37POINT9
Form 10QSB
November 18, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 2002

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 0-29989

37Point9
(Exact name of small business issuer as specified in its charter)

Nevada	86-0889096
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

444 West "C" Street, Suite 330
San Diego, California 92101
(Address of principal executive offices)

(619) 222-2568
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of September 30, 2002, 354,990,529 shares of Common Stock and 31,912,467 shares of Preferred Stock were issued and outstanding.

Transitional Small Business Disclosure Format (Check one):
Yes [ ] No [X]

37Point9

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(A DEVELOPMENT STAGE COMPANY)
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(A DEVELOPMENT STAGE COMPANY)

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of:
37Point9 and Subsidiaries
(A Development Stage Company)

We have reviewed the accompanying condensed consolidated balance sheet of 37Point9 and Subsidiaries (a development stage company) as of September 30, 2002 and the condensed consolidated statements of operations and cash flows for the three and nine months ended September 30, 2002 and 2001 and for the period from June2, 2000 (inception) to September 30, 2002, included in the accompanying Securities and Exchange Commission Form 10-QSB for the period ended September 30, 2002. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 6 to the financial statements, certain errors resulting in an understatement of previously reported operating expenses, accumulated deficit and preferred stock as of March 31, 2002 and for the three months then ended, were discovered by management of the Company during the current year. Accordingly, the financial