyndgate in order to maintain its marketing rights. In the McKesson Agreement, Wyndgate has agreed to notify McKesson, as soon as reasonably possible, if any entity makes a proposal to acquire a majority share in, or full ownership of, Global Med or the Software. McKesson would have the right within ten (10) days to also make an offer after receipt of such notice. Global Med has no obligation to accept such offer. The McKesson Agreement grants McKesson the right to participate in meetings that relate to future development of the Software. Wyndgate is required to provide frequent and timely communications on the path of the Software. Wyndgate and McKesson have agreed to certain enhancements to the Software. The McKesson Agreement provides for McKesson to pay Wyndgate certain fees for the licensing of the Software, performance of implementation and maintenance services by Wyndgate for McKesson's customers using the Software.

Certain terms of the McKesson Agreement are not provided because they are proprietary in nature and are subject to confidentiality and non-disclosure provisions under the Agreement.

Paratech, LLC. Global Med, through its PeopleMed subsidiary, entered into a non-exclusive marketing agreement with Paratech, LLC. (Paratech). Under the terms of this agreement, Global Med will pay Paratech a commission for sales of PeopleMed's products they facilitate.

Government Approval And Regulation

The FDA requires all blood tracking application software vendors to submit a 510(k) application for review. The application process for FDA review and compliance with FDA guidelines relates to computer software products regulated as medical devices. The FDA considers software products intended for the following to be medical devices: (i) use in the manufacture of blood and blood components; or (ii) maintenance of data used to evaluate the suitability of donors and the release of blood or blood components for transfusion or further manufacturing. As medical device manufacturers, Global Med and its competitors are required to register with the Center for Biologics Evaluation and Research (CBER), list their medical devices, and submit a pre-market notification or application for pre-market review. In April 1997, Global Med's Wyndgate division received notification from the FDA of its finding of substantial equivalence of SafeTrace. This determination provides a 510(k) clearance and permits Global Med to continue to market SafeTrace. On January 29, 1999, the 510(k) clearance was received for SafeTrace Tx.

Global Med's products and services are subject to regulations adopted by governmental authorities, including the FDA, which governs blood center computer software products regulated as medical devices. Global Med is also required to follow applicable Quality System Regulations (QSR) of the FDA, which include testing, control and documentation requirements, as well as similar requirements in other countries, including International Standards Organization (ISO) 9001 standards. In 1996 Congress passed legislation that impacted the healthcare information management. The Healthcare Information Portability and Accountability Act (HIPAA) requires the Department of Health and Human Services (HHS) to enact standards for information sharing, security and patient confidentiality. Although HHS has not issued clarification on many of the topics under HIPAA, Global Med believes these regulations will have an important impact on requiring advanced management information systems that will enable various healthcare organizations to comply with emerging requirements.

HIPAA contains provisions regarding the confidentiality and security of patient medical record information. Standards for the electronic handling of health data and security of patient information became effective in 2000. This legislation requires the Secretary of Health and Human Services, or HHS, to (a) adopt national standards for electronic health information transactions, (b) adopt standards to ensure the integrity and confidentiality of health information, and (c) establish a schedule for implementing national health data privacy legislation or

regulations. The standards and legislation will impact the customers' ability to obtain, use or disseminate patient information, which will extend to their use of Global Med's products. Global Med believes that the proposed standards issued to date would not materially affect the business of Global Med. Global Med cannot determine the potential impact of the standards that might finally be adopted.

Financing Agreements With Related Parties

Debt Conversion

Pursuant to a Loan Restructuring and Restatement Agreement between Global Med and eBanker of which GMIL is a subsidiary, dated November 19, 2000, as amended (the Agreement), Global Med was required to repay \$3.829 million, which amount included all principal, interest and other charges due under the Agreement (except for \$96 thousand in extension interest payments and accrued interest thereon due on July 1, 2004), on or before March 1, 2004. By an Assignment dated July 4, 2002, eBanker assigned the Agreement to Global Med International Holdings Limited (GMIHL), a subsidiary of eBanker and parent company of GMIL. By an Assignment dated July 4, 2002, GMIHL assigned the Agreement to GMIL. By an Assignment dated October 28, 2002, GMIL assigned the Agreement to GMCAL, a subsidiary of GMIL. By an Assignment dated September 19, 2003, GMCAL assigned the Agreement to GMIL. Pursuant to a Loan and Promissory Note between Global Med and GMIHL dated June 18, 2002, as previously amended (the Note), Global Med was required to repay GMIHL \$200 thousand, which amount included all principal, interest and other charges due under the Note (except for \$12 thousand in extension interest payments due on July 1, 2004), on or before March 1, 2004. GMIHL has assigned the Note to GMIL. The total debt owed by Global Med to GMIL under the Agreement and the Note (except for the \$96 thousand in extension interest payments and accrued interest thereon due on July 1, 2004 and the \$12 thousand in extension interest payments due on July 1, 2004, referenced above) (the Debt) was \$4.029 million at December 31, 2003.

On April 14, 2004, Global Med International Limited (GMIL) and Global Med amended their existing financing agreements and entered into an agreement to combine the outstanding \$3.829 million and \$200 thousand debt agreements. The combined loan of \$4.029 million was then separated into two parts: \$529 thousand was converted into debt (Remaining Debt) and \$3.5 million was converted into \$1 par value Series AA Convertible Redeemable Preferred Stock (Preferred Stock). (See note 6 of the financial statements for further discussion of the preferred stock.) The due date of the Remaining Debt is March 1, 2006. The interest rate on the Remaining Debt is 15% per year and interest on this debt is due and payable quarterly on March 1, June 1, September 1, and December 1 of each year until the Remaining Debt is paid in full. The Remaining Debt is secured by all of Global Med's assets and is subject to the outstanding terms of November 19, 2000 financing agreement (Loan Agreement). As of April 14, 2004, Global Med had paid GMIL \$287 thousand of the \$287 thousand extension fee. At December 31, 2004, principal of \$529 thousand and accrued interest of \$69 thousand was outstanding under the terms of the Remaining Debt agreement.

Under the terms of the Remaining Debt and Preferred Stock Agreements, the personal guaranty of Dr. Michael I. Ruxin, the Company's Chairman and CEO, remains in effect until both the Preferred Stock and Remaining Debt and any related dividends or interest, respectively, are paid. Unless Global Med is in default of the Remaining Debt or Preferred Stock agreements, Dr. Ruxin's personal guaranty is limited to the debt and related interest and will not exceed \$650 thousand and will remain in effect until the total Remaining Debt has been fully paid or satisfied. The agreements also contain the following provisions:

- o Global Med agrees to register with the SEC all unregistered Global Med shares and shares underlying derivatives regardless of the owner of the shares.
- o Registration of all Global Med Shares will be maintained and not allowed to lapse.
- o Remaining Debt and Preferred Stock are not satisfied unless eliminated.
- o Any future restructuring of the Remaining Debt or Preferred Stock is not a satisfaction of the Remaining Debt or Preferred Stock unless specified in writing by GMIL.
- o While any of the Remaining Debt or Preferred Stock is outstanding, the Company has agreed not to incur any debt in excess of \$100 thousand without the written consent of GMIL.

As part of these agreements, Global Med agreed to indemnify GMIL and its affiliates, including but not limited to GMCAL, GMIHL, eBanker, Online Credit Limited, Heng Fung Singapore Ltd., and China Credit, and their employees, officers, directors, and agents for any legal proceeding that results or stems from GMIL's conversion of this debt to Preferred Stock.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

In conjunction with the signing of the Remaining Debt and the Preferred Stock Agreement, these agreements preserved the right of GMIL to appoint 5 of 9 members of Global Med's Board of Directors until the Remaining Debt and Preferred Stock have been satisfied. Further, GMIL shall have the right to select a replacement director for any member of the Borrower's Board of Directors that was selected by Lender who resigned or otherwise fails to serve as a director. Global Med agrees not to increase the number of directors above nine except with GMIL's written consent. If Global Med defaults on the repayment of any amount borrowed under the financing agreements initiated with eBanker, all of the Board of Directors of Global Med will be required to resign and GMIL will have the right to appoint all new members.

Series BB Preferred Stock. As of February 28, 2004, Dr. Ruxin had 1,692 hours of accrued vacation and sick time with a book value, collectively, of approximately \$224 thousand (the Accrued PTO). In addition, Dr. Ruxin had approximately \$60 thousand of accrued wages. Dr. Ruxin agreed to convert the Accrued PTO and accrued wages with a combined book value of \$284 thousand into 675,386 shares of Series BB Preferred Stock. The Series BB Preferred Stock had the following terms:

- o The Series BB Preferred Stock was convertible, at the option of the holder thereof, at any time, in whole or in part, after the closing market price for Global Med's common stock for any day reaches \$0.75 per share or more (regardless of whether the closing market price subsequently declines to below \$0.75 per share), upon written notice to Global Med, at the rate of one (1) share of common stock per share of Series BB Preferred Stock.
- o The Series BB Preferred Stock was junior to the Series AA Preferred Stock and senior to Global Med's common stock and all other existing or future series of preferred stock and will have a liquidation preference of \$0.42 per share. The Series BB Preferred Stock did not have voting rights.

In December 2004, the Series BB Preferred Stock was converted into common stock.

Employees

As of January 31, 2005, Global Med had 52 full-time employees, consisting of 2 employees in the corporate offices in Lakewood, Colorado and 46 at Wyndgate's offices near Sacramento, California. Global Med has employment agreements with certain personnel. Global Med's employees are not represented by a labor union or subject to collective bargaining agreements. Global Med has never experienced a work stoppage and believes that its employee relations are satisfactory.

During the years ended December 31, 2002 through 2004, Global Med had customers located in numerous locations across the United States and Puerto Rico and sales are not concentrated in any geographic or economic region. PeopleMed's customer is located in the State of Colorado. For the year ended December 31, 2004, Global Med continued to recognize revenues from the geographic areas above, but recognized approximately 5% of its revenues from international customers. The results for the three years ended December 31, 2004 may not be indicative of the current or future operations.

Our common stock is currently trading on the OTC Bulletin Board. OTC Bulletin Board stocks are not required to send annual reports directly to their shareholders. Our shareholders have direct electronic access to all of our SEC filings via our website at www.globalmedtech.com or via the SEC website at www.sec.gov. Global Med does send proxy filings to our shareholders as matters are voted on by all of our shareholders. When Global Med does send information to its shareholders that relates to our annual or interim results, this annual financial information does contain audited information on which an opinion has been issued or interim information that has been reviewed.

Legal Proceedings

In September 2002, Global Med filed a lawsuit against Donnie L. Jackson, Jr., Global Med's former Vice President of Sales and Marketing. Global Med alleges, among other things, that prior to his resignation in July 2002 Mr. Jackson misappropriated certain trade secrets of Global Med. Mr. Jackson is currently a management employee of one of Global Med's competitors. On October 13, 2004, the Superior Court of the State of California in and for the County of El Dorado granted the motion for summary judgment for Donnie L. Jackson, Jr. The Company plans to appeal this decision. On November 5, 2004, Mediware Information Systems, Inc., Donnie L. Jackson, Jr.'s current employer, filed a claim against the Company in the United States District Court for the Eastern District of California seeking recovery of legal costs in excess of \$600 thousand. Global Med believes the claim is without merit and plans to vigorously defend against this lawsuit and does not believe this lawsuit will have a material impact on Global Med's business.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Our directors and executive officers and their ages as of the date of this prospectus are as follows:

Name	Age	Position	Officer or Director Since
Michael I. Ruxin, M.D	59	Chairman of the Board and Chief Executive Officer and Principal Financial Officer and Accounting Officer	1989
Fai H. Chan	60	Director	1998
Robert H. Trapp	49	Director	1998
Kwok Jen Fong	55	Director	1998
Gary L. Cook	47	Director, Acting Principal Financial Officer and Treasurer through February 25, 2004	1998
Gerald F. Willman, Jr	47	Director and Senior Vice President of International Business Development for Wyndgate Technologies	1995
Tony T.W. Chan	30	Director	1999
Thomas F. Marcinek	51	President and Chief Operating Officer	1998
David T. Chen	69	Director	2002

China Credit has appointed five of the eight members of the Board of Directors of Global Med. The directors appointed by China Credit are Fai H. Chan, Kwok Jen Fong, Robert H. Trapp, Tony T. W. Chan, and Gary L. Cook. Fai H. Chan, Kwok Jen Fong and Tony T.W. Chan are also directors of China Credit.

36

The directors of Global Med are elected to hold office until the next annual meeting of shareholders and until their respective successors have been elected and qualified. Officers of Global Med are elected by the Board of Directors and hold office until their successors are elected and qualified.

The following sets forth biographical information concerning Global Med's directors and executive officers for at least the past five years. All of the following persons who are executive officers of Global Med are full time employees of Global Med.

Michael I. Ruxin, M.D., the founder of Global Med, has been an officer and director of Global Med since its incorporation in 1989 and is currently the Chairman and Chief Executive Officer of Global Med. Dr. Ruxin received a B.A. degree from the University of Pittsburgh and a M.D. degree from the University of Southern California. Dr. Ruxin is a licensed physician in California and Colorado.

Fai H. Chan has been a Director of Global Med since May 1998. From 1997-2002, he was a director and from 1998-2002 he was Chairman of the Board of Directors and President of eVision. Mr. Chan is the Managing Chairman of China Credit and has been a Director of China Credit since September 2, 1992. Mr. Chan was elected Managing Director of China Credit on May 1, 1995 and Chairman on June 3, 1995. Mr. Chan's title in China Credit changed to Managing Chairman on August 25, 2003. China Credit's primary business activities include investment holdings, securities investment, financing, issuance of credit cards and discount cards. Mr. Chan has been the Chairman of the Board of Directors of American Pacific Bank since 1988 and Executive Officer thereof between April 1991 and April 1993.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Robert H. Trapp has been a Director of Global Med since May 1998. He has been a Director of eVision since December 1997 and the Managing Director since February 1998. Mr. Trapp was a Director of China Credit from May 1995 to May 2001; a Director of Inter-Asia Equities, Inc., a merchant banking company, since February 1995 and the Secretary thereof since April 1994; Director, Secretary and Treasurer of Asia SuperNet Corporation, (formerly, Powers Technologies Inc.), which owns various industrial companies; and the Canadian operational manager of Pacific Concord Holding (Canada) Ltd. of Hong Kong, which operates in the consumer products industry, from July 1991 until November 1997.

Kwok Jen Fong has been a Director of Global Med since May 1998. Mr. Fong has been a Director of eVision since February 1998 and a Director of China Credit since May 1995. Mr. Fong has been a practicing solicitor in Singapore for at least the last seven years.

Gary L. Cook has been a Director of Global Med since 1998 and was the Acting Principal Financial Officer and Treasurer from October 2000 to February 25, 2004. In February of 2004, Mr. Cook replaced Dr. Ruxin as Chairman and member of the Audit Committee. From 1998 to June of 2002, he was Secretary, Treasurer and Chief Financial Officer of eVision and Treasurer of eBanker. From 1994 to 1996, Mr. Cook was self-employed as the principal of a small business. From 1982 to 1994, he worked for KPMG LLP responsible for all auditing services for several clients in various financial and other industries. Mr. Cook received a B.A. in Accounting from Brigham Young University in 1982 and is a member of the American Institute of Certified Public Accountants. Mr. Cook has been a Director of Cognigen Networks, Inc. since October 2002 and Chief Financial Officer since 2003.

Gerald F. Willman, Jr. has been a Director of and is now the Senior Vice President of International Business Development for Wyndgate Technologies. Mr. Willman has been a Vice President of the Wyndgate division since May 1995 and Chief Financial Officer from April through August 1998. Mr. Willman was director and then a Vice President of The Wyndgate Group, Ltd., from 1984 to 1995 and was responsible for the overall design and development of the products developed by The Wyndgate Group, Ltd., including research of new technologies. Prior to his employment at The Wyndgate Group, Ltd., he was employed as a development team leader at Systems Research, Inc. Mr. Willman received a B.S. degree from Hampden Sydney College and M.B.A. degree from National University.

Tony T.W. Chan has been a Director of Global Med since December 1999. Mr. Chan has been the Managing Director of China Credit since August 25, 2003 and Director of China Credit since January 17, 2000. Mr. Chan has been the Chief Operating Officer and Director of eVision since 1999, and its Chairman since 2002. From 1998 to April 1999, Mr. Chan worked as an Investment Banker for Commerzbank, Global Equities, Hong Kong, involved in the establishment of a new regional business center in Hong Kong. From 1996 to 1998, Mr. Chan worked for Peregrine Derivatives specializing in Asian equity financial products. Mr. Chan received a Bachelor of Commerce degree in Finance with honors from the University of British Columbia. Mr. Chan is also a director of American Pacific Bank and President and Director of eBanker.

37

Thomas F. Marcinek was elected as President and Chief Operating Officer in March 1998. From 1994 until joining Global Med, he was the President and owner of Prax Information Systems, Wantagh, New York, a practice management software consulting company. From 1990-1994, he was the President of the Data Technologies Group, a division of Henry Schein, Inc., Melville, New York. From 1985-1990, he was the Vice President of MIS for that same company.

David T. Chen has been a director of Global Med since March 13, 2002. Mr. Chen has been a Director, the Chief Executive Officer and President of American Pacific Bank, Portland, Oregon since 1993, and was a Director of eBanker USA.com, Inc. until January 2002. Mr. Chen received a B.A. in Public Administration from Taiwan National Chung-Hsin University in 1959, a M.A. in Political Science from the University of Oregon in 1966 and a B.A. in Math from the University of Washington in 1972.

Family Relationships

Mr. Tony T.W. Chan is the son of Mr. Fai H. Chan. Both are directors of Global Med.

Involvement In Certain Legal Proceedings

In September 2002, Global Med filed a lawsuit against Donnie L. Jackson, Jr., Global Med's former Vice President of Sales and Marketing. Global Med alleges, among other things, that prior to his resignation in July 2002 Mr. Jackson misappropriated certain trade secrets of Global Med. Mr. Jackson is currently a management employee of one of Global Med's competitors. On October 13, 2004, the Superior Court of the State of California in and for the County of El Dorado granted the motion for summary judgment for Donnie L. Jackson, Jr. The Company plans to appeal this decision. On November 5, 2004, Mediware Information Systems, Inc., Donnie L. Jackson, Jr.'s current employer, filed a claim against the Company in the United States District Court for the Eastern District of California seeking recovery of legal costs in excess of \$600 thousand. Global Med believes the claim is without merit and plans to vigorously defend against this lawsuit and does not believe this lawsuit will have a material impact on Global Med's business.

Audit Committee

In February 2004, Gary Cook, a director of the Company and the former Acting Principal Financial Officer and Treasurer of the Company, replaced Michael I. Ruxin, the Company's CEO and Chairman, as the Chairman of the Audit Committee. The remaining members of the Audit Committee are Robert H. Trapp and Kwok Jen Fong. The audit committee met once in 2003 and 2004. The Audit Committee also reviewed and approved in writing the filing of each Form 10-Q during 2004. Mr. Cook is considered financial expert. None of the Audit Committee's members are considered independent.

Compliance With Section 16(a) Of The Exchange Act

Based on information provided to the Company, it is believed that all of the Company's directors, executive officers and persons who own more than 10% of the Company's common stock were in compliance with Section 16(a) of the Exchange Act of 1934 during the last fiscal year. During the year ended December 31, 2004, all of the Company's directors, executive officers and Company's common stock were in compliance with section 16(a) of the Exchange Act of 1934, except as follows: in June 2002, eBanker transferred its interest in Global Med to Global Med International Limited (GMIL).

Gary Cook failed to file a Form 4 with respect to one transaction, and was late in filing a Form 5 with respect to the same transaction; Online Credit Ltd. was late in filing a Form 4 with respect to one transaction; Futuristic Image Builder Limited, Heng Fung Finance Limited (and its subsidiaries and affiliates that beneficially own shares of the Company's common stock), Robert Trapp, Tony Chan and Fai Chan each failed to file a Form 5.

38

Code of Ethics

The Company has a code of ethics that has been approved by the Board of Directors. The Code of Ethics was filed as an exhibit to the Company's Form S-1 that was filed on December 6, 2004. The Code of Ethics was filed as Exhibit 10.72 to the Form S-1.

Directors

Compensation of Directors

Our Board of Directors consists of nine seats. Directors serve for a term of one year and stand for election at our annual meeting of stockholders. One vacancy currently exists on the Board of Directors as of the date of this prospectus. Pursuant to our Bylaws, a majority of directors may appoint a successor to fill any vacancy on the Board of Directors. Dr. Michael Ruxin is also an executive officer of Global Med.

Standard Arrangements. In April 2004, the Board of Directors of Global Med approved a resolution authorizing that non-employee members of Global Med's Board of Directors be compensated in their capacities as board members at a rate of \$500 per board meeting attended. The employees of Global Med that serve on the Board of Directors are not compensated in their capacity as board members. Global Med reimburses all of its officers, directors and employees for accountable expenses incurred on behalf of Global Med.

Other Arrangements. During 2000, Global Med also authorized the issuance of 35 thousand common shares to a director in his capacity as acting Principal Financial and Accounting Officer and Treasurer. All of the 35 thousand authorized shares have been issued as of January 31, 2005. These shares were valued at \$37 thousand, and \$7 thousand in compensation expense was recognized during 2004 related to these shares. Global Med has no other arrangements pursuant to which any director of Global Med was compensated during the year ended December 31, 2004 for services as a director.

Executive Compensation

The following table sets forth compensation for the fiscal year ended December 31, 2004 for our executive officers:

Name and Principal Position	Annual Compensation			Long-Term Compensation		
	Year	Salary	Bonuses (\$)	Restricted Stock Awards	Options & SARs	All Other Compensation
Michael I. Ruxin, Chairman and CEO	2004	\$ 275,711	--	--	--	\$51,949(1)
	2003	259,711	--	--	--	14,371(2)
	2002	272,921	--	--	500,000	15,988(3)
Thomas F. Marcinek, President and COO	2004	175,000	--	--	--	5,400(4)
	2003	175,000	--	--	--	5,400(4)
	2002	185,884	--	--	500,000	5,400(4)
Gerald F. Willman, Jr Director and Senior Vice President of International Business Development for Wyndgate Technologies	2004	110,385	--	--	--	--
	2003	105,000	--	--	--	--
	2002	105,000	--	--	500,000	--

- (1) Dr. Ruxin was issued Series BB Preferred Stock valued at \$35,120. See Note 6 of the financial statements. Dr. Ruxin also received \$5,912 per annum in life insurance premiums and an annual car allowance of \$10,917.
- (2) Dr. Ruxin received \$5,912 per annum in life insurance premiums and an annual car allowance of \$8,459.
- (3) Dr. Ruxin received \$5,912 per annum in life insurance premiums and an annual car allowance of \$10,076.
- (4) Mr. Marcinek received a \$5,400 per year car allowance during 2004, 2003, and 2002.

**Aggregated Options/SAR Exercises
In Last Fiscal Year And
Fiscal Year End Options/SAR Values⁽¹⁾**

Name	Shares Acquired on Exercise	Realized	Number of Unexercised Options at Year-end Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at year-end (\$) Exercisable/ Unexercisable(1)
Michael I. Ruxin	--	--	2,450,000 / 300,000	\$1,008,000 / \$147,000
Thomas F. Marcinek	--	--	1,200,000 / 300,000	513,000 / 147,000
Gerald F. Willman	--	--	210,000 / 90,000	77,400 / 44,100

No options were exercised during 2004 by the Company's executive officers.

(1) Based on the closing bid price of the Company's Stock of \$1.07 per share on December 31, 2004.

Stock Option Plans And Other Issuances

In the second quarter of 2001, Global Med adopted the 2001 Stock Option Plan (2001 Plan). The 2001 Plan provided for the issuance of options to purchase up to 15 million registered shares of common stock to employees, officers, directors and consultants of Global Med. Options may be granted as incentive stock options or as nonqualified stock options. Only employees of Global Med are eligible to receive Incentive Options. The 2001 Plan expires on December 28, 2010. In June 2003, the Board of Directors of Global Med approved a change in the 2001 Plan. The Board of Directors of Global Med authorized an amendment to the 2001 Plan reducing the number of common shares reserved and authorized for issuance by 5 million. Effective in June 2003, the total number of common shares approved for issuance under the 2001 Plan as authorized by the Board was reduced from 15 million to 10 million. Global Med filed an amendment to the existing S-8 registration statement for the 2001 Plan to effect this change on May 20, 2004. As of December 31, 2004, options to purchase 2.830 million shares of Global Med s common stock at a weighted average exercise price of \$0.59 per share were outstanding under the 2001 Plan, of which 1.265 million options to purchase shares were exercisable at December 31, 2004. Options granted under the Plan vest on a straight-line basis, based on schedules as determined by the Board of Directors upon grant and generally expire 10 years after grant. During the year ended December 31, 2004, Global Med issued 200 thousand stock options under the 2001 Plan.

In June 2003, Global Med s Board of Directors approved the 2003 Stock Option Plan (2003 Plan). The 2003 Plan provides for the issuance of stock options exercisable to purchase up to 5 million shares of Global Med s common stock to employees, officers, directors and consultants. The Board of Directors also approved the inclusion of options to purchase approximately 4.707 million shares under the 2003 Plan that were issued to such persons prior to the adoption of the 2003 Plan and lacked registration rights. Global Med filed an S-8 registration statement to register the 5 million shares issuable under the 2003 Plan on May 20, 2004. The range of the exercise prices of the 4.707 million options is \$0.45 to \$1.50 per share. The weighted- average exercise price of these options is \$0.68 per share. As of December 31, 2004, there were 4.607 million options exercisable under the 2003 Plan.

The Second Amended and Restated Stock Option Plan (Plan) provides for the issuance of options to purchase up to 2.2 million registered shares of common stock to employees, officers, directors and consultants of Global Med. Options may be granted as incentive stock or as nonqualified stock options. Only employees of Global Med are eligible to receive Incentive Options. As of May 31, 2000, options could no longer be issued under this Plan. As of December 31, 2004, options to purchase 1.137 million shares of Global Med s common stock at a weighted average exercise price of \$1.19 per share were outstanding under the Plan, of which 1.137 million options to purchase shares were exercisable at December 31, 2004.

Global Med also periodically grants options to purchase shares of registered common stock. The shares underlying these options are not registered under the 1933 Act. As of December 31, 2004, there were outstanding options to purchase 220 thousand shares of common stock at a weighted-average exercise price of \$2.08 per share through December 31, 2004, of which 212 thousand were exercisable at December 31, 2004.

In February of 2005, the Company's Board of Directors approved documentation changes related to option grants to certain employees and a director that occurred in December of 1999 and June of 2000. The Board of Directors determined that the term of the options as originally granted, five years, was documented incorrectly and should have been ten years. This determination was based on the fact that the five year term was inconsistent with the Company's defacto policies and practices at the time to grant ten year options to directors and employees. As the Company views this Board action as a correction of a documentation deficiency, the Company has no plans to recognize compensation expense associated with this documentation correction.

Employment Agreements

On November 1, 2002, the Company entered into an Employment Agreement with Dr. Ruxin for a period of five years commencing August 1, 2003 and ending August 1, 2008. Under the Employment Agreement and during 2004, Dr. Ruxin received a salary of \$275 thousand per year and certain other fringe benefits. Dr. Ruxin's salary shall be reviewed on an annual basis and if his performance is deemed satisfactory, he shall receive a minimum 7.5% cost of living increase, plus any other increase which may be determined from time to time at the discretion of the Company's Board of Directors. In addition, Dr. Ruxin shall be eligible for a performance increase. Pursuant to Dr. Ruxin's Employment Agreement, the Company authorized the issuance to Dr. Ruxin of 500 thousand total incentive stock options and nonqualified stock options to purchase an aggregate of 500 thousand shares of the Company's common stock. The options shall become exercisable at the rate of 20% each year upon Dr. Ruxin's completion of each year of employment with the Company beginning May 29, 2002. The stock option exercise price shall be \$0.58, which is the closing price on the execution of Dr. Ruxin's Employment Agreement. Following the termination of this Agreement by the Employer for any reason other than Cause, Death, or the temporary or permanent disability of Employee, the Employee shall be entitled to compensation and benefits for twenty-four (24) months following the date of termination or the remainder of the contract, whichever is less.

Dr. Ruxin may terminate his employment with the Company upon the occurrence of any of the following events followed by written notice from the employee to the employer: the sale by Employer of substantially all of its assets; a decision by Employer to terminate its business and liquidate its assets; the merger or consolidation of Employer with another entity or an agreement to such a merger or consolidation or any other type of reorganization; employer makes a general assignment for the benefit of creditors, files a voluntary bankruptcy petition, there are material reductions in Employee's duties and responsibilities without his written consent or a demotion from the position of President; termination by the Company of employee's employment with the Company for any reason other than cause, or a five percent reduction in Employee's base compensation (not including bonus).

On November 4, 2002, the Company entered into an Employment Agreement with Thomas F. Marcinek for a period of five years commencing November 2, 2003 and ending November 2, 2008. Under the Employment Agreement and during 2004, Mr. Marcinek received a salary of \$175 thousand per year and certain other fringe benefits. Mr. Marcinek's salary shall be reviewed on an annual basis and if his performance is deemed satisfactory, he may receive a minimum 7.5% cost of living increase, plus any other increase which may be determined from time to time at the discretion of the Company's Board of Directors. In addition, Mr. Marcinek shall be eligible for a performance increase. Following the termination of this Agreement by the Employer for any reason other than Cause, Death, or the temporary or permanent disability of Employee, the Employee shall be entitled to compensation and benefits for twenty-four (24) months following the date of termination or the remainder of the contract, whichever is less.

Pursuant to Mr. Marcinek's Employment Agreement, the Company authorized the issuance to Mr. Marcinek of 500 thousand total incentive stock options and nonqualified stock options to purchase an aggregate of 500 thousand shares of the Company's common stock. The options shall become exercisable at the rate of 20% each year upon Mr. Marcinek's completion of each year of employment with the Company beginning May 29, 2002. The stock option exercise price shall be \$0.58, which is the closing price on the execution of Mr. Marcinek's Employment Agreement.

On October 31, 2002, the Company entered into an Employment Agreement with Mr. Willman for a period commencing July 1, 2004 and ending November 1, 2008. During 2004, Mr. Willman received a salary of approximately \$110 thousand. Mr. Willman's salary shall be reviewed on an annual basis and if his performance is deemed satisfactory, his salary may be increased at least in an amount equal to the cost of living increase for the prior year, providing that at least one other senior management's salary (CEO or COO) is increased by a similar cost of living raise. In addition, Mr. Willman shall be eligible for a performance increase. Pursuant to Mr. Willman's employment agreement, the Company authorized the issuance to Mr. Willman of 150 thousand incentive stock options to purchase an aggregate of 150 thousand shares of the Company's common stock. The options shall become exercisable at the rate of 20% each year upon Mr. Willman's completion of each year of employment with the Company beginning May 29, 2002. The stock option price shall be \$0.58, which was the closing price on October 31, 2002, the execution of Mr. Willman's employment agreement. Mr. Willman may terminate his employment with the Company under the same

circumstances as set forth in Dr. Ruxin's employment agreement.

Following the termination of the agreement by the Company for any reason other than cause, death, or the temporary or permanent disability, Mr. Willman shall be entitled to compensation and benefits for nine (9) months following the date of termination or the remainder of the agreement, whichever is less.

During 1999, the Board of Directors approved bonuses for Ruxin and Marcinek in amounts of \$50 thousand and \$25 thousand respectively, payable when the Company has achieved positive cash flow from operations and subject to the approval of the Board of Directors. As of December 31, 2004, these bonuses have neither been approved for payment by the Board of Directors nor accrued on the Company's financial statements.

The Board of Directors authorized that \$50 thousand be paid to Dr. Ruxin and \$25 thousand be paid to Mr. Marcinek of the accrued salaries due them. During 2002, Dr. Ruxin was paid approximately \$23 thousand of the accrued salary increase due him and Mr. Marcinek was paid approximately \$11 thousand of the accrued salary due him. As of December 31, 2002, the Company had paid Dr. Ruxin \$50 thousand and Mr. Marcinek \$25 thousand of the salary increases due them.

On April 14, 2004, the Dr. Ruxin agreed to convert outstanding accrued vacation and accrued wages as of February 29, 2004, with a book value of approximately \$284 thousand into approximately 675 thousand shares of Series BB Preferred Stock. The Series BB Preferred Stock was converted into Common Stock in December 2004. See the accompanying financial statements for further discussion.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board of Directors of the Company has adopted resolutions that no business transaction, loan or advance will be made by the Company to any officer, director or holder of more than 5% of the Company's common stock, or any affiliate thereof, unless it has been established that a bona fide business purpose exists, that all future transactions between the Company and its officers, directors, or principal shareholders, or any affiliate of any of such person, must be approved or ratified by a majority of the disinterested directors of the Company, and the terms of such transaction must be no less favorable to the Company than could have been realized by the Company in an arms-length transaction with an unaffiliated person. The Company believes that all ongoing transactions with the Company's affiliates are on terms no less favorable than could be obtained from unaffiliated third parties.

The Board of Directors of the Company adopted a resolution in July 1996 that provides that the areas of business in which the Company shall be interested for the purpose of the doctrine of corporate opportunities shall be the business of information management software products and services. Any business opportunity which falls within such areas of interest must be brought to the attention of the Company for acceptance or rejection prior to any officer or director of the Company taking advantage of such opportunity. Any business opportunity outside such areas of interest may be entered into by any officer or director of the Company without the officer or director first offering the business opportunity to the Company.

Dr. Ruxin has personally guaranteed \$650 thousand plus pro rata interest of the outstanding loan balance with GMIL, originally associated with the November 19, 2000 eBanker Loan Agreement. The personal guarantee is limited to certain of Dr. Ruxin's assets.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

As of December 31, 2002, the Company's Board of Directors had approved borrowings to a related party totaling \$370 thousand. During the year ended December 31, 2002, the Company's Notes Receivable, related party balance, increased \$290 thousand to a total of \$370 thousand as a result of funds advanced in the form of promissory notes to this entity controlled by a, now formerly, director of the Company, Jeff Busch. The notes bear interest at 12% per year and mature in 2006. During the year ended December 31, 2001, the Company had lent \$80 thousand to this entity. In addition, the CEO and Chairman of Global Med, Michael I. Ruxin, was also on the board of directors of this entity controlled by Jeff Busch. Dr. Ruxin resigned as a director of the related entity effective December 12, 2002. Jeff Busch resigned his position as a director of the Company and PeopleMed effective December 12, 2002. As a result, Jeff Busch and the entity controlled by Jeff Busch are no longer related parties of the Company. On March 10, 2003 the Company's Board of Directors approved and subsequently funded additional borrowings to this entity controlled by Jeff Busch in the amount of \$30 thousand.

During 2004, 2003 and 2002, eVision provided the Company with various accounting services. The Company recognized \$21 thousand, \$48 thousand, and \$52 thousand in general and administrative expenses related to these services. During 2004, 2003, and 2002, the Company incurred \$229 thousand, \$508 thousand, and \$460 thousand, respectively, in interest charges from debt originally financed by eBanker, and subsequently transferred to GMCAL and then GMIL. eBanker, GMCAL, and GMIL are entities that are controlled by China Credit. Global Med International Holdings Limited (GMIHL) is a subsidiary of eBanker. The Company incurred \$0, \$24 and \$12 thousand in interest charges from GMIHL during 2004 and 2003, and 2002, respectively.

THE FUSION CAPITAL TRANSACTION

General

On March 16, 2005, we entered into a Common Stock Purchase Agreement with Fusion Capital Fund II, LLC pursuant to which Fusion Capital agreed to purchase on each trading day during the term of the agreement, \$12.5 thousand of our common stock or an aggregate of up to \$8.0 million. The \$8.0 million of common stock is to be purchased over a 32-month period, subject to a six-month extension or earlier termination at our discretion. The purchase price of the shares of common stock will be equal to a price based upon the future market price of the common stock without any fixed discount to the market price. Fusion Capital does not have the right or the obligation to purchase shares of our common stock in the event that the price of our common stock is less than \$0.20.

We have authorized the sale and issuance of 10 million shares of our common stock to Fusion Capital under the Common Stock Purchase Agreement of which we have registered 10 million shares. We estimate that the maximum number of shares we will sell to Fusion Capital under the Common Stock Purchase Agreement will be 10 million shares (exclusive of the shares issued and issuable to Fusion Capital as the commitment fee) assuming Fusion Capital purchases all \$8.0 million of common stock.

Purchase Of Shares Under The Common Stock Purchase Agreement

Under the Common Stock Purchase Agreement, on each trading day Fusion Capital is obligated to purchase a specified dollar amount of our common stock. Subject to our right to suspend such purchases at any time, and our right to terminate the agreement with Fusion Capital at any time, each as described below, Fusion Capital shall purchase on each trading day during the term of the agreement \$12.5 thousand of our common stock. This daily purchase amount may be decreased by us at any time. We also have the right to increase the daily purchase amount at any time, provided however, we may not increase the daily purchase amount above \$12.5 thousand unless our stock price is above \$0.85 per share for five consecutive trading days. The purchase price per share is equal to the lesser of:

the lowest sale price of our common stock on the purchase date; or

the average of the three (3) lowest closing sale prices of our common stock during the twelve (12) consecutive trading days prior to the date of a purchase by Fusion Capital.

The purchase price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the trading days in which the closing bid price is used to compute the purchase price. Fusion Capital may not purchase shares of our common stock under the Common Stock Purchase Agreement if Fusion Capital, together with its affiliates, would beneficially own more than 9.9% of our common stock outstanding at the time of the purchase by Fusion Capital. Fusion Capital has the right at any time to sell any shares purchased under the Common Stock Purchase Agreement which would allow it to avoid the 9.9% limitation. Therefore, we do not believe that Fusion Capital will ever reach the 9.9% limitation.

45

The following table sets forth the amount of proceeds we would receive from Fusion Capital from the sale of shares of our common stock offered by this prospectus at varying purchase prices:

Assumed Average Purchase Price	Number of Shares to be Issued if Full Purchase	Percentage Outstanding After Giving Effect to the Issuance to Fusion Capital(1)	Proceeds from the Sale of Shares to Fusion Capital Under the Common Stock Purchase Agreement
\$ 0.20	10,000,000	27.3%	\$2,000,000
\$ 0.25	10,000,000	27.3%	\$2,500,000
\$ 0.50	10,000,000	27.3%	\$5,000,000
\$ 1.00	8,000,000	23.1%	\$8,000,000
\$ 1.50	5,333,333	16.7%	\$8,000,000
\$ 2.00	4,000,000	13.1%	\$8,000,000
\$ 2.26(2)	3,539,823	11.3%	\$8,000,000
\$ 3.00	2,666,667	8.8%	\$8,000,000
\$ 4.00	2,000,000	7.0%	\$8,000,000

(1) Based on 27,672,056 shares outstanding as of March 4, 2005.

(2) Closing sale price of our common stock on March 4, 2005.

We estimate that we will issue no more than 10 million shares to Fusion Capital under the Common Stock Purchase Agreement all of which are included in this offering. We have the right to terminate the agreement without any payment or liability to (excluding the shares issued to Fusion Capital as a commitment fee), Fusion Capital at any time, including in the event that more than 10 million shares are issuable to Fusion Capital under the Common Stock Purchase Agreement.

Our Right To Suspend Purchases

We have the unconditional right to suspend purchases at any time for any reason effective upon one trading day's notice. Any suspension would remain in effect until our revocation of the suspension. To the extent we need to use the cash proceeds of the sales of common stock under the Common Stock Purchase Agreement for working capital or other business purposes, we do not intend to restrict purchases under the Common Stock Purchase Agreement.

Our Right To Increase and Decrease the Daily Purchase Amount

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Under the Common Stock Purchase Agreement Fusion Capital has agreed to purchase on each trading day during the 32 month term of the agreement, \$12.5 thousand of our common stock or an aggregate of \$8.0 million. We have the unconditional right to decrease the daily amount to be purchased by Fusion Capital at any time for any reason effective upon one trading day's notice. In our discretion, we may elect to sell more of our common stock to Fusion Capital than the minimum daily amount.

We also have the right to increase the daily purchase amount as the market price of our common stock increases. Specifically, for every \$0.10 increase in Threshold Price, above \$0.75, the Company shall have the right to increase the daily purchase amount by up to an additional \$3 thousand. For example, if the Threshold Price is \$1.55 we would have the right to increase the daily purchase amount to up to an aggregate of \$36.5 thousand. The Threshold Price is the lowest sale price of our common stock during the five trading days immediately preceding our notice to Fusion Capital to increase the daily purchase amount. If at any time during any trading day the sale price of our common stock is below the Threshold Price, the applicable increase in the daily purchase amount will be void.

46

Our Termination Rights

We have the unconditional right at any time for any reason to give notice to Fusion Capital terminating the Common Stock Purchase Agreement. Such notice shall be effective one trading day after Fusion Capital receives such notice.

Effect of Performance of the Common Stock Purchase Agreement on our Shareholders

All shares registered in this offering will be freely tradable. It is anticipated that shares registered in this offering will be sold over a period of up to 32 months from the date of this prospectus. The sale of a significant amount of shares registered in this offering at any given time could cause the trading price of our common stock to decline and to be highly volatile. Fusion Capital may ultimately purchase all of the shares of common stock issuable under the Common Stock Purchase Agreement, and it may sell some, some or all of the shares of common stock it acquires upon purchase. Therefore, the purchases under the Common Stock Purchase Agreement may result in substantial dilution to the interests of other holders of our common stock. However, we have the right at any time for any reason to: (1) reduce the daily purchase amount, (2) suspend purchases of the common stock by Fusion Capital and (3) terminate the Common Stock Purchase Agreement.

No Short-Selling or Hedging by Fusion Capital

Fusion Capital has agreed that neither it nor any of its affiliates shall engage in any direct or indirect short-selling or hedging of our common stock during any time prior to the termination of the Common Stock Purchase Agreement.

Events of Default

Generally, Fusion Capital may terminate the Common Stock Purchase Agreement without any liability or payment to the Company upon the occurrence of any of the following events of default:

the effectiveness of the registration statement of which this prospectus is a part lapses for any reason (including, without limitation, the issuance of a stop order) or is unavailable to Fusion Capital for sale of our common stock offered hereby and such lapse or unavailability continues for a period of ten (10) consecutive trading days or for more than an aggregate of thirty (30) trading days in any 365-day period;

suspension by our principal market of our common stock from trading for a period of three consecutive trading days;

the de-listing of our common stock from our principal market provided our common stock is not immediately thereafter trading on the Nasdaq National Market, the Nasdaq National SmallCap Market, the New York Stock Exchange or the American Stock Exchange;

the transfer agent's failure for five trading days to issue to Fusion Capital shares of our common stock which Fusion Capital is entitled to under the Common Stock Purchase Agreement;

any material breach of the representations or warranties or covenants contained in the Common Stock Purchase Agreement or any related agreements which has or which could have a material adverse affect on us subject to a cure period of ten trading days;

any participation or threatened participation in insolvency or bankruptcy proceedings by or against us.

Commitment Shares Issued to Fusion Capital

Under the terms of the Common Stock Purchase Agreement Fusion Capital has received 486,816 shares of our common stock as a commitment fee. On March 16, 2005, this Common Stock Purchase Agreement was mutually terminated by the Company and Fusion Capital. On March 16, 2005, the Company and Fusion Capital entered into a new Common Stock Purchase Agreement. In connection with each purchase of our common stock by Fusion Capital, we will issue up to 486,815 shares of common stock to Fusion Capital as an additional commitment fee. If these share were issued as of March 4, 2005, they would have a value of approximately \$1.1 million as of that date. These additional shares will be issued pro rata based on the proportion that a dollar amount purchased by Fusion bears to the \$8.0 million aggregate amount under the purchase agreement with Fusion Capital. Unless an event of default occurs, these shares must be held by Fusion Capital until 32 months from the date of the Common Stock Purchase Agreement or the date the Common Stock Purchase Agreement is terminated.

No Variable Priced Financings

Until the termination of the Common Stock Purchase Agreement, we have agreed not to issue, or enter into any agreement with respect to the issuance of, any variable priced equity or variable priced equity-like securities unless we have obtained Fusion Capital's prior written consent.

PRINCIPAL SHAREHOLDERS

The following table presents certain information regarding the beneficial ownership of all shares of common stock at March 4, 2005 for each executive officer and director of our company and for each person known to us who owns beneficially more than 5% of the outstanding shares of our common stock. The percentage ownership shown in such table is based upon the 27,672,056 common shares outstanding at March 4, 2005 and ownership by these persons of options or warrants exercisable within 60 days of such date. Also included is beneficial ownership on a fully diluted basis showing all authorized, but unissued, shares of our common stock at March 4, 2005 as issued and outstanding. Unless otherwise indicated, each person has sole voting and investment power over such shares.

Name and Address	Position With Company	Shares of Common Stock	Percent of Common Stock Out- Standing	Amount and Nature of Beneficial Ownership(2)		
				Shares Underlying Derivative Securities	Combined Shares of Common Stock and Shares Underlying Derivative Securities	Combined Percent of Common Stock
Michael I. Ruxin, M.D. 12600 W. Colfax Suite C-420 Lakewood, CO 80215	Chairman of the Board and Chief Executive Officer and Director and Acting Principal Accounting and Financial Officer	980,148	3.5%	2,450,000(3)	3,430,148	11.4%
Fai H. Chan (1) 5/F Island Place Tower 510 King s Road North Point, Hong Kong	Director	11,310,195(4)	40.9%	20,113,430(5)	31,423,625	65.8%
Gerald F. Willman, Jr 4925 Robert J. Mathews Parkway, Suite 100 El Dorado Hills, CA 95762	Director and Senior Vice President of International Business Development for Wyndgate Technologies	882,514(6)	3.2%	222,000(7)	1,101,514	4.0%
Thomas F. Marcinek 4925 Robert J. Mathews Parkway, Suite 100 El Dorado Hills, CA 95762	President and Chief Operating Officer	20,500	0.1%	1,200,000(9)	1,220,500	4.2%
Kwok Jen Fong 7 Tamasek Blvd	Director	75,000	0.3%	75,000(10)	150,000	0.5%

Amount and Nature of Beneficial Ownership(2)

#43-03 Suntec
Tower One
Singapore 038987

49

Amount and Nature of Beneficial Ownership(2)

Name and Address	Position With Company	Shares of Common Stock	Percent of Common Stock Out-Standing	Shares Underlying Derivative Securities	Combined Shares of Common Stock and Shares Underlying Derivative Securities	Combined Percent of Common Stock
Gary L. Cook 12600 W. Colfax Suite C-420 Lakewood, CO 80215	Director Acting Principal Financial and Accounting Officer and Treasurer through February 25, 2004	35,000	0.3%	50,000(11)	85,000	0.3%
Robert H. Trapp 1888 Sherman Street Suite 500 Denver, CO 80203	Director	-0-	0.0%	50,000(12)	50,000	0.2%
Kim Geist 12600 W. Colfax Suite C-420 Lakewood, CO 80215	Secretary	-0-	0.0%	35,000(13)	35,000	0.1%
Tony T.W. Chan (20) 5/F Island Place Tower 510 King s Road North Point, Hong Kong	Director	-0-	0.0%	50,000(12)	50,000	0.2%
David T. Chen 315 SW 5th Avenue, Suite 201 Portland, OR 97204	Director	-0-	0.0%	-0-	20,000	0.1%
All Directors and Executive Officers as a group (10 persons)		13,303,357	48.1%	24,265,430	37,568,787	72.3%
China Credit Holdings Limited 5/F Island Place Tower 510 King s Road	None	11,210,195(15)	40.5%	19,963,430(16)	31,173,625	66.5%

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Amount and Nature of Beneficial Ownership(2)

North Point, Hong Kong

Global Med International Limited 5/F Island Place Tower 510 King's Road North Point, Hong Kong	None	11,210,195(15)	40.5%	18,963,430(17)	30,173,625	64.7%
Futuristic Image Builder Ltd. 34 Woodlands Industrial Park E-1 Singapore 757747	None	3,050,000(18)	11.0%	-0-	3,050,000	11.0%
		<u>16,353,357</u>	<u>59.1%</u>	<u>24,265,430</u>	<u>40,622,787</u>	<u>78.2%</u>

50

(1) Fai H. Chan is an officer, director and along with his wife an approximate 48% beneficial shareholder of China Credit and, therefore, is a beneficial owner of the shares beneficially owned by China Credit and its subsidiaries. Fong, Trapp, and Tony T. W. Chan are also officers, directors and/or shareholders of China Credit and/or certain of its subsidiaries; however, they disclaim beneficial ownership of the shares beneficially owned by China Credit and its subsidiaries. China Credit owns 100% of the outstanding common stock of Heng Fung Singapore. Heng Fung Singapore owns 100% of the outstanding common stock of Online Credit. China Credit and subsidiaries are also shareholders of eVision International, Inc. Mr. Chan directly owns 100,000 shares of the Company's common stock. Online Credit, through a subsidiary GMCAL, holds (i) 11,210,195 shares of Global Med's common stock; (ii) warrants to purchase 1,000,000 shares of Global Med's Common Stock, exercisable at \$0.25 per share until April 14, 2008; (iii) warrants to purchase 10,186,430 shares of Global Med's common stock, exercisable at \$0.50 through July 1, 2011. GMIL holds 3,500,000 shares of Series AA Preferred Stock convertible into 7,777,000 shares of Global Med's common stock. eVision owns warrants to purchase 1,000,000 shares of Global Med's common stock, exercisable at \$0.25 per share until April 14, 2008.

(2) Calculated pursuant to Rule 13d-3(d) of the 1934 Act. Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares and, under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed.

(3) Does not include 300,000 shares underlying options which are not exercisable within 60 days of the date hereof.

(4) Mr. Chan directly owns 100,000 common shares. Includes 11,210,195 shares held by a subsidiary of China Credit, of which Mr. Chan is an officer, director and shareholder.

(5) Includes the following shares underlying derivative securities owned by subsidiaries of China Credit, of which Mr. Chan is an officer, director and, along with his wife, an approximate 48% beneficial shareholder: (i) 11,186,430 shares underlying warrants owned by GMCAL; (ii) 1,000,000 shares underlying warrants owned by eVision, and (iii) 7,777,000 shares underlying 3,500,000 shares of Series AA Preferred Stock owned by GMIL. Also includes 150,000 shares underlying options issued to Mr. Chan for services as a director of the Company.

(6) Includes 346,481 shares owned by Lori J. Willman, the spouse of Mr. Willman.

(7) Includes 210,000 shares underlying options owned by Mr. Willman and 6,000 shares underlying options owned by Lori J. Willman, the spouse of Mr. Willman. Does not include 90,000 shares underlying options owned by Mr. Willman and 4,000 shares underlying options owned by Mrs. Willman which are not exercisable within 60 days of the date hereof. Mr. Willman has granted individual options to certain employees of Wyndgate Technologies to purchase all or any part of 109,434 of his shares of the Company, exercisable until September 21,

2005.

(8) Not used.

(9) Includes 1,200,000 shares underlying options. Does not include 300,000 options which are not exercisable within 60 days of the date of January 31, 2005.

(10) Includes 75,000 shares underlying options.

(11) Includes 50,000 shares underlying options.

(12) Includes 50,000 shares underlying options.

(13) Includes 35,000 shares underlying options. Does not include 10,000 shares underlying options which are not exercisable within 60 days of the date of January 31, 2005.

51

(14) Not Used

(15) Includes the 11,210,195 shares owned by GMCAL.

(16) Includes the following shares underlying derivative securities owned by subsidiaries of China Credit, of which Mr. Chan is an officer, director and, along with his wife, an approximate 48% beneficial shareholder: (i) 11,186,430 shares underlying warrants owned by GMCAL; (ii) 7,777,000 shares underlying 3,500,000 shares of Series AA Preferred Stock owned by GMIL; and (iii) 1,000,000 shares underlying warrants owned by eVision.

(17) Includes 11,186,430 shares underlying warrants and 7,777,000 shares underlying 3,500,000 shares of Series AA preferred stock.

(18) Fai Chan is a director of Futuristic Image Builder Ltd. However, Mr. Chan disclaims any beneficial ownership of these shares.

(19) Does not include 80,000 shares underlying options that are not exercisable within 60 days.

(20) Tony T.W. Chan is a director of Futuristic Image Builder Ltd. However, Mr. Chan disclaims any beneficial ownership of these shares.

SELLING STOCKHOLDERS

Selling Stockholder

The following table presents information regarding the selling stockholders. Fusion Capital has not held a position or office, or had any other material relationship, with our Company. Fusion Capital may acquire additional shares under the Common Stock Purchase Agreement.

52

Selling Stockholders	Shares Beneficially Owned Before Offering	Percentage of Outstanding Shares Beneficially Owned Before	Shares to be Sold in the Offering	Percentage of Outstanding Shares Beneficially Owned After
----------------------	---	--	--------------------------------------	---

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

		<u>Offering(A)</u>		<u>Offering(B)</u>
Global Med International Limited(1) 2601, Island Place Tower 510 King's Road North Point, Hong Kong	30,173,625(2)	64.7%	30,173,625	0%
eVision International, Inc.(3) 1999 Broadway, Suite 2270 Denver, Colorado 80202	1,000,000(4)	3.5%	1,000,000	0%
Futuristic Image Builder Ltd.(5) 34 Woodlands Industrial Park E-1 Singapore 757747	3,050,000	11.0%	3,050,000	0%
Fusion Capital Fund II, LLC(6)(7) 222 Merchandise Mart Plaza, Suite 9-112 Chicago, IL 60654	536,816	1.9%	11,023,631	0%
Dr. Michael I. Ruxin(8) 12600 W. Colfax Ave Suite C-420 Lakewood, Colorado 80215	980,148(9)	3.5%	980,148	0%
Gerald F. Willman, Jr.(11) 4925 Robert J. Mathews Parkway, Suite 100 El Dorado Hills, CA 95762	536,033	1.9%	536,033	0%
Lori J. Willman(12) 4925 Robert J. Mathews Parkway, Suite 100 El Dorado Hills, CA 95762	346,481	1.3%	346,481	0%
Jeffrey M. Busch, Esq.(13) 3828 Kennett Pike Suite 206 Greenville, DE 19807	900,000(14)	3.2%	900,000	0%
Gordon E. Segal, M.D.(15) 340 West 57th, Apartment 9J New York, New York 10019	862,761(16)	3.1%	862,761	0%
Dan Zwiren 1-14th Street, Apt. 301 Hoboken, NJ 07030	211,650(17)	0.8%	211,650	0.0%
Steven D. Spence 250 East 54th Street #36C New York, New York 10022	902,500(18)	3.2%	902,500	0%

53

<u>Selling Stockholders</u>	<u>Shares Beneficially Owned Before Offering</u>	<u>Percentage of Outstanding Shares Beneficially Owned Before</u>	<u>Shares to be Sold in the Offering</u>	<u>Percentage of Outstanding Shares Beneficially Owned After</u>
-----------------------------	--	---	--	--

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

		<u>Offering(A)</u>		<u>Offering(B)</u>
Robert E. Lee, III 380 Rector Place Apartment 21D New York, New York 10280	500,000	1.8%	500,000	0%
Dr. Dennis Rinaldi 2554 Seagrass Dive Palm City, Florida 34990-4820	187,500	0.7%	187,500	0%
Dunwoody Brokerage Services, Inc. 4243 Dunwoody Club Drive Atlanta, GA 30350-5206	50,000(19)	0.2%	50,000	0%
Totals	<u>40,237,514</u>	<u>82.3%</u>	<u>50,724,329</u>	<u>0%</u>

(A) Percentage of outstanding shares is based on 27,672,056 shares of common stock outstanding as of March 4, 2005, which includes all shares of common stock beneficially owned by the selling shareholders before this offering.

(B) Percentage of outstanding shares is based on 27,672,056 shares of common stock outstanding as of March 4, 2005, together with the 10,486,815 shares of common stock that may be purchased by Fusion Capital from Global Med under the Common Stock Purchase Agreement. The shares to be issued to Fusion Capital under the Common Stock Purchase Agreement are treated as outstanding for the purpose of computing Fusion Capital's percentage ownership.

* Assumes no additional shares issued under Stock Option and Stock Bonus Plans.

(1) GMIL is the Company's largest shareholder. See also "Business - Financial Agreements with Related Parties," "Certain Relationships and Related Party Transactions" and "Security Ownership of Certain Beneficial Owners and Management" for a discussion of GMIL's affiliation and material relationships with the Company.

(2) Includes (i) 11,210,195 shares of common stock; (ii) 11,186,430 shares of common stock underlying warrants; and (iii) 7,777,000 shares of common stock underlying 3,500,000 shares of Series AA preferred stock.

(3) See "Security Ownership of Certain Beneficial Owners and Management" for a discussion of eVision's affiliation with the Company.

(4) Includes 1,000,000 shares of the Company's common stock underlying warrants.

(5) Fai Chan and Tony T.W. Chan are directors of Futuristic Image Builder Ltd. However, both Fai Chan and Tony T.W. Chan disclaims beneficial ownership of these shares.

(6) As of the date hereof, March 4, 2005, 536,816 shares of our common stock have been acquired by Fusion Capital under the Common Stock Purchase Agreement in the form of 486,816 commitment shares and 50,000 shares issued in conjunction with the due diligence fees. Fusion Capital may acquire up to an additional 10,486,815 shares under the Common Stock Purchase Agreement. Percentage of outstanding shares is based on 27,672,056 shares of common stock outstanding as of March 4, 2005, together with such additional 10,486,815 shares of common stock that may be acquired by Fusion Capital from us under the Common Stock Purchase Agreement after the date hereof. Fusion Capital may not purchase shares of our common stock under the Common Stock Purchase Agreement if Fusion Capital, together with its affiliates, would beneficially own more than 9.9% of our common stock outstanding at the time of the purchase by Fusion Capital.

(7) Steven G. Martin and Joshua B. Scheinfeld, the principals of Fusion Capital, are deemed to be beneficial owners of and have shared voting and disposition power over all of the shares of common stock owned by Fusion Capital.

- (8) Michael I. Ruxin, M.D. is the Company's Chairman of the Board and Chief Executive Officer and Acting Principal Financial and Accounting Officer. See also "Management," "Certain Relationships and Related Party Transactions" and "Security Ownership of Certain Beneficial Owners and Management" for a discussion of Dr. Ruxin's affiliation and material relationships with the Company. Does not include 2,450,000 shares underlying options that are exercisable and already have registration rights and are not a part of this offering, nor does it include 300,000 shares underlying options that are not exercisable within 60 days of March 4, 2005 and have registration rights that are also not a part of this offering.
- (9) Includes 980,148 shares of common stock.
- (10) Not used.
- (11) Mr. Willman is director and Senior Vice President of International Business Development (Wyndgate Technologies) of the Company. Does not include 210,000 shares underlying options that are exercisable and already have registration rights and are not a part of this offering, nor does it include 90,000 shares underlying options that are not exercisable within 60 days and have registration rights that are also not a part of this offering.
- (12) Mrs. Willman is the spouse of Gerald F. Willman, Jr. Does not include 16,000 shares underlying options that are exercisable and already have registration rights and are not a part of this offering, nor does it include 4,000 shares underlying options that are not exercisable within 60 days of March 4, 2005 and have registration rights that are also not a part of this offering.
- (13) Mr. Busch was a director of the Company until December 12, 2002.
- (14) Includes (i) 300,000 shares of common stock and (ii) 600,000 shares of common stock underlying warrants.
- (15) Dr. Segal resigned as a director of the Company effective August 28, 2003.
- (16) Includes (i) 836,111 shares of common stock and (ii) 26,650 shares of common stock underlying warrants.
- (17) Includes 211,650 shares of common stock underlying warrants.
- (18) Includes (i) 687,500 shares of commons stock and (ii) 215,000 shares of common stock underlying warrants.
- (19) Includes 50,000 shares underlying warrants.

PLAN OF DISTRIBUTION

The common stock offered by this prospectus is being offered by selling stockholders. The common stock may be sold or distributed from time to time by the selling stockholders directly to one or more purchasers or through brokers, dealers, or underwriters who may act solely as agents, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. The sale of the common stock offered by this prospectus may be effected in one or more of the following methods:

- o ordinary brokers transactions;
- o transactions involving cross or block trades or otherwise on the Over-the-Counter Bulletin Board;
- o through brokers, dealers or underwriters who may act solely as agents;
- o at the market into an existing market for the common stock;
- o in other ways not involving market makers or established trading markets, including direct sales to purchasers or sales effected through agents;

- o in privately negotiated transactions; or
- o any combination of the foregoing.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualified for sale in the state or an exemption from the registration or qualification requirement is available and complied with.

Brokers, dealers, underwriters, or agents participating in the distribution of the shares as agents may receive compensation in the form of commissions, discounts, or concessions from the selling stockholders and/or purchasers of the common stock for whom the broker-dealers may act as agent. The compensation paid to a particular broker-dealer may be less than or in excess of customary commissions.

Fusion Capital, a selling stockholder, is an "underwriter" within the meaning of the Securities Act of 1933, as amended.

Neither we nor the selling stockholders can presently estimate the amount of compensation that any agent will receive. We know of no existing arrangements between the selling stockholders, any other stockholders, broker, dealer, underwriter, or agent relating to the sale or distribution of the shares. At the time a particular offer of shares is made, a prospectus supplement, if required, will be distributed that will set forth the names of any agents, underwriters, or dealers and any compensation from the selling stockholders and any other required information.

We will pay all of the expenses incident to the registration, offering, and sale of the shares to the public other than commissions or discounts of underwriters, broker-dealers, or agents. We have also agreed to indemnify Fusion Capital against specified liabilities, including liabilities under the Securities Act of 1933, as amended.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to our directors, officers, and controlling persons, we have been advised that in the opinion of the Securities and Exchange Commission this indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is therefore, unenforceable.

Fusion Capital and its affiliates have agreed not to engage in any direct or indirect short selling or hedging of our common stock during the term of the Common Stock Purchase Agreement.

We have advised the selling stockholders that while they are engaged in a distribution of the shares included in this prospectus they are required to comply with Regulation M promulgated under the Securities Exchange Act of 1934, as amended. With certain exceptions, Regulation M precludes the selling stockholders, any affiliated purchasers, and any broker-dealer or other person who participates in the distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the shares offered hereby this prospectus.

This offering will terminate on the date that all shares offered by this prospectus have been sold by the selling stockholders.

SHARES ELIGIBLE FOR RESALE

Sales of substantial amounts of our common stock in the public market following this offering could negatively affect the market price of our common stock. Such sales could also impair our future ability to raise capital through the sale of our equity securities.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

At the time of this Prospectus, we have outstanding 27,672,056 shares of our common stock. Of these shares, approximately:

- o 26,811,287 shares will be freely tradable by persons, other than "affiliates", without restriction under the Securities Act of 1933, as amended; and
- o 860,769 shares will be "restricted" securities, within the meaning of Rule 144 under the Securities Act of 1933, as amended, and may not be sold in the absence of registration under the Securities Act of 1933, as amended, unless an exemption from registration is available, including the exemption provided by Rule 144. As of March 4, 2005, 16,353,357 shares are held by affiliates of Global Med, and may only be sold pursuant to Rule 144.

In general, under Rule 144, a person or persons whose shares are aggregated, including any affiliate of Global Med who has beneficially owned restricted securities for at least one year, would be entitled to sell within any three-month period, a number of shares that does not exceed 1% of the number of common stock then outstanding.

Sales under Rule 144 are also subject to manner of sale and notice requirements and to the availability of current public information about our Global Med. Under Rule 144(k), a person who is not considered to have been an affiliate of Global Med at any time during the 90 days preceding a sale, and who has beneficially owned restricted securities for at least two years, including the holding period of any prior owner except an affiliate of Global Med, may sell these shares without following the terms of Rule 144.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 90 million shares of common stock, par value \$0.01 per share, and 10 million shares of preferred stock, par value \$0.01 per share. As of March 4, 2005, 27,672,056 shares of common stock were issued and outstanding and 3.5 million shares of our Series AA preferred stock were issued and outstanding. In this offering, we may issue up to an additional 10,486,815 shares of common stock, all of such common stock to be issued in connection with the Common Stock Purchase Agreement with Fusion Capital. The rights and preferences of the preferred stock will be determined upon issuance by our Board of Directors. The following description is a summary of our capital stock and contains the material terms thereof. Additional information can be found in our Articles of Incorporation and Bylaws, which were filed as exhibits to our registration statement on Form SB-2 filed on September 11, 1996 with the Securities and Exchange Commission and amended on March 15, 2001 in our Schedule 14A.

Common Stock

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

We are registering 50,724,329 shares of common stock. Holders of our common stock are entitled to one vote for each share held of record on all matters on which shareholders may vote. Directors are divided into three classes with staggered terms of office. Directors are elected by a majority of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting. Shareholders do not have the right to cumulate their votes in the election of directors. Since our common stock does not have cumulative voting rights, the holders of shares having more than 50% of the voting power, if they choose to do so, may elect all our directors and the holders of the remaining shares would not be able to elect any directors. In the event of a voluntary or involuntary liquidation of our company, all shareholders are entitled to a pro rata distribution of our assets remaining after payment of claims of creditors and liquidation preferences of any preferred stock. Holders of our common stock have no conversion, redemption or sinking fund rights.

Preferred Stock

The designations, preferences, limitations and relative rights of the Series AA Preferred Stock and BB Preferred Stock are set forth in Global Med's Articles of Amendment to the Articles of Incorporation dated June 10, 2004.

Series AA Preferred Stock. As of the date of this prospectus, there are 3,500,000 shares of our Series AA Redeemable Convertible Preferred Stock outstanding. The Series AA Preferred Stock can be converted by GMIL into common stock of Global Med at any time at a conversion rate of (2.222) shares of common stock for each shares of Series AA Preferred Stock. The Series AA is senior to the Series BB, Series A and the common stock of Global Med and has a liquidation preference of \$1.00 per share.

Options. As of the date of this prospectus, there are 9,129,442 options outstanding to purchase the same number of common shares of the Company's stock. All of these options, with the exception of 220,000, have underlying common shares with registration rights. The weighted average exercise price of these options is approximately \$0.78. The range of exercise prices for these options is \$0.45 to \$3.75 per share. The weighted average remaining life of these options is approximately 5 years.

Warrants. As of the date of this prospectus, there are 13,289,730 warrants to purchase the same number of common shares of the Company's stock. None of the outstanding warrants currently have registration rights. The Company is pursuing registration rights for all of these warrants in this registration statement. The weighted average exercise price of these options is approximately \$0.48. The range of exercise prices for these options is \$0.25 to \$1.25 per share. The weighted-average remaining life of these warrants is approximately 5.6 years.

58

Limitation Of Liability; Indemnification

The Colorado Business Corporation Act (the "Act") generally allows for the indemnification of directors, officers, employees and agents of a corporation against liabilities incurred in any proceeding in which an individual is made a party because he was a director, officer, employee or agent of the corporation if such person conducted himself in good faith and reasonably believed his actions were in, or not opposed to, the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Global Med's Articles of Incorporation provide that Global Med (i) shall indemnify and advance expenses to a director or officer in connection with a proceeding to the fullest extent permitted or required by and in accordance with the Act, and (ii) may, as determined by the Board of Directors in a specific instance or by resolution of general application, indemnify and advance expense to an employee, fiduciary or agent in connection with a proceeding to the extent permitted or required by and in accordance with the Act.

Global Med's Bylaws provide that a director of Global Med shall perform his or her duties as a director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his or her duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed below; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her duties shall not have any liability by reason of being or having been a director of the corporation. Those persons and groups on whose information, opinions, reports, and statements a director is entitled to rely upon are:

(a) one or more officers or employees of Global Med whom the director reasonably believes to be reliable and competent in the matters presented;

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

(b) Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such persons' professional or expert competence; or

(c) A committee of the Board upon which he or she does not serve, duly designated in accordance with the provision of the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

The foregoing is qualified in its entirety by reference to the Act and Global Med's Articles of Incorporation and Bylaws and shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled or subsequently acquire under any statute, provision of Global Med's Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Global Med's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, Global Med has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Transfer Agent And Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, 350 Indiana Street, Suite 800, Golden, Colorado, 80401 and its telephone number is (303) 262-0600.

59

EXPERTS

Ehrhardt Keefe Steiner & Hottman PC, Certified Public Accountants, of Denver, Colorado, an independent registered public accounting firm, has audited our balance sheets as of December 31, 2004 and 2003, and the statements of operations, stockholders' deficits and cash flows for the years ended December 31, 2004, 2003, and 2002. These financial statements are included in this prospectus in reliance on their report, given their authority as experts in accounting and auditing.

LEGAL MATTERS

Jacobs, Chase, Frick, Kleinkopf, & Kelley LLC of Denver, Colorado, has passed upon the validity of the issuance of the shares of common stock offered under this prospectus.

AVAILABLE INFORMATION

For further information with respect to us and the securities offered hereby, reference is made to the Registration Statement, including the exhibits thereto. Statements herein concerning the contents of any contract or other document are not necessarily complete, and in each instance reference is made to such contract or other statement filed with the Securities and Exchange Commission or included as an exhibit, or otherwise, each such statement, being qualified by and subject to such reference in all respects.

We are a reporting company and have distributed to our stockholders annual reports containing audited financial statements, upon their request. Our annual report on Form 10-K for the fiscal year ended December 31, 2004 has been filed with the Securities and Exchange Commission.

Reports, registration statements, proxy and information statements, and other information filed by us with the Securities and Exchange Commission can be inspected and copied at the public reference room maintained by the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of these materials may be obtained at prescribed rates from the Public Reference Section of the Securities and Exchange Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. The Securities and Exchange Commission maintains a site on the World Wide Web (<http://www.sec.gov>) that contains reports, registration statements, proxy and information statements and other information. You may obtain information on the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm – Ehrhardt Keefe Steiner & Hottman PC	F-1
Consolidated Balance Sheets as of December 31, 2004 and 2003	F-2
Consolidated Statements of Operations for the years ended December 31, 2004 and 2003	F-4
Consolidated Statements of Stockholders’ Deficit for the years ended December 31, 2004, 2003 and 2002	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002	F-7
Notes to Consolidated Financial Statements	F-11
(b) Financial Schedules	

Report of Independent Registered Public Accounting Firm
**Board of Directors and Stockholders
Global Med Technologies, Inc. and subsidiary**

We have audited the accompanying consolidated balance sheets of Global Med Technologies, Inc. and subsidiary as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' deficit and cash flows for the three years ended December 31, 2004, 2003, and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Med Technologies, Inc. and subsidiary as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the three years ended December 31, 2004, 2003 and 2002 in conformity with U.S. generally accepted accounting principles.

/s/ Ehrhardt Keefe Steiner & Hottman PC
Ehrhardt Keefe Steiner & Hottman PC

Denver, Colorado
February 4, 2005

F-1

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

	December 31,	
	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,633	983
Accounts receivable-trade, net of allowance for uncollectible accounts of \$107 and \$95, in 2004 and 2003, respectively	731	286
Accrued revenues, net of allowance for uncollectible accounts of \$6 and \$30, in 2004 and 2003, respectively	188	72
Prepaid expenses and other assets	533	97
	3,085	1,438
EQUIPMENT, FURNITURE AND FIXTURES, AT COST:		
Furniture and fixtures	393	393
Machinery and equipment	405	305
Computer hardware and software	1,855	1,783
	2,653	2,481
Less accumulated depreciation and amortization	(2,366)	(2,243)

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS (In thousands)

	December 31,	
	<u>2004</u>	<u>2003</u>
Net equipment, furniture and fixtures	287	238
CAPITALIZED SOFTWARE DEVELOPMENT COSTS, net of accumulated amortization of \$3,247 and \$3,210, Respectively	15	52
NOTES RECEIVABLE, and accrued interest	529	481
Total assets	<u>\$ 3,916</u>	<u>2,209</u>

See accompanying notes to the consolidated financial statements.

F-2

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

	December 31,	
	2004	2003
LIABILITIES AND STOCKHOLDERS DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 122	304
Accrued expenses	862	623
Accrued payroll	163	174
Accrued compensated absences	313	501
Noncompete accrual	35	35
Deferred revenue	2,785	1,375
Capital lease obligation, current portion	14	--
Accrued dividend, related party	243	--
Total current liabilities	<u>4,537</u>	<u>3,012</u>
DEFERRED REVENUE, less current portion	--	14
CAPITAL LEASE OBLIGATION, less current portion	74	--
FINANCING AGREEMENTS, RELATED PARTY	529	529
INDEBTEDNESS DUE IN 2004, REFINANCED AS PREFERRED STOCK IN 2004, RELATED PARTY	--	3,500
Total liabilities	<u>5,140</u>	<u>7,055</u>
COMMITMENTS AND CONTINGENCIES (Notes 2, 5 and 9)		
Convertible redeemable Preferred Stock Series AA, \$.01 par value: Authorized shares - 3,500; 3,500 issued and outstanding (liquidation preference of \$3,500)	3,493	--
STOCKHOLDERS DEFICIT:		
Convertible Preferred Stock Series A, \$.01 par value:		

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	December 31,	
Authorized shares 100, none issued or outstanding	--	--
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- 27,465 and 24,545 at December 31, 2004 and 2003, respectively	275	245
Additional paid-in capital	35,975	34,631
Accumulated deficit	(40,967)	(39,722)
	<hr/>	<hr/>
Total stockholders' deficit	(4,717)	(4,846)
	<hr/>	<hr/>
Total liabilities and stockholders' deficit	\$ 3,916	2,209
	<hr/>	<hr/>
	<hr/>	<hr/>

See accompanying notes to the consolidated financial statements.

F-3

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share information)**

	Year Ended December 31		
	2004	2003	2002
	<hr/>	<hr/>	<hr/>
Revenues	\$ 6,884	\$ 6,514	\$ 6,627
Cost of revenues	2,437	2,272	2,140
	<hr/>	<hr/>	<hr/>
Gross profit	4,447	4,242	4,487
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
General and administrative	2,434	2,057	1,945
Sales and marketing	1,597	1,442	1,426
Research and development	838	595	465
Depreciation and software amortization	160	451	635
	<hr/>	<hr/>	<hr/>
Total operating expenses	5,029	4,545	4,471
	<hr/>	<hr/>	<hr/>
Income (loss) from operations	(582)	(303)	16
	<hr/>	<hr/>	<hr/>
OTHER INCOME (EXPENSES):			
Interest income	51	86	15
Interest expense	(6)	(2)	(9)
Interest expense to related party	(229)	(532)	(472)
Financing costs to related party	--	(127)	(255)
	<hr/>	<hr/>	<hr/>
Loss before taxes	\$ (766)	\$ (878)	\$ (705)
Provision for income taxes	--	--	--
	<hr/>	<hr/>	<hr/>
Net loss	\$ (766)	\$ (878)	\$ (705)
Preferred dividend, related party	(479)	--	--
	<hr/>	<hr/>	<hr/>

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS (In

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	Year Ended December 31		
Net loss attributable to common shareholders	\$(1,245)	\$ (878)	\$ (705)
Basic and diluted loss per common share	\$ (0.05)	\$ (0.04)	\$ (0.03)
Weighted average number of common shares Outstanding: basic and diluted	25,771	24,545	24,487

See accompanying notes to the consolidated financial statements.

F-4

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Warrants and Interest, parent Company	Stock options issued for prepaid services	Accumulated Deficit	Total
Balances, December 31, 2001	24,256	\$243	\$34,357	\$(1,063)	--	\$(38,139)	\$(4,602)
Prepaid interest to parent company (see note 2)	--	--	--	460	--	--	460
Amortization of warrants issued for financing costs (see note 2)	--	--	--	255	--	--	255
Stock options issued for prepaid services	--	--	48	--	(34)	--	14
Issuance of common shares for cash, net of offering costs (see note 6)	222	2	95	--	--	--	97
Issuance of options to consultants	--	--	13	--	--	--	13
Issuance of common shares for services	3	--	2	--	--	--	2
Issuance of common shares for intellectual property	50	--	52	--	--	--	52
Issuance of PeopleMed common stock for intellectual property	--	--	25	--	--	--	25
Issuance of common shares for services, related party (see note 6)	7	--	7	--	--	--	7
Net loss	--	--	--	--	--	(705)	(705)
Balances, December 31, 2002	24,538	\$245	\$34,599	\$ (348)	\$(34)	\$(38,844)	\$(4,382)

See accompanying notes to the consolidated financial statements.

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT
(In thousands)

	Common Shares	Stock Amount	Additional Paid-in Capital	Warrants and Interest, parent Company	Stock options issued for prepaid services	Accumulated Deficit	Total
Balances, December 31, 2002	24,538	\$245	\$34,599	\$(348)	\$(34)	\$(38,844)	\$(4,382)
Prepaid interest to parent company (see note 2)	--	--	--	221	--	--	221
eBanker warrants (see notes 3 and 5)	--	--	--	127	--	--	127
Stock options issued for prepaid services	--	--	--	--	34	--	34
Issuance of options to consultants	--	--	25	--	--	--	25
Issuance of common shares for services, related party (see note 5)	7	--	7	--	--	--	7
Issuance of options to consultants	--	--	25	--	--	--	25
Net loss	--	--	--	--	--	(878)	(878)
Balances, December 31, 2003	24,545	\$245	\$34,631	--	--	\$(39,722)	\$(4,846)

See accompanying notes to the consolidated financial statements.

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

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount			
Balances, December 31, 2003	24,545	\$245	\$34,631	\$(39,722)	\$(4,846)
Issuance of Series BB Preferred Stock, conversion to common shares related party (see note 6)	675	7	277	--	284
Issuance of common shares for cash, net of issuance costs of \$61 thousand (see					

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	<u>Common Stock</u>		<u>Additional paid-in</u>	<u>Accumulated</u>	
note 6)	1,525	16	533	--	549
Issuance of options	--	--	10	--	10
Issuance of common shares for services, related party (see note 6)	7	--	7	--	7
Dividends on Series AA Preferred Stock, related party	--	--	77	(451)	(374)
Dividend on Series BB Preferred Stock, related party (see note 6)	--	--	28	(28)	--
Issuance of common shares for entering into a stock purchase agreement (see note 6)	537	5	304	--	309
Exercise of warrants and options (see note 6)	150	2	65	--	67
Issuance of common shares for services	26	--	14	--	14
Issuance of warrants associated with common stock purchase agreement	--	--	29	--	29
Net loss	--	--	--	(766)	(766)
Balances, December 31, 2004	<u>27,465</u>	<u>\$275</u>	<u>\$35,975</u>	<u>\$(40,967)</u>	<u>\$(4,717)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

F-7

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

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (766)	\$(878)	\$(705)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	123	107	154
Amortization of software development costs	37	344	481
Amortization of financing costs, related party	--	127	255
Issuance of common stock for payment of interest, related party	--	221	460
Amortization of discount on note payable, related party	--	12	12
Issuance of common stock, options and warrants			

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS (I

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

	Year Ended December 31,		
	31	66	36
For services and other	31	66	36
Bad debt expense, (credit)	(12)	(35)	24
Non-cash settlements	--	(924)	--
Changes in operating assets and liabilities:			
Accounts receivable-trade	(457)	351	106
Accrued revenues	(92)	159	241
Prepaid expenses and other assets	(98)	20	(24)
Notes receivable, accrued interest	(48)	(81)	--
Accounts payable	(182)	127	(85)
Accrued expenses	239	(50)	(156)
Accrued payroll	49	12	(53)
Accrued compensated absences	36	34	38
Deferred revenue	1,396	412	(237)
	<u>256</u>	<u>24</u>	<u>547</u>
Net cash provided by operating activities			
	<u>256</u>	<u>24</u>	<u>547</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of equipment and fixtures	(77)	(59)	(195)
Notes receivable, related party	--	--	(290)
Issuances of notes receivable	--	(30)	--
Funded software development	--	--	149
Maturities of investments	--	60	--
Increase in capitalized software development costs	--	(19)	(122)
	<u>(77)</u>	<u>(48)</u>	<u>(458)</u>
Net cash used in investing activities			
	<u>(77)</u>	<u>(48)</u>	<u>(458)</u>

See accompanying notes to the consolidated financial statements

F-8

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

	Year Ended December 31,		
	2004	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from note payable, related party	\$ --	\$ --	\$ 200
Exercise of options and warrants for cash	67	--	--
Dividend payments Series AA Preferred Stock, related party	(131)	--	--
Principal payments under capital lease obligations	(7)	--	(56)
Issuance of common stock for cash, net of offering costs	549	--	97
Costs associated with preferred stock	(7)	--	--
	<u>471</u>	<u>--</u>	<u>241</u>
Net cash provided by financing activities			
	<u>471</u>	<u>--</u>	<u>241</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	650	(24)	330
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	983	1,007	677

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS (C

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

CASH AND CASH EQUIVALENTS AT END OF YEAR	Year Ended December 31,		
	\$ 1,633	\$ 983	\$ 1,007
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS:

Cash paid for interest in 2004, 2003 and 2002 was \$265 thousand, \$202 thousand, and \$9 thousand, respectively. Of the \$265 thousand paid for interest in 2004, \$259 thousand was paid to a related party. Of the \$202 thousand in cash paid for interest in 2003, \$200 thousand was paid to Global Med International Holdings Limited on behalf of Global Med China & Asia Limited. Of the \$9 thousand paid in interest in 2002, none was paid to a related party.

The Company recognized expenses of approximately \$9 thousand, \$34 thousand, and \$25 thousand for the years ended December 31, 2004, 2003 and 2002, respectively, related to the issuance of options mainly for prepaid marketing and consulting expenses. These amounts are classified in sales and marketing expenses in the accompanying statement of operations. In 2002, Global Med issued 25 thousand Global Med options and 25 thousand PeopleMed options as consideration for current and future services to be provided to the Company. These options were valued at \$48 thousand. The expenses associated with these options are included in the amounts documented above.

The Company issued common shares to a related party for services valued at \$7 thousand, \$7 thousand and \$7 thousand, for the years ended December 31, 2004, 2003, and 2002, respectively.

During 2004, the Company entered into a capital lease for equipment valued at \$95 thousand.

The Company issued 537 thousand restricted common shares valued at \$309 thousand to a third party for entering into a stock purchase agreement during 2004. See note 6 of the financial statements for further discussion.

The Company issued 50 thousand warrants to purchase the same number of restricted shares of common stock to a third party for their assistance in helping the Company enter into the stock purchase agreement during 2004. See note 6 of the financial statements for further discussion.

See accompanying notes to the consolidated financial statements

The Company issued approximately 26 thousand restricted common shares valued at \$14 thousand to a third party as consideration for consulting during 2004.

The Company converted approximately \$60 thousand of accrued payroll and approximately \$224 thousand of accrued compensated absences into approximately \$284 thousand of Series BB Preferred Stock. The Preferred Stock Series BB was converted into common shares in December 2004. See Note 6 of the financial statements for further discussion.

The Company issued 50 thousand shares of common stock and PeopleMed issued 25 thousand shares of common stock as consideration for intellectual property used in the development of software during the year ended December 31, 2002. These shares were valued at \$77 thousand.

The Company recognized \$924 thousand in non-cash settlements during the year ended December 31, 2003, and none in 2004 or 2002. The details of the non-cash settlements are disclosed in Note 1 of the Consolidated Financial Statements, under Non-Cash Settlements.

See accompanying notes to the consolidated financial statements

F-10

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

On May 23, 1995, The Wyndgate Group, Limited (Wyndgate) merged with National MRO, Inc. (National MRO) and National MRO changed its name to Global Data Technologies, Inc., which subsequently changed its name to Global Med Technologies, Inc. Global Med Technologies, Inc. provides information management software products and services to the health care industry. Wyndgate operates as a division of Global Med Technologies, Inc. and designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities.

During 1999, Global Med Technologies, Inc. formed a subsidiary, PeopleMed.com, Inc. (PeopleMed), a Colorado corporation, which is approximately 83% owned by the Company to develop a software application designed to give HMO providers and other third party payers access to clinical information for chronic disease patients. This application allows doctors and other medical employees access to a patient s history. Approximately 13% of PeopleMed is owned by certain officers and directors of Global Med Technologies, Inc. The remaining 4% of PeopleMed common shares are owned by unaffiliated shareholders. Global Med Technologies, Inc. and PeopleMed are referred to collectively as the Company or Global Med . The Company operates in two separate business segments (see note 10).

RELATED PARTIES

Global Med is financed primarily through lending arrangements with Global Med International Limited (GMIL). These lending arrangements were originated by eBanker USA.com, Inc., (eBanker) transferred, along with eBanker s ownership in Global Med, to Global Med China & Asia Limited (GMCAL) in October 2002, and then the lending arrangements were transferred to GMIL in September 2003. Until November 28, 2001, eBanker was a consolidated subsidiary of eVision International, Inc. (eVision). eVision is majority owned by China Credit Holdings Limited (China Credit formerly Heng Fung Holdings Limited)and its subsidiaries, Online Credit Limited and Heng Fung Singapore Pte. Limited. Currently, GMCAL is a shareholder of Global Med. Until November 2001, eVision was also a shareholder of Global Med. eBanker through its subsidiary, GMCAL, is a shareholder of Global Med. Additionally, eVision and GMCAL each hold warrants to acquire 1 million and 11.186 million shares, respectively, of Global Med s common stock with exercise prices that range from \$0.25-\$0.50 per share. As discussed further below in the accompanying financial statements, in November 2000, eBanker and Global Med entered into a series of equity transactions that resulted in Global Med becoming a consolidated subsidiary of eBanker and eVision effective November 2000.

On November 28, 2001, the shareholders of eVision approved a transaction which transferred certain of the assets of eVision to Online Credit as satisfaction of the certain obligations eVision had with Online Credit. As a result, all of Global Med s common shares held by eVision and all eBanker s common shares and warrants held by eVision were transferred to Online Credit. Consequently, as of November 28, 2001, Global Med remained a consolidated entity of eBanker for accounting purposes; however, eBanker was then directly controlled by Online Credit instead of eVision.

During 2004, 2003 and 2002, eVision provided the Company with various support services. The Company recognized \$21 thousand, \$48 thousand, and \$52 thousand, respectively, in general and administrative expenses related to these services. As of December 31, 2004 and 2003, the Company had accrued \$113 thousand and \$92 thousand in accrued liabilities, respectively, on the balance sheets related to these periods. During 2004, 2003, and 2002, the Company incurred \$259 thousand, \$508 thousand, and \$460 thousand, respectively, in interest charges from related parties. Global Med International Holdings Limited (GMIHL) is a subsidiary of eBanker. The Company incurred \$0, \$24 thousand, and \$12 thousand in interest charges from GMIHL during 2004, 2003 and 2002, respectively. During 2004, 2003, and 2002, all of the Company s financing costs were derived from arrangements with eBanker, GMCAL, GMIL or GMIHL.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

As of June 21, 2002, the Company's Board of Directors had independently approved loans to a related party totaling \$370 thousand. During the year ended December 31, 2002, the Company's Notes Receivable, related party balance, increased \$290 thousand to a total of \$370 thousand as a result of funds advanced in the form of promissory notes to this entity controlled by a director, now formerly a director, of the Company, Jeff Busch. The notes bear interest at 12% per year and mature in 2006. During the year ended December 31, 2001, the Company had lent \$80 thousand to this entity. In addition, the CEO and Chairman of Global Med, Michael I. Ruxin, was also on the board of directors of this entity controlled by Jeff Busch. Dr. Ruxin resigned as a director of the related entity effective December 12, 2002. Jeff Busch resigned his position as a director of the Company and PeopleMed effective December 12, 2002. As a result, Jeff Busch and the entity controlled by Jeff Busch are no longer related parties of the Company. On March 10, 2003 the Company's Board of Directors approved and subsequently funded additional loans to the entity controlled by Jeff Busch in the amount of \$30 thousand.

Prior to the fourth quarter of 2003, the Company, had a valuation allowance on all of the interest income associated with the note receivable discussed above. Although the financial status of the entity that was lent the \$400 thousand notes receivable did not warrant a reserve for the principal amount of the notes receivable because the Company believed no impairment existed, no interest income was recognized prior to the fourth quarter of 2003. Subsequent to the year ended December 31, 2003, the Company, which prior to this had not received any monies from the entity to whom the note receivable was lent, received \$42 thousand from this entity for services to be performed. Based on the improvements in the entities financial status and the receipt of monies from the entity, the Company effectively removed the valuation allowance from the interest income on the note receivable. The Company recognized \$48 thousand in interest on this note receivable during the year ended December 31, 2004. Of the \$81 thousand in interest income recognized in 2003, \$27 thousand and \$7 thousand related to interest income for the years ended December 31, 2002 and 2001, respectively.

As a result of these transactions and relationships, the financial condition and results of operations Global Med may not necessarily be indicative of those that would have resulted if Global Med were unaffiliated with the related party entities mentioned above.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Global Med and its majority-owned subsidiary. Intercompany accounts and transactions are eliminated in consolidation. There is no minority interest reflected in the consolidated balance sheets at December 31, 2004 and 2003 because PeopleMed had a stockholders' deficit.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the accompanying financial statements, the Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

CREDIT RISK AND MARKET RISK

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Accounts receivable at December 31, 2004 and 2003 are derived from SafeTrace and from SafeTrace Tx sales and related services to blood centers and blood center service providers located in the United States and internationally. The International amounts are not material. Historically, the Company has not required collateral or other security to support customer receivables. In order to reduce credit risk, the Company 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 specific to customers.

The Company has customers located in numerous locations across the United States and Puerto Rico and sales are not concentrated in any geographic or economic region. The Company also has international customers in Africa and Canada. PeopleMed's customer is located in the State of Colorado.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLES AND ACCRUED REVENUES

The Company regularly evaluates the collectibility of its trade accounts receivable and unbilled receivables balances based on a combination of factors. The Company establishes a general reserve for accounts receivable. In addition, when a customer's account becomes past due, the Company initiates dialogue with the customer to determine the cause. If it is determined that the customer will be unable to meet its financial obligation, such as in the case of a bankruptcy filing, deterioration in the customer's operating results or financial position or other material events impacting their business, the Company records a specific reserve for bad debt to reduce the related receivable to the amount it expects to recover given all information presently available. The Company also records reserves for bad debt for all other customers based on certain other factors including the length of time the receivables are past due and historical collection experience with individual customers. If circumstances related to specific customers change, our estimates of the recoverability of receivables could materially change. The Company's allowance for uncollectible accounts receivable and unbilled receivables totaled \$113 thousand and \$125 thousand, respectively, at December 31, 2004 and 2003 and is included on the consolidated balance sheet as a reduction of accounts receivable and accrued revenues.

EQUIPMENT, FURNITURE AND FIXTURES

Equipment, furniture and fixtures are stated at cost. Depreciation and amortization, which includes amortization of assets under capital leases, is based on the straight-line method over estimated useful lives ranging from three to five years.

LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to be generated by the asset are less than its carrying value. Measurement of the impairment loss is based on the fair value of the asset, which is generally determined using valuation techniques such as discounted present value of expected future cash flows. Management does not believe current events or circumstances indicate that the Company's long-lived assets are impaired at December 31, 2004 or 2003.

SOFTWARE DEVELOPMENT COSTS

In accordance with the provisions of Statement of Financial Accounting Standard (SFAS) No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*, the Company capitalizes software development and production costs once technological feasibility has been achieved. Software development costs incurred prior to achieving technological feasibility are included in research and development expense in the accompanying statements of operations.

F-13

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Capitalized software development costs are reported at the lower of unamortized cost or net realizable value. Commencing upon the initial product release or when software development revenue has begun to be recognized, these costs are amortized, based on current and future revenue for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product, generally three to four years. For the years ended December 31, 2004, 2003 and 2002, the Company recorded approximately \$37 thousand, \$344 thousand, and \$481 thousand, of amortization, of software development costs, respectively. During the year ended December 31, 2003, the Company wrote down approximately \$77 thousand in costs associated with capitalized software development for certain PeopleMed products. These costs related to the underlying protocols that could be used in PeopleMed's software. The protocols were received in January of 2002 and as of December 31, 2003 had not been incorporated into PeopleMed's software, and the Company has no current plans to do so. This expense was included in software amortization during 2003.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

During the years ended December 31, 2003 and 2004, the Company did not capitalize any costs related to SafeTrace Tx. The Company discontinued capitalizing costs related to this product during this period, because the remaining period for amortizing software development costs was less than one year. The Company will continue to not capitalize additional software development costs for SafeTrace Tx until such time as the product life cycle is revised.

During the year ended December 31, 2002, the Company received \$149 thousand in funded software development from a PeopleMed customer in conjunction with the development of software for this customer. This funding reduced the capitalized software development costs associated with this product. The Company did not capitalize any software development costs for PeopleMed during 2004, as the current product is deemed to be mature and enhancements are for an existing customer under the terms of their support agreement.

NONCOMPETE AGREEMENTS

In 1996, the Company entered into non-compete agreements with certain key employees. The provisions of these non-compete agreements with these employees have expired. At December 31, 2004 and 2003, \$35 thousand remains payable whenever sufficient cash flow, as defined, is available as determined by the Company's Board of Directors.

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

FINANCIAL INSTRUMENTS

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Significant differences can arise between the fair value and carrying amount of financial instruments that are recognized at historical cost amounts. The fair value of the Company's debt instruments approximates fair value based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. Also, the carrying amounts of the Company's financial assets approximate fair value due to the short-term maturities of these items.

F-14

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

REVENUE RECOGNITION

The Company recognizes revenue in accordance with the American Institute of Certified Public Accountants Statement of Position (SOP) No. 97-2, "Software Revenue Recognition."

The Company's standard software license agreement for the Company's products provides for an initial fee to use the product in perpetuity up to a maximum number of users. Fees from software licenses are recognized as revenue upon shipment, provided fees are fixed and determinable and collection is probable. Fees from licenses sold together with consulting services are generally recognized upon shipment provided that the above criteria have been met, payment of the license fees is not dependent upon the performance of the consulting services and the consulting services are not essential to the functionality of the licensed software. In instances in which the consulting services are not essential to the functionality of the software but payment of the license fee is due at the earlier of the performance of specific consulting services or the passage of time, the license fee is recognized ratably over the anticipated period of performance of the services or ratably over the license fee billing period, whichever is more readily determinable. If the consulting services are essential to the functionality of the product or any portion of the payment of the license fee is contingent solely upon the performance of consulting services, license fees are recognized ratably over the anticipated period of performance of the consulting services.

For arrangements with multiple elements, we allocate revenue to each element of a transaction based upon its fair value as determined by vendor specific objective evidence. Vendor specific objective evidence of fair value for all elements of an arrangement is based upon the normal pricing and discounting practices for those products and services when sold separately and for software license updates and product support services, is additionally measured by the renewal rate offered to the customer. We may modify our pricing practices in the future, which could result in

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

changes in our vendor specific objective evidence of fair value for these undelivered elements. As a result, our future revenue recognition for multi-element arrangements could differ significantly from our historical results.

If an arrangement does not qualify for separate accounting of the software license and consulting transactions, then new software license revenue is generally recognized together with the consulting services based on contract accounting using the percentage-of-completion method. Contract accounting is generally applied to arrangements when services include significant modification or customization of the software. Progress towards completion is generally measure based on hours incurred versus projected total hours.

Certain of the Company's contracts include warranties that provide for refunds of all or a portion of the software license and or other fees in the event that the Company is unable to provide maintenance services, for which there is a separate fee, for the contractually prescribed period. Contracts with these provisions are accounted for in accordance with the policies above.

The Company provides consulting services that include implementation, training and the performance of other services to its customers. Revenue from such services is generally recognized ratably over the period during which the applicable service is to be performed.

If the Company enters into arrangements with a client requiring significant customization of the software that is essential to the functionality of the software, the Company recognizes revenue derived from the sale of licensed software, sub-licensed software as the customization is performed, in accordance with the AICPA Statement of Position 97-2, Software Revenue Recognition.

Support agreements generally call for the Company to provide technical support and software updates, on a when-and-if-available basis to customers. Revenue on technical support and software update rights is recognized ratably over the term of the support agreement.

F-15

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Revenues from the re-sale of hardware and software, obtained from vendors, is recognized at the time the hardware and software are delivered to customers.

PeopleMed has contracts that include fixed fee and per-member fees. The Company recognizes revenues from these contracts as services are provided.

Non-Cash Settlements

In April 2003, the Company signed an agreement with its SafeTrace Tx development partner, The Institute for Transfusion Medicine (ITXM), related to ITXM's purchase of certain software from the Company. In addition to certain cash consideration for the software purchase, ITXM agreed to relinquish any rights that ITXM had to existing and future royalties. As of April 2003, the Company owed ITXM approximately \$121 thousand for royalties on the sale of SafeTrace Tx. In addition, ITXM relinquished its right to receive future royalties on SafeTrace Tx sales which were assessed at 4% of the net software license fee. ITXM, as part of this agreement, also relinquished the right to receive future upgrades and maintenance and support that were part of a January 1998 settlement agreement associated with the development of SafeTrace Tx. The remaining value of these penalties as of the signing of the agreement was approximately \$267 thousand and was previously included in deferred revenue. As a result, the Company recognized approximately \$388 thousand in revenues as a result of the reduction in liabilities associated with the delivery of certain software to ITXM. Therefore, for the year ended December 31, 2003, approximately \$388 thousand in revenues related to this non-cash consideration is included in the Company's statement of operations.

In June 2003, the Company signed a settlement agreement (the Settlement Agreement) with Ortho Clinical Diagnostics, Inc. (Ortho), whereby by all of the Company's outstanding obligations to and from Ortho were released. As a result, the Company was released from its obligation to provide Ortho with \$500 thousand in software development work for which it had received payment from Ortho in 1997 as part of the exclusivity agreement the Company signed with Ortho in 1997. In addition, the Company was released from all other obligations to Ortho which included liabilities amounting to approximately \$36 thousand for sales distribution commissions. For the year ended December 31, 2003, the Company recognized \$500 thousand in revenues associated with this Settlement Agreement and Ortho's waiver of its right to software development services and a reduction in sales and marketing expenses of \$36 thousand associated with the release of the Company from its obligation to pay commissions to Ortho for prior sales. Therefore, for the year ended December 31, 2003, approximately \$500 thousand in revenues related to this non-cash consideration is included in the Company's statement of operations.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

The Company's Manufacturer's Representative and Software Development Agreement (OCD Agreement) signed with Ortho during June 1999 expired in June 2003. The Company has no outstanding software development or marketing agreements with Ortho at the present time.

During the year ended December 31, 2003, the Company had one Wyndgate customer that accounted for \$677 thousand or 10.4% of revenues. During the year ended December 31, 2002, the Company had one PeopleMed customer that accounted for 15.4% or \$1.022 million, of the Company's revenues. Of the \$1.022 million in revenues, \$500 thousand was attributable to the customer terminating a five-year contract with PeopleMed.

On December 19, 2002, Global Med's subsidiary, PeopleMed, signed a termination agreement (the Termination Agreement) with a significant customer (Significant Customer) to terminate the five (5) year Chronic Disease Management Purchase Agreement between PeopleMed and the Significant Customer that was set to expire on December 31, 2005. The Termination Agreement is Effective December 1, 2002. As part of the Termination Agreement, the Significant Customer paid PeopleMed a termination fee of \$800 thousand. Of the \$800 thousand termination fee, an amount not to exceed \$350 thousand was potentially refundable to the Significant Customer in the event that the Significant Customer provides PeopleMed with a replacement customer(s) that will meet certain prescribed criteria which includes use of the Chronic Disease Management software. In the event that the Significant Customer did not provide a suitable replacement customer, the potential refund of \$350 thousand, as prescribed in the Termination Agreement, was to be reduced by \$50 thousand per month starting December 1, 2002 and terminating June 30, 2003. For the year ended December 31, 2003, PeopleMed recognized \$300 thousand in revenues related to the Termination Agreement. For the year ended December 31, 2002, Global Med recognized \$500 thousand in revenues associated with this Termination Agreement. The Significant Customer paid PeopleMed an \$800 thousand termination fee as follows: \$350 thousand during 2002 and \$450 thousand during 2003. No money was refunded to the Significant Customer.

F-16

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

During the year ended December 31, 2004, the Company signed an agreement whereby the Company was paid \$265 thousand to terminate an agreement. The Company recognized approximately \$145 thousand in maintenance revenue during the year ended December 31, 2004, as a result of this agreement. In addition, general and administrative expenses were reduced by the remainder.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to expense as incurred. Research and development funding by others is deferred and offset against capitalizable costs. Funded research and development in excess of capitalizable costs is recognized as contract research and development when the related product is ready for commercial release.

SIGNIFICANT CUSTOMERS

During the year ended December 31, 2004, there were no customers who accounted for more than 10% of revenues. During the year ended December 31, 2003, the Company had one Wyndgate customer that accounted for \$677 thousand or 10.4% of revenues. During the year ended December 31, 2002, the Company had one PeopleMed customer that accounted for 15.4% or \$1.022 million, of the Company's revenues. Of the \$1.022 million in revenues, \$500 thousand was attributable to the customer terminating a five-year contract with PeopleMed.

LOSS PER COMMON SHARE

Basic loss per common share excludes dilution and is computed by dividing loss by the weighted-average number of common shares outstanding during the periods presented. Diluted net loss per common share reflects the potential dilution of securities that could participate in the earnings unless their effort is antidilutive. Stock options, 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. Common share equivalents are excluded from the computation, as their effect would be antidilutive. For the years ended December 31, 2004, 2003 and 2002 approximately 9.6 million, 1.2 million, and 4.2 million, equivalent dilutive securities (primarily convertible preferred stock, common stock options, and warrants), respectively, have been excluded from the weighted-average number of common shares outstanding for the diluted net loss per share computations as they are antidilutive.

STOCK BASED COMPENSATION

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

At December 31, 2003 the Company has several stock-based compensation plans, which are described more fully in Notes 6 and 7. The Company has adopted the disclosure method provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. As permitted under SFAS No. 123, the Company continues to account for stock-based compensation for awards to employees under the intrinsic value based method of accounting as prescribed by Accounting Principles Board Opinion No. 25 (APB No. 25), *Accounting for Stock Issued to Employees*. Stock based compensation paid to consultants and other non-employees is accounted for at fair value under the provisions of SFAS No. 123. In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure* (SFAS 148), which provides for alternative methods to transition to the fair value method of accounting for stock options in accordance with provisions of FASB Statement No. 123, *Accounting for Stock Based Compensation*. In addition, SFAS 148 requires disclosure of the effects of an entity's accounting policy with respect to stock-based compensation on reported net income and earnings per share in annual and interim financial statements. The transition provisions of SFAS 148 are currently not applicable to us as we continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25.

F-17

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Had compensation cost for the Company's stock-based compensation plans been determined consistent with SFAS No. 123, the Company's pro forma amounts would have been as indicated in \$(000s) except per share data:

	Year Ended December 31,		
	2004	2003	2002
Net loss as reported	\$ (766)	\$ (878)	\$ (705)
Total stock-based compensation expenses determined under fair value accounting, net of tax effects	(1,257)	(1,239)	(375)
Pro forma net loss under SFAS 123	\$(2,023)	\$(2,117)	\$(1,080)
Net loss per common share			
As reported	\$(0.05)	\$(0.04)	\$(0.03)
Pro forma	\$(0.08)	\$(0.09)	\$(0.04)
Assumptions:			
Dividend Yield	--	--	--
Volatility factor	405%	385%	351%
Risk free interest rate	4.23%	2.97%	3.03%
Expected Life of Option (in years)	10	10	10

The estimated value of the total options granted during the years ended December 31, 2004, 2003 and 2002 were \$165 thousand, \$46 thousand, and \$1.612 million, respectively.

The estimated fair value compensation expense associated with the options granted during 2004, 2003, and 2002, and their respective portions vesting were \$13 thousand, \$34 thousand, and \$98 thousand, respectively, for the years ended December 31, 2004, 2003 and 2002.

The weighted-average estimated fair value of employee stock options granted during 2004, 2003, and 2002 were \$0.55, \$0.68, and \$0.58, per share, respectively. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the five year vesting period.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS

In December 2004 the FASB issued revised SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R), which replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, (SFAS 123) and supercedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*.

SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first interim or annual period after June 15, 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. Global Med is currently required to adopt SFAS 123R in the third quarter of fiscal 2005, beginning July 1, 2005. Under SFAS 123R, Global Med must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS 123R, while the retroactive methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Global Med is evaluating the requirements of SFAS 123R and expects that the adoption of SFAS 123R will have a material impact on the Company's consolidated results of operations and earnings per share.

F-18

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Global Med has not yet determined the method of adoption or the effect of adopting SFAS 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS 123.

In December 2004 the FASB issued SFAS No. 153 Exchanges of Nonmonetary Assets - An Amendment of APB Opinion No. 29. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is to be applied prospectively for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. Our adoption of SFAS No. 153 is not expected to have a material impact on our financial position or results of operations.

Reclassifications

Certain reclassifications have been made to the 2003 and 2002 financial statement to conform to the 2004 presentation.

NOTE 2. FINANCING AGREEMENTS, RELATED PARTY

Financing Agreements With Related Parties

Debt Conversion

Pursuant to a Loan Restructuring and Restatement Agreement between Global Med and eBanker of which GMIL is a subsidiary, dated November 19, 2000, as amended (the Agreement), Global Med was required to repay \$3.829 million, which amount included all principal, interest and other charges due under the Agreement (except for \$96 thousand in extension interest payments and accrued interest thereon due on July 1, 2004), on or before March 1, 2004. By an Assignment dated July 4, 2002, eBanker assigned the Agreement to Global Med International Holdings Limited (GMIHL), a subsidiary of eBanker and parent company of GMIL. By an Assignment dated July 4, 2002, GMIHL assigned the Agreement to GMIL. By an Assignment dated October 28, 2002, GMIL assigned the Agreement to GMCAL, a subsidiary of GMIL. By an Assignment dated September 19, 2003, GMCAL assigned the Agreement to GMIL. Pursuant to a Loan and Promissory Note between Global Med and GMIHL dated June 18, 2002, as previously amended (the Note), Global Med was required to repay GMIHL \$200 thousand, which amount included all principal, interest and other charges due under the Note (except for \$12 thousand in extension interest payments due on July 1, 2004), on or before March 1, 2004. GMIHL has assigned the Note to GMIL. The total debt owed by Global Med to GMIL under the Agreement and the Note (except for the \$96 thousand in extension interest payments and accrued interest thereon due on July 1, 2004 and the \$12 thousand in extension interest payments due on July 1, 2004, referenced above) (the Debt) was \$4.029 million at December 31, 2003.

On April 14, 2004, Global Med International Limited (GMIL) and Global Med amended their existing financing agreements and entered into an agreement to combine the outstanding \$3.829 million and \$200 thousand debt agreements. The combined loan of \$4.029 million was then separated into two parts: \$529 thousand was converted into debt (Remaining Debt) and \$3.5 million was converted into \$1 par value Series AA Convertible Redeemable Preferred Stock (Preferred Stock). (See note 6 for further discussion of the preferred stock.) The due date of the Remaining Debt is March 1, 2006. The interest rate on the Remaining Debt is 15% per year and interest on this debt is due and payable quarterly on March 1, June 1, September 1, and December 1 of each year until the Remaining Debt is paid in full. The Remaining Debt is secured by all of Global Med's assets and is subject to the outstanding terms of November 19, 2000 financing agreement (Loan Agreement). As of April 14, 2004, Global Med had paid GMIL \$287 thousand of the \$287 thousand extension fee. At December 31, 2004, principal of \$529 thousand and accrued

interest of \$69 thousand was outstanding under the terms of the Remaining Debt agreement.

F-19

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Under the terms of the Remaining Debt and Preferred Stock Agreements, the personal guaranty of Dr. Michael I. Ruxin, the Company's Chairman and CEO, remains in effect until both the Preferred Stock and Remaining Debt and any related dividends or interest, respectively, are paid. Unless Global Med is in default of the Remaining Debt or Preferred Stock agreements, Dr. Ruxin's personal guaranty is limited to the debt and related interest and will not exceed \$650 thousand and will remain in effect until the total Remaining Debt has been fully paid or satisfied. The agreements also contain the following provisions:

- o Global Med agrees to register with the SEC all unregistered Global Med shares and shares underlying derivatives regardless of the owner of the shares.
- o Registration of all Global Med Shares will be maintained and not allowed to lapse.
- o Remaining Debt and Preferred Stock are not satisfied unless eliminated.
- o Any future restructuring of the Remaining Debt or Preferred Stock is not a satisfaction of the Remaining Debt or Preferred Stock unless specified in writing by GMIL.
- o While any of the Remaining Debt or Preferred Stock is outstanding, the Company has agreed not to incur any debt in excess of \$100 thousand without the written consent of GMIL.

As part of these agreements, Global Med agreed to indemnify GMIL and its affiliates, including but not limited to GMCAL, GMIHL, eBanker, Online Credit Limited, Heng Fung Singapore Ltd., and China Credit, and their employees, officers, directors, and agents for any legal proceeding that results or stems from GMIL's conversion of this debt to Preferred Stock.

In conjunction with the signing of the Remaining Debt and the Preferred Stock Agreement, these agreements preserved the right of GMIL to appoint 5 of 9 members of Global Med's Board of Directors until the Remaining Debt and Preferred Stock have been satisfied. Further, GMIL shall have the right to select a replacement director for any member of the Borrower's Board of Directors that was selected by Lender who resigned or otherwise fails to serve as a director. Global Med agrees not to increase the number of directors above nine except with GMIL's written consent. If Global Med defaults on the repayment of any amount borrowed under the financing agreements initiated with eBanker, all of the Board of Directors of Global Med will be required to resign and GMIL will have the right to appoint all new members.

NOTE 3. RISKS AND UNCERTAINTIES

Global Med designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities. Global Med currently has customers and recognizes revenues from its proprietary products. However, the number of customers and levels of revenue have not been sufficient for Global Med to attain profitable operations. Global Med has incurred significant cumulative operating losses. Additionally, Global Med currently has an accumulated shareholders' deficit. The ultimate success of Global Med is dependent upon a number of factors such as increasing market acceptance of its products, the addition of significant new customers and maintaining effective cost controls, none of which is assured.

F-20

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

NOTE 4. INCOME TAXES

The Company has net operating loss carry forwards of approximately \$23.4 million which expire in the years 2008 to 2024. Net operating loss carry forwards of approximately \$21 million are subject to limitation under Section 382 of the Internal Revenue Code due to the various changes in equity ownership during 2000 and 1999.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Actual income tax benefit differs from the amount calculated using the Federal statutory tax rate as follows:

	in (\$000s)		
	2004	2003	2002
Expected tax benefit	\$(273)	\$(299)	\$(240)
Effect of permanent differences	13	133	103
Change in valuation allowance for deferred tax assets	302	193	103
State tax benefit, net of federal provision (benefit)	(25)	(16)	(9)
Other	(17)	(11)	43
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Income tax expense	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The components of the deferred tax assets and liabilities as of December 31, 2004 and 2003 are as follows:

	in (\$000s)	
	2004	2003
Deferred tax assets:		
Net operating loss carry forwards	\$ 9,253	9,438
Allowance for uncollectible accounts and notes		
Receivable	45	49
Unearned revenue and accrued expenses	1,224	746
	<u>10,522</u>	<u>10,233</u>
Gross deferred tax assets	10,522	10,233
Valuation allowance	(10,515)	(10,213)
	<u>7</u>	<u>20</u>
Net deferred tax assets	7	20
Deferred tax liabilities:		
Capitalized software development costs	7	20
	<u>7</u>	<u>20</u>
Gross deferred tax liabilities	7	20
	<u>7</u>	<u>20</u>
Deferred tax assets, net	<u>\$ --</u>	<u>--</u>

In assessing the realizability of deferred tax assets, management concluded that it is not more likely than not that the deferred tax assets would be realized. The ultimate realization of the deferred tax assets is dependent on the generation of future taxable income in the period in which the temporary differences become deductible. The Company has established a valuation allowance for deferred taxes due to the uncertainty that the deferred tax assets will be utilized.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

NOTE 5. LEASES

The Company leases equipment and office space. Rental expense under operating leases was approximately \$ 244 thousand, \$262 thousand, and \$254 thousand for the years ended December 31, 2004, 2003 and 2002, respectively.

The following represents the future minimum lease payments for all capital leases as well as the non-cancelable operating leases at December 31, 2004 in (\$000s):

	<u>Capital Leases</u>	<u>Operating Leases</u>
2005	\$ 26	\$193
2006	26	97
2007	26	5
2008	26	--
2009 and thereafter	17	--
	<u> </u>	<u> </u>
Total minimum lease payments	\$ 121	\$295
		<u> </u>
		<u> </u>
Less amount representing interest	(33)	
	<u> </u>	
Present value of minimum lease payments	\$ 88	
Less current portion of obligation under capital leases	(14)	
	<u> </u>	
Obligation under capital lease, less current portion	\$ 74	
	<u> </u>	
	<u> </u>	

As of December 31, 2004, the value of the Company's outstanding capital leases included in the Company's balance sheet in equipment, furniture, and fixtures, had an underlying cost of \$95 thousand and accumulated depreciation of \$7 thousand.

NOTE 6. STOCKHOLDERS' EQUITY*Sales of Common Stock***Private Placements**

During the year ended December 31, 2004, the Company received net proceeds of \$549 thousand from the sale of 1.525 million shares of unregistered common stock. The price per share price was \$0.40. The Company filed a Form S-1 registration statement to register these shares on December 6, 2004. As a result of the private placement, the Company incurred issuance costs of approximately \$61 thousand. In addition, the Company issued 125 thousand warrants to purchase unregistered common shares of the Company's stock at \$0.40 per share as part of this transaction. The common shares underlying these warrants have piggyback registration rights under certain conditions. The Company plans on using the proceeds of the private placement for general working capital purposes.

During 2002, the Company received \$50 thousand from a third party related to the sale of approximately 111 thousand shares of the Company's common stock. In conjunction with the sale of the common shares, the investor received the right to approximately 27 thousand warrants to purchase the same number of common shares of the Company's stock at \$1.25 per share. These warrants are exercisable for a period of five years from the date of issuance.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

During 2002, the Company received \$50 thousand from a director related to the sale of approximately 111 thousand shares of the Company's common stock. In conjunction with the sale of the common shares, the related party received the right to approximately 27 thousand warrants to purchase the same number of common shares of the Company's stock at \$1.25 per share. These warrants are exercisable for a period of five years from the date of issuance. These shares were sold and warrants issued on the same terms as those sold to a third party.

During 2002, the Company incurred \$3 thousand in fees related to the sale of common shares for cash making the total cash received \$97 thousand.

Preferred Stock

Series AA

On April 14, 2004 GMIL and Global Med amended their existing financing agreements and entered into an agreement to convert a portion of the outstanding debt totaling \$3.5 million into 3.5 million shares of Series AA Convertible Redeemable Preferred Stock, as discussed in Note 11 in the Form 10-K in the audited financial statements for the period ended December 31, 2003. For the period from March 1, 2004 through February 28, 2005, the Series AA Preferred Stock has a dividend yield of 15%. On March 1, 2005, the dividend rate on the Series AA Preferred Stock increases from 15% to 21%. During October 2004, the Company made one dividend payment in the amount of approximately \$131 thousand. The remainder of the accrued dividend for the period from March 1, 2004 through February 28, 2005 will be paid in 2005. During 2005, the cash dividends are mandatory and due and payable on March 1, June 1, September 1, and December 1 during each quarter the Series AA Preferred Stock is outstanding. The Series AA Preferred Stock can be converted by GMIL into common stock of the Company at any time at a conversion rate of (2.222) shares of common stock for each share of Series AA Preferred Stock. Therefore, the Series AA Preferred Stock is convertible into approximately 7.777 million common shares. At any time after March 1, 2006, the Series AA Preferred Stock is redeemable at GMIL's option at \$1 per share. The Series AA Preferred Stock is mandatorily redeemable on March 1, 2009. If the cash dividends on the Series AA Preferred Stock are not paid within thirty (30) days after the end of the quarter, at GMIL's option, GMIL will be paid in additional Series AA Preferred Stock equal to the value of the outstanding dividend, or common stock at the closing market price for ten (10) days preceding GMIL's election.

The Series AA Preferred Stock can be converted into common stock at GMIL's option, and GMIL is not able to force redemption of the Series AA Preferred Stock until March 1, 2006. The Company has classified the Series AA Preferred Stock as "Mezzanine Equity" in these financial statements. The Company will be required to review the classification of the Series AA Preferred Stock on a quarterly basis to determine if the classification as Mezzanine Equity remains appropriate. Such review could result in the Preferred Stock being reclassified as debt prior to March 1, 2006.

Redemption dates for the Preferred Series AA as of December 31, 2004: (in \$000s)

2005	2006	2007	2008	2009
--	*	*	*	\$3,500

*Preferred Stock is redeemable at the holder's option from the period from March 1, 2006 through February 28, 2009. On March 1, 2009, the Preferred Stock Series AA is mandatorily redeemable.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Series BB

On April 14, 2004, the Company's Chairman and CEO, Michael I. Ruxin, M.D., agreed to convert his outstanding accrued vacation and accrued wages as of February 29, 2004, with a book value of approximately \$284 thousand, into approximately 675 thousand shares of Series BB Preferred Stock ("Series BB"). The Series BB has the following terms:

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

- o Each Series BB share is convertible into one common share at the option of the holder if Global Med's common stock closing price reaches \$0.75 per share on any day. During the third quarter ended September 30, 2004, the Company's stock closed above \$0.75 per share, and the Series BB became convertible into the Company's common stock upon written notice by Dr. Ruxin. As a result, the Company recorded a dividend of \$28 thousand associated with the beneficial conversion feature associated with the Series BB.
- o The Series BB is junior to the Series AA and senior to the common stock of the Company and has a liquidation preference of \$0.42 per share.

All of the Series BB Preferred Stock was converted into 675 thousand shares of common stock on December 13, 2004.

Common Stock Purchase Agreement

On October 8, 2004, the Company entered into a common stock purchase agreement (Purchase Agreement) with Fusion Capital Fund II, LLC (Fusion Capital), a Chicago based institutional investor, whereby Fusion Capital has agreed to purchase up to \$8.0 million of common stock over a 32-month period. Specifically, after the Securities & Exchange Commission has declared effective a registration statement, each month Global Med has the right to sell to Fusion Capital \$12,500 of its common stock, per trading day, at a purchase price based upon the market price of Global Med's common stock on the date of each sale without any fixed discount to the market price. The Purchase Agreement with Fusion Capital allows the Company to increase Fusion's daily purchase of common stock beyond the \$12,500 amount under certain circumstances. For each \$0.10 increase in the price of the Company's common stock over \$0.75, the Company will have the right but not obligation, to increase the amount purchased by Fusion Capital by \$2,500 per day. At the Company's sole option, Fusion Capital can be required to purchase lesser or greater amounts of common stock, within certain ranges, each month up to \$8.0 million in the aggregate. The Company has the right to control the timing and the amount of stock sold to Fusion Capital. Global Med also has the right to terminate the agreement at any time without any additional cost. Fusion Capital has agreed not to engage in any direct or indirect short selling or hedging of the common stock in any manner whatsoever.

As part of the execution of the Purchase Agreement, the Company issued approximately 487 thousand shares of restricted common stock to Fusion Capital prior to the any purchase of registered shares. In addition, under the terms of the Purchase Agreement, the Company is required to reserve 10 million shares for issuance to Fusion Capital. As Fusion Capital purchases the 10 million shares, the Company will be required to issue an additional 487 thousand shares of common stock ratably as these shares are purchased. The Board of Directors of the Company approved this transaction on September 28, 2004.

On July 7, 2004, the Company executed a preliminary agreement (Preliminary Agreement) with Fusion Capital as a precursor to the Purchase Agreement. As part of the Preliminary Agreement, the Company issued 50 thousand restricted shares of common stock. In addition, the Company agreed to reimburse Fusion Capital for \$15 thousand in expenses associated with the transaction discussed above. The Company paid Fusion Capital the \$15 thousand in October 2004. The 487 thousand common shares due to Fusion Capital were considered constructively issued on October 8, 2004. The 537 thousand common shares issued to Fusion Capital were valued at \$309 thousand based on the market value of the common shares on the constructive date of issuance. This amount is currently in prepaid expenses and other assets and are considered deferred offering costs on the Company's December 31, 2004 balance sheet. On a pro rata basis, the Company will reduce this amount as Fusion Capital purchases common shares under the terms of the Purchase Agreement.

F-24

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company agreed to provide a third party with 50 thousand warrants to purchase the same number of common shares of the Company with the execution of the Purchase Agreement. The warrants are priced at \$0.57 per share, the closing price of the Company's stock on the date of execution of the Purchase Agreement, October 8, 2004, and expire on October 8, 2009. These warrants were valued at \$29 thousand. In addition, the Company issued five-year warrants to purchase 400 thousand shares of the Company's common stock at \$0.49 per share. These warrants are exercisable after the Company begins to receive funding under the Purchase Agreement, and then only on a pro rata basis as the Company receives up to \$4 million in equity funding.

Options and Warrants Exercised

During the year ended December 31, 2004, 25 thousand options and 125 thousand warrants were exercised to purchase the same number of the Company's common shares. The Company received \$67 thousand related to the exercise of these options and warrants.

NOTE 7. STOCK OPTION PLANS, WARRANTS, AND STOCK COMPENSATION PLAN

The Second Amended and Restated 1997 Stock Option Plan (Plan) provides for the issuance of options to purchase up to 2.2 million registered shares of common stock to employees, officers, directors and consultants of the Company. Options may be granted as incentive stock or as nonqualified stock options.

Only employees of the Company are eligible to receive incentive options. As of May 31, 2000, options could no longer be issued under this Plan. As of December 31, 2004, options to purchase 1.137 million shares of the Company's common stock at a weighted average exercise price of \$1.19 per share were outstanding under the Plan, of which 1.137 million options to purchase shares were exercisable at December 31, 2004.

In the second quarter of 2001, the Company adopted the 2001 Stock Option Plan (2001 Plan). The 2001 Plan as amended provides for the issuance of options to purchase up to 10 million registered shares of common stock to employees, officers, directors and consultants of the Company. Options may be granted as incentive stock options or as nonqualified stock options. Only employees of the Company are eligible to receive incentive options. The 2001 Plan expires on December 28, 2010. As of December 31, 2004, options to purchase 2.830 million shares of the Company's common stock at a weighted average exercise price of \$0.59 per share were outstanding under the 2001 Plan, of which 1.265 million options to purchase shares were exercisable at December 31, 2004. Options granted under the Plan vest on a straight-line basis, based on schedules as determined by the Board of Directors upon grant and generally expire 10 years after grant. During 2004, the Company issued 200 thousand stock options and 71 thousand options were cancelled under the 2001 Plan.

In June 2003, the Company's Board of Directors approved the 2003 Stock Option Plan (2003 Plan). The 2003 Plan provides for the issuance of stock options exercisable to purchase up to 5 million shares of the Company's common stock to employees, officers, directors and consultants. As of December 31, 2004, there were options to purchase 4.707 million shares under the 2003 Plan that were issued to such persons. The Company filed an S-8 registration statement to register the 5 million shares issuable under the 2003 Plan in May 2004. The range of the exercise prices for these options is \$0.45 to \$2.50 per share. The weighted-average exercise price of these options is \$0.68 per share. There were 4.607 million options exercisable under the 2003 Plan as of December 31, 2004. In 1999, the Board of Directors approved a grant of nonqualified options, to purchase 1.5 million shares of the Company's common stock to two officers of the Company. All of these options are exercisable at \$0.5625 per share for a period of ten years. These options are included in the 4.707 million total above.

F-25

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

The Company also periodically grants options to purchase shares of restricted common stock. The shares underlying these options are not registered under the 1933 Act. As of December 31, 2004, there were options to purchase 220 thousand shares of common stock at a weighted average exercise price of \$2.08 per share through 2004 were outstanding, of which 212 thousand were exercisable at December 31, 2004.

The following table presents the activity for options for the years ended as of December 31:

	2004		2003		2002	
	Options	Price*	Options	Price*	Options	Price*
Outstanding, beginning of year	8,754,942	0.76	8,911,942	\$ 0.75	6,257,971	\$ 0.85
Granted	300,000	0.55	68,000	0.68	2,827,500	0.58
Forfeited/cancelled	(136,500)	0.64	(225,000)	0.54	(173,529)	1.31
Exercised	(25,000)	0.66	--	--	--	--
Outstanding, end of year	8,893,442	0.75	8,754,942	0.76	8,911,942	0.75

* Price reflects the weighted average exercise price.

The following table presents the composition of options outstanding and exercisable as of December 31, 2004:

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Range of exercise prices	Options Outstanding			Exercisable Options	
	Amount	Price*	Life*	Amount	Price*
\$ 0.45 - 0.55	194,000	\$ 0.47	8.8	62,000	\$.49
0.56- 1.00	7,874,498	0.65	5.4	6,343,164	0.67
1.01 - 1.50	279,000	1.15	3.2	269,000	1.16
1.51 - 2.00	321,694	1.78	2.7	321,694	1.78
2.45 - 3.00	210,750	2.51	2.0	210,750	2.51
3.75 - 3.75	13,500	3.75	1.3	13,500	3.75
Total December 31, 2004	8,893,442	0.75	5.3	7,220,108	0.80

*Price and life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

Warrants

The following summarizes the outstanding warrants to purchase shares of common stock of Global Med for the years ended December 31, 2004, 2003 and 2002:

F-26

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2001	14,832,318	\$ 1.07
Issued	53,300	1.25
Cancelled	(262,800)	5.78
Balance at December 31, 2002	14,622,818	\$ 0.82
Cancelled	(1,595,288)	3.29
Balance at December 31, 2003	13,027,530	\$ 0.52
Issued	575,000	0.48
Exercised	(125,000)	0.40
Cancelled	(187,800)	3.75
Balance at December 31, 2004	13,289,730	\$ 0.48

Of the warrants outstanding as of December 31, 2004, 12.186 million belong to related parties. All of the outstanding warrants are exercisable with exercise prices that range from \$0.25 to \$1.25 per share and expire in the years 2007 to 2011.

During 2002, the Company granted approximately 53 thousand warrants in conjunction with the sale of common stock. See Note 6 for further discussion.

During 2004, the Company issued 575 thousand warrants in conjunction with the sale of common stock. See note 6 for further discussion.

During 2004, 125 thousand warrants were exercised for cash proceeds of \$50 thousand.

Stock Compensation Plan

In 2000, the Company issued 30 thousand shares of common stock to a third party for services under the stock compensation plan and authorized the issuance of 35 thousand shares to a Director of the Company in his role as active Acting Principal Financial and Accounting Officer and Treasurer. Of the 35 thousand authorized shares as of December 31, 2000, 28 thousand were issued as of December 31, 2004. The remaining shares will be issued at a rate of 7 thousand per year as they are earned. The market value of the shares that had been issued or authorized was \$65 thousand, based on quoted market prices. During the years ended December 31, 2004, 2003 and 2002, the Company recognized \$8 thousand, \$7 thousand, and \$7 thousand, respectively, in the statement of operations associated with the 35 thousand shares authorized in the year ended December 31, 2000 to be issued to a director in his role as Acting Principal Financial and Accounting Officer and Treasurer. Mr. Cook resigned as Acting Principal Financial and Accounting Officer and Treasurer in February of 2004.

F-27

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

NOTE 8. CONTRIBUTIONS TO RETIREMENT PLAN

The Company has a 401(k) retirement plan which covers eligible employees, as defined, of the Company (the 401(k) Plan). Employees may defer up to fifteen percent of their annual compensation up to the maximum amount as determined by the Internal Revenue Service. Under the 401(k) Plan, the Company, at its discretion, may make contributions to the plan. No Company contributions were made to the 401(k) Plan in 2004, 2003 or 2002.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Company is charged a royalty on applicable SafeTrace Tx revenues. In April 2003, the Company entered into an agreement with its SafeTrace development partner whereby all unpaid royalties and all future royalties of SafeTrace Tx sales were waived. See Note 1 for further discussion. Royalty expenses were approximately \$0, \$6 thousand, and \$12 thousand for the years ended December 31, 2004, 2003 and 2002, respectively, and are included in cost of revenues in the accompanying statement of operations. Future royalties will be approximately 3% of applicable SafeTrace revenues. The Company is charged a commission by its marketing partners for sales on applicable SafeTrace Tx revenues. During the year ended December 31, 2003, the Company recognized a reduction in commissions charged by its marketing partners of \$36 thousand associated with a Settlement Agreement which are included in sales and marketing expenses. See Note 1 for further discussion. During the year ended December 31, 2003, the Company recognized a reduction in these commission expenses of \$28 thousand. During the year ended December 31, 2002, the Company recognized commissions expense of \$26 thousand which is included in sales and marketing expenses in the accompanying statement of operations.

The Company has certain operating and capital lease obligations outstanding as of December 31, 2004. The obligations associated with these operating and capital leases are more fully described in note 5.

NOTE 10. BUSINESS SEGMENT INFORMATION

The Company classifies its products into two core business segments: Wyndgate and PeopleMed. Wyndgate develops, markets and supports blood tracking systems to assist community blood centers, hospitals, plasma centers and outpatient clinics in the United States. In complying with the quality and safety standards of the FDA for the collection, transfusion, and management of blood and blood products. PeopleMed offers chronic disease management as an Application Service Provider (ASP). PeopleMed's systems use the Internet to coordinate sources and users of a patient's clinical information, including laboratory, pharmacy, primary and specialty care providers, claims, and medical records.

The segment information for the years ended December 31, 2004 and 2003 has not been presented, as PeopleMed's financial results were not significant to the Company for these periods. The segment information for the year ended December 31, 2002 has been presented as it was significant to this period.

F-28

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Year Ended December 31, 2002

(In thousands)

	Wyndgate Division	PeopleMed	TOTAL
Revenues	\$ 5,527	\$1,100	\$ 6,627
Income (loss) from operations	(451)	467	16
Interest income	15	--	15
Interest expense, including related party	(481)	--	(481)
Financing costs to a related party	(255)	--	(255)
Net loss	\$(1,172)	\$ 467	\$ (705)
Depreciation and amortization	\$ 136	\$ 18	\$ 154
Capital expenditures	185	10	195
Identifiable assets as of December 31, 2002	2,446	604	3,050

NOTE 11. SUMMARIZED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth certain unaudited quarterly results of operations for each of the quarters in the years ended December 31, 2004 and 2003. In management's opinion, this unaudited information has been prepared on the same basis as the audited consolidated financial statements and includes all adjustments necessary for a fair presentation of the information for the quarters presented, when read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, included elsewhere in this Form 10-K. During the three months ended March 31 and June 30, 2003, the Company recognized \$150 thousand in each of these quarters related to a termination fee associated with a significant PeopleMed customer. During the three months ended December 31, 2004, the Company received a contract termination fee in the amount of \$265 thousand from a customer. As a result of this termination fee, the Company recognized \$145 thousand in maintenance revenue during this period and general and administrative expenses were reduced by \$120 thousand. During the three months ended June 30, 2003, the Company recognized \$388 thousand related to non-cash consideration in the form of a reduction of liabilities that the Company owed to a customer. In addition, during the three months ended June 30, 2003, the Company recognized \$500 thousand related to non-cash settlements from one of its marketing partners whereby the Company was released from its obligation to perform services in accordance with the terms of prior agreements. See Note 1 of the consolidated financial statements for further discussion of these non-cash transactions. During the three months ended June 30, 2003, the Company had fully amortized the outstanding capitalized software development costs for SafeTrace Tx. During the three months ended December 31, 2003, the Company wrote down approximately \$77 thousand in costs associated with capitalized software development for certain PeopleMed products. These costs related to the underlying protocols that could be used in PeopleMed's software. The protocols were received in January of 2002 and as of December 31, 2003 had not been incorporated into PeopleMed's software, and the Company has no current plans to do so. This expense was included in software amortization during 2003. Amortization of capitalized software costs is included in cost of revenues in the accompanying statements of operations.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Included in the results for the three months ended December 31, 2003, the Company recognized \$81 thousand in interest income from an outstanding note receivable. Prior to this period, effectively, the Company had a valuation allowance against the accrued interest. Of the \$81 thousand in interest come, \$69 thousand related to prior periods. The Company reversed this valuation allowance based on improvements in the financial status of the party to the note receivable. See the RELATED PARTIES of Note 1 of the consolidated financial statements for further discussion.

The Company believes that quarter-to-quarter comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

**GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

(In thousands, except share and per share information)

	Quarters Ended			
	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004
Revenues	\$ 2,277	\$ 1,794	\$ 1,460	\$ 1,353
Cost of revenues	666	587	621	563
Gross profit	1,611	1,207	839	790
Operating expenses:				
General and administrative	606	644	580	604
Sales and marketing	526	377	386	308
Research and development	269	236	182	151
Depreciation and software amortization	46	41	36	37
Total operating expenses:	1,447	1,298	1,184	1,100
Income (loss) from operations	164	(91)	(345)	(310)
Interest income	13	13	13	12
Interest expense, including related party	(24)	(21)	(40)	(150)
Income (loss) before income taxes	\$ 153	\$ (99)	\$ (372)	\$ (448)
Provision for income taxes	--	--	--	--
Net income (loss)	\$ 153	\$ (99)	\$ (372)	\$ (448)
Preferred dividend, related party	(131)	(159)	(189)	--
Net loss attributable to common shareholders	\$ 22	\$ (258)	\$ (561)	\$ (448)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding				
Basic	26,773	26,116	25,626	24,552
Diluted	35,029	26,116	25,626	24,552

F-31

(In thousands, except share and per share information)

GLOBAL MED TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands, except share and per share information)

	Quarters Ended			
	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003
Revenues	\$ 1,417	\$ 1,279	\$ 2,291	\$ 1,527
Cost of revenues	589	540	570	573
Gross profit	828	739	1,721	954
Operating expenses:				
General and administrative	548	525	513	471
Sales and marketing	400	342	321	379
Research and development	166	150	156	123
Depreciation and software amortization	122	40	145	144
Total operating expenses:	1,236	1,057	1,135	1,117
Income (loss) from operations	(408)	(318)	586	(163)
Interest income	82	--	2	2
Interest expense, including related party	(151)	(150)	(112)	(121)
Financing costs to related party	--	--	(63)	(64)
Income (loss) before income taxes	\$ (477)	\$ (468)	\$ 413	\$ (346)
Provision for income taxes	--	--	--	--
Net income (loss)	\$ (477)	\$ (468)	\$ 413	\$ (346)
Weighted average shares outstanding:				
Basic	24,545	24,545	24,545	24,545
Diluted	24,545	24,545	25,326	24,545
Net income (loss) per share-basic and diluted	\$ (0.02)	\$ (0.02)	\$ 0.02	\$ (0.01)

Note: There were no dividends accrued or paid for the year ended December 31, 2003.

Global Med Technologies, Inc.
Valuation and Qualifying Accounts

	For the Fiscal Year Ended		
	December 31		
	2004	2003	2002
Allowance for doubtful accounts-accounts receivable and accrued revenues			
Balance, beginning of period	125	160	257
(Reversal) addition of bad debt provision	(12)	(35)	24
Deductions, net of recoveries	--	--	(121)
	<u>113</u>	<u>125</u>	<u>160</u>
Balance, end of period	<u>113</u>	<u>125</u>	<u>160</u>

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth estimated expenses expected to be incurred in connection with the issuance and distribution of the securities being registered.

Securities and Exchange Commission Registration Fee	\$ 15,000
Accounting Fees and Expenses	\$ 15,000
Legal Fees and Expenses	\$ 50,000
Other	\$ 20,000
	<u> </u>
TOTAL	<u>\$100,000</u>

All amounts except the Securities and Exchange Commission registration fee are estimated. No portion of the expenses associated with this offering will be borne by the selling stockholders. The Company could incur additional fees of up to \$150 thousand based on sales of Common Stock to Fusion Capital under the Common Stock Purchase Agreement as contemplated in this registration statement.

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Colorado Business Corporation Act (the "Act") generally allows for the indemnification of directors, officers, employees and agents of a corporation against liabilities incurred in any proceeding in which an individual is made a party because he was a director, officer, employee or agent of the corporation if such person conducted himself in good faith and reasonably believed his actions were in, or not opposed to, the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Global Med's Articles of Incorporation provide that Global Med (i) shall indemnify and advance expenses to a director or officer in connection with a proceeding to the fullest extent permitted or required by and in accordance with the Act, and (ii) may, as determined by the Board of Directors in a specific instance or by resolution of general application, indemnify and advance expense to an employee, fiduciary or agent in connection with a proceeding to the extent permitted or required by and in accordance with the Act.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Global Med's Bylaws provide that a director of Global Med shall perform his or her duties as a director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his or her duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed below; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her duties shall not have any liability by reason of being or having been a director of the corporation. Those persons and groups on whose information, opinions, reports, and statements a director is entitled to rely upon are:

(a) one or more officers or employees of Global Med whom the director reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such persons' professional or expert competence; or

II-1

(c) A committee of the Board upon which he or she does not serve, duly designated in accordance with the provision of the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

The foregoing is qualified in its entirety by reference to the Act and Global Med's Articles of Incorporation and Bylaws and shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled or subsequently acquire under any statute, provision of Global Med's Articles of Incorporation or Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to Global Med's directors, officers or controlling persons, pursuant to the foregoing provisions, or otherwise, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

Global Med may purchase and maintain insurance on behalf of any person or entity who or which is or was a director, officer, employee or agent of the corporation against any liability asserted against or incurred by such person or entity in such capacity or arising out of such person's or entity's status as such, whether or not Global Med would have the power to indemnify such person or entity against such liability under the Act, or the provisions of Global Med's Articles of Incorporation or Bylaws.

ITEM 15. Recent Sales Of Unregistered Securities

Except as otherwise noted, all of the following shares were issued and options and warrants granted pursuant to the exemption provided for under Section 4(2) of the Securities Act of 1933, as amended, as a transaction not involving a public offering. No commissions were paid, and no underwriter participated, in connection with any of these transactions. Each such issuance was made pursuant to individual contracts which are discrete from one another and are made only with persons who were sophisticated in such transactions and who had knowledge of and access to sufficient information about Global Med to make an informed investment decision. Among this information was the fact that the securities were restricted securities.

During the year ended December 31, 2004, Global Med issued unregistered common stock. During the year ended December 31, 2003, Global Med issued no unregistered securities. During the year ended December 31, 2002, Global Med issued 275 thousand shares of unregistered common stock.

The Company issued the following shares during the year ended December 31, 2004.

In October, the Company issued 487 thousand shares of common stock to Fusion Capital in conjunction with the execution of the Common Stock Purchase Agreement. This transaction is more fully described in note 6 of the financial statements.

In August, the Company issued 50 thousand shares of common stock to Fusion Capital in conjunction with the signing of the letter of intent for their purchase of common stock. This transaction is more fully described in note 6 of the financial statements.

The Company authorized the issuance of 26 thousand shares of common stock to a third party in conjunction with services performed by this third party. Approximately 24 thousand shares were issued in October and the remaining 2 thousand were issued in December.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

The Company sold 1.525 million shares of unregistered common stock for an aggregate of \$549 thousand in a private placement to accredited investors. During May, 1.450 million shares were issued and during August, the remaining 75 thousand shares were issued.

In December, the Company sold 125 thousand shares of unregistered common stock for an aggregate of \$50 thousand. These common shares represented the exercise of the same number of warrants that were issued in conjunction with the private placement that occurred in 2004.

II-2

The Company authorized the issuance of 3.5 million shares of Series AA Preferred Stock to GMIL, the Company's majority shareholder, in connection with GMIL's conversion of \$3.5 million of debt. These shares are considered outstanding as of April 14, 2004. The Series AA Preferred Stock can be converted by GMIL into common stock of the Company at any time at a conversion rate of (2.222) shares of common stock for each share of Series AA Preferred Stock. Therefore, the Series AA Preferred Stock is convertible into approximately 7.777 million common shares. The sales were not underwritten and no commissions were paid in connection with the sales. The securities were issued under the exemption(s) provided by Sections 4(2) and 4(6) of the Securities Act. These shares were issued in September.

The Company authorized the issuance of 675 thousand shares of Series BB Preferred Stock to Michael I. Ruxin, M.D., the Company's Chairman of the Board and Chief Executive Officer, in connection with his conversion of outstanding accrued vacation and accrued wages as of February 29, 2004, with a recorded book value of approximately \$284 thousand. These shares are considered outstanding as of April 14, 2004. The Series BB Preferred Stock was convertible at a rate of one share per common per one share of Series BB at the option of the holder if the Company's common stock closing price reaches \$0.75 per share. Upon written notice by Dr. Ruxin, the Series BB was convertible into common stock. The 675 thousand shares of Series BB Preferred Stock were converted into the same number of common shares in December 2004. The sales were not underwritten and no commissions were paid in connection with the sales. The securities were issued under the exemption(s) provided by Sections 4(2) and 4(6) of the Securities Act. These shares were issued in September and converted into common shares in December.

During the year ended December 31, 2003, Global Med issued no unregistered common stock.

During the year ended December 31, 2002, Global Med issued 224 thousand shares of unregistered common stock. The unregistered shares issued during 2002 were comprised of the following:

- o 111 thousand shares of stock, purchased by a Gordon Segal, a director of the Company at that time, for \$50 thousand. These shares were issued with 27 thousand warrants to purchase the Company's stock at \$1.25 per share until May 9, 2007. These shares were purchased in 2002 and issued in March of 2003.
- o 111 thousand shares of stock, purchased by a third party for \$50 thousand. These shares were issued with 27 thousand warrants to purchase the Company's stock at \$1.25 per share until May 9, 2007. These shares were purchased in 2002 and issued in March of 2003.
- o 2 thousand shares of stock were issued as consideration for services performed. These shares were valued at \$2 thousand. These shares were earned in 2002 and issued in March of 2003.

All investors participating in private placements for cash were accredited investors within the meaning of Regulation D. In addition, we note that there are several categories of recipients of these shares. These include investors for cash, officers, directors, consultants, litigants and former shareholders of private companies acquired by Global Med. Global Med believes that these transactions complied in all respects with Section 4(2).

II-3

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed as part of this registration statement:

Exhibit No. Description

(In thousands, except share and per share information)

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

- 3.1 Amended and Restated Articles of Incorporation, filed June 2, 1995 (1)
- 3.2 Articles of Amendment to the Articles of Incorporation, filed March 5, 1996 (1)
- 3.3 Articles of Amendment to the Articles of Incorporation, filed May 30, 1996 (1)
- 3.4 Bylaws, as amended (1)
- 3.5 Amended and Restated Articles of Incorporation, dated April 16, 2001 (10)
- 4.1 Form of Representative s Warrants to Purchase Units (1)
- 4.2 Form of Class A common stock Purchase Warrant Certificate (1)
- 4.3 Specimen copy of stock certificate for common stock, \$.01 par value (1)
- 5.1 To be provided by amendment to this registration statement.
- 10.1 Lease Agreement, dated April 15, 1992, and Lease Addendums, dated April 8, 1992 and October 21, 1994 (1)
- 10.2 Lease Agreement, dated July 19, 1995, and Lease Addendum (1)
- 10.3 Employment Agreement, dated May 24, 1995, between the Company and Michael I. Ruxin, M.D., as amended July 8, 1995, August 1, 1995, September 21, 1995 and July 15, 1996 (1)
- 10.4 Employment Agreement, dated May 24, 1995, between the Company and William J. Collard, as amended July 22, 1996 (1)
- 10.5 Employment Agreement, dated June 28, 1995, between the Company and Joseph F. Dudziak (1)
- 10.6 Employment Agreement, dated February 8, 1996, between the Company and L.E. Gene Mundt (1)
- 10.7 Amended and Restated Stock Option Plan, as amended on May 5, 1995, May 29, 1996 and December 11, 1996(1)
- 10.7(A) Amendment dated March 31, 1997, to the Amended and Restated Stock Option Plan (2)
- 10.8 Voting Agreement, dated May 23, 1995 (1)
- 10.9 Shareholders Agreement dated August 16, 1991, as amended on May 5, 1995 September 1996, June 24, 1996, July 25, 1996, Consent and Waiver, dated July 12, 1996, and Rescission of Shareholder s Agreement, dated June 22, 1996 (1)
- 10.10 Agreement dated April 8, 1996, between the Company and LMU & Company, and Stock Purchase Option, dated April 8, 1996 (1)
- 10.11 Form of Drug Testing Service Contract (1)

II-4

Exhibit No. Description

- 10.12 Form of License Agreements (1)

(In thousands, except share and per share information)

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

- 10.13 Warrant Agreement, dated February 11, 1997, between Global Med and American Securities Transfer & Trust, Inc. (1)
- 10.14 Exclusivity and Software Development Agreement, dated November 14, 1996, between and among Global Med and Ortho Diagnostic Systems Inc. (1)
- 10.15 Amendment, dated November 14, 1996, to Agreement dated April 8, 1996, between the Company and LMU & Company, and Stock Purchase Option, dated April 8, 1996 (1)
- 10.16 Amendment, dated January 14, 1997, to Agreement dated April 8, 1996, between the Company and LMU & Company, and Stock Purchase Option, dated April 8, 1996 (1)
- 10.17 Interim Management Agreement, dated July 7, 1997, between the Company and National Medical Review Offices, Inc. (1)
- 10.18 Asset Purchase Agreement, dated August 18, 1997, between the Company and National Medical Review Offices, Inc. (1)
- 10.19 Third Amendment to Exclusivity and Software Development Agreement, dated September 17, 1997 between Global Med and Ortho Diagnostic Systems, Inc. (1)
- 10.20 Second Amended and Restated Stock Option Plan, as amended October 3, 1997 and December 2, 1997 (3)
- 10.21 Fourth Amendment to Exclusivity and Software Development Agreement, dated December 22, 1997 between Global Med and Ortho Diagnostic Systems, Inc. (4)
- 10.22 Development Agreement, dated July 12, 1996 between Global Med and The Institute for Transfusion Medicine, dated July 12, 1996, as amended January 12, 1998 (4)
- 10.23 Loan Commitment, dated April 14, 1998, between Heng Fung Finance Company Limited and the Company, as amended on April 16, 1998 (4)
- 10.24 Loan Commitment, dated April 14, 1998, between Fronteer Capital, Inc. and the Company, as amended on April 16, 1998 (4)
- 10.25 Amendment to Loan Commitment, dated April 16, 1998, between Heng Fung Finance Company Limited and the Company (4)
- 10.26 Amendment to Loan Commitment, dated April 16, 1998, between Fronteer Capital, Inc. and the Company (4)
- 10.27 Second Amendment to Loan Commitments, dated April 20, 1998 between the Company, Heng Fung Finance Company Limited and Fronteer Capital, Inc. (4)
- 10.28 Employment Agreement, dated August 1, 1998, between the Company and Michael I. Ruxin, M.D. (5)
- 10.29 Employment Agreement, dated August 1, 1998, between the Company and Alan K. Geddes (5)
- 10.30 Employment Agreement, dated August 1, 1998, between the Company and Thomas F. Marcinek (5)
- 10.31 Consultancy Agreement, dated August 1, 1998, between the Company and Jeffrey M. Busch, Esq. (5)
- 10.32 Warrant to Purchase Common Shares dated April 20, 1998, issued by the Company to Heng Fung Finance Company Limited (5)

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Exhibit No. Description

- 10.33 Warrant to Purchase Common Shares dated April 20, 1998, issued by the Company to Fronteer Capital, Inc. (5)
- 10.34 Loan Agreement, dated August 12, 1998, between the Company and Heng Fung Finance Company Limited (5)
- 10.35 Loan Agreement, dated August 12, 1998, between the Company and Fronteer Capital, Inc. (5)
- 10.36 Personal Guaranty, dated August 12, 1998, by Michael I. Ruxin, M.D. as Guarantor, the Company as Debtor and Fronteer Capital, Inc. as Beneficiary (5)
- 10.37 Assignment, Assumption and Consent Agreement, dated September 28, 1998, by the Company, Michael I. Ruxin, M.D., Fronteer Capital Inc. and Fronteer Development Finance, Inc. (5)
- 10.38 Loan and Warrant Purchase and Sale Agreement, dated October 7, 1998, between the Company, Heng Fung Finance Company Limited and Fronteer Development Finance, Inc. (5)
- 10.39 Promissory Note, dated October 30, 1998, by the Company as Maker and Fronteer Development Finance, Inc. as the Holder (5)
- 10.40 Warrant to Purchase Common Shares, dated October 30, 1998, issued by the Company to Fronteer Development Finance, Inc. (5)
- 10.41 Promissory Note, dated October 26, 1998, by the Company as Maker and Fronteer Development Finance, Inc. as the Holder (5)
- 10.42 Promissory Note, dated October 26, 1998, by the Company as the Maker and Heng Fung Finance Company Limited as the Holder (5)
- 10.43 Warrant to Purchase Common Shares, dated October 26, 1998, issued by the Company to Fronteer Development Finance, Inc. (5)
- 10.44 Warrant to Purchase Common Shares, dated October 26, 1998, issued by the Company to Heng Fung Finance Company Limited (5)
- 10.45 Employment Agreement, dated February 1, 1999, between the Company and James Flynt (6)
- 10.46 Bridge Loan Agreement, dated March 18, 1999, between the Company and eBanker USA.Com, Inc. (6)
- 10.47 First Amendment to Loan Agreement among the Company, Michael I. Ruxin, M.D., eBanker USA.Com, Inc. and Heng Fung Finance Company Limited, dated March 18, 1999 (6)
- 10.48 Office Lease between the Company and Golden Hill Partnership, dated January 11, 1999 (6)
- 10.49 Standard Industrial/Commercial Multi-Tenant Lease between the Company and James W. Cameron, Jr., dated February 8, 1999 (6)
- 10.50 Settlement Agreement and Release of All Claims between the Company and William J. Collard and Hollis Gailey, dated December 22, 1998 (6)
- 10.51 Bridge Loan Agreement, dated April 13, 1999, between the Company and Heng Fung Finance Company Limited (7)
- 10.52 Revised Bridge Loan Agreement, dated May 7, 1999, between the Company and eBanker (7)
- 10.53 Loan Agreement dated April 12, 2000 between the Company and eBanker (8)

Exhibit No. Description

- 10.54 Loan Agreement dated April 14, 2000 between the Company and eBanker (8)
- 10.55 Loan extension dated April 14, 2000 between the Company and eBanker (8)
- 10.56 Loan Agreement dated November 19, 2000 between the Company and eBanker
- 10.57 Interest payment option dated March 21, 2001 between the Company and eBanker (9)
- 10.58 2001 Stock Option Plan (11)
- 10.59 Amended and Restated 1997 Stock Compensation Plan (12)
- 10.60 Employment Agreement, executed October 31, 2002, between the Company and Gerald F. Willman Jr., effective July 1, 2004 and ending November 1, 2008 (13)
- 10.61 Employment Agreement, executed November 1, 2002, between the Company and Michael I. Ruxin, M.D., effective August 1, 2003 and ending August 1, 2008 (13)
- 10.62 Employment Agreement, executed October 31, 2002, between the Company and Tim Pellegrini, effective April 1, 2004 and ending November 1, 2008 (13)
- 10.63 Employment Agreement, executed October 31, 2002, between the Company and Miklos Csore, effective November 1, 2003 and ending November 1, 2008 (13)
- 10.64 Employment Agreement, executed November 4, 2002, between the Company and Thomas F. Marcinek, effective November 2, 2003 and ending November 2, 2008 (13)
- 10.65 Termination Agreement, executed December 19, 2002, between the Company and a significant customer (14)
- 10.66 Amendment to the Loan Restructuring and Restatement Agreement (14)
- 10.67 Fourth Amendment to the Loan Restructuring and Restatement Agreement (15)
- 10.68 Global Med Technologies, Inc. 2003 Stock Option Plan (15)
- 10.69 Articles of Amendment to Articles of Incorporation Preferred Stock (16)
- 10.70 Common Stock Purchase Agreement, dated October 8, 2004 by and between the Company and Fusion Capital Fund II, LLC (17)
- 10.71 Form of Company Resolution Approving the Registration Statement dated September 28, 2004 (17)
- 10.72 Code of Ethics and Conduct for Global Med Technologies, Inc. (18)
- 10.73 Value Ventures Agreement (18)

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

Exhibit No. Description

- 10.74 Termination Agreement, dated March 15, 2005 by and between the Company and Fusion Capital Fund II, LLC (19)
- 10.75 Common Stock Purchase Agreement, dated March 16, 2005 by and between the Company and Fusion Capital Fund II, LLC (19)
- 10.76 Registration Rights Agreement, dated March 16, 2005 by and between the Company and Fusion Capital Fund II, LLC (19)
- 23.1 Consent (To be provided by amendment to this registration statement.) (included in Exhibit 5.1)
- 23.2 Consent of Independent Registered Public Accounting Firm Ehrhardt Keefe Steiner & Hottman PC
- 99 Proxy and Right of First Refusal Agreement, dated November 14, 1996, between and among Ortho Diagnostic Systems Inc. and Michael I. Ruxin, M.D., William J. Collard, Gerald F. Willman, Jr., Lori J. Willman, Timothy Pellegrini and Gordon Segal (1)
- 1) The documents identified are incorporated by reference from the Company's Registration Statement on Form SB-2 (No. 333-11723).
 - 2) Incorporated by reference from the Company's Registration Statement on Form S-8 (No. 333-28155).
 - 3) Incorporated by reference from the Company's Registration Statement on Form S-8 (No. 333-45031).
 - 4) Incorporated by reference from the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997.
 - 5) Incorporated by reference from the Company's Registration Statement on Form SB-2 (No.333-52761).
 - 6) Incorporated by reference from the Company's Annual Report on Form 10-KSB for the year ended December 1, 1998.
 - 7) Incorporated by reference from the Company's Form 10-QSB for the quarterly period ended March 31, 1999.
 - 8) Incorporated by reference from the Company's Form 10-QSB for the quarterly period ended March 31, 2000.
 - 9) Incorporated by reference from the Company's Form 10-Q for the quarterly period ended March 31, 2001.
 - 10) Incorporated by reference from the Company's definitive Proxy Statement on Schedule 14A dated March 15, 2001.
 - 11) Incorporated by reference from the Company's Registration Statement on Form S-8 (No. 333-60674).
 - 12) Incorporated by reference from the Company's Registration Statement on Form S-8 (No. 333-60672).
 - 13) Incorporated by reference from the Company's Form 10-Q for the quarterly period ended September 30, 2002.

II-8

- 14) Incorporated by reference from the Company's Form 10-K for the year ended December 31, 2002.
- 15) Incorporated by reference from the Company's Form 10-K for the year ended December 31, 2003.
- 16) Incorporated by reference from the Company's Form 10-Q for the quarterly period ended June 30, 2004.

Edgar Filing: GLOBAL MED TECHNOLOGIES INC - Form S-1

- 17) Incorporated by reference from the Company's Form 8-K filed on October 12, 2004.
- 18) Incorporated by reference from the Company's Form S-1 (No. 333-121030).
- 19) Incorporated by reference from the Company's Form 8-K filed on March 16, 2005.

ITEM 28. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Rule 3-19 of this chapter at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933, as amended, need not be furnished, PROVIDED, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act of 1933, as amended, or Rule 3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, that are incorporated by reference in the Form F-3.

II-9

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on our behalf by the undersigned, thereunto duly authorized, in Lakewood Colorado, on March 15, 2005.

Global Med Technologies, Inc.

By: /s/ Michael I. Ruxin
Michael I. Ruxin, M.D.
Chairman of the Board of Directors and
Chief Executive Officer, Acting Principal
Accounting and Financial Officer and Director

II-10

SIGNATURES Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u>/s/ Michael I. Ruxin</u> Michael I. Ruxin, M.D	Chairman of the Board of Directors, Chief Executive Officer, Acting Principal Accounting and Financial Officer and Director	March 15, 2005
<u>/s/ Thomas F. Marcinek</u> Thomas F. Marcinek	President and Chief Operating Officer	March 15, 2005
<u>/s/ Gary L. Cook</u> Gary L. Cook	Director	March 15, 2005
<u>/s/ Gerald F. Willman, Jr.</u> Gerald F. Willman, Jr.	Director and Senior Vice President of International Business Development (Wyndgate Technologies)	March 15, 2005
<u>/s/ Fai H. Chan</u> Fai H. Chan	Director	March 15, 2005
<u>/s/ Robert H. Trapp</u> Robert H. Trapp	Director	March 14, 2005
<u>/s/ Kwok Jen Fong</u> Kwok Jen Fong	Director	March 14, 2005
<u>/s/ Tony T. W. Chan</u> Tony T.W. Chan	Director	March 15, 2005
<u>/s/ David T. Chen</u> David T. Chen	Director	March 15, 2005

II-11

SCHEDULE A

Fusion Capital Fund II, LLC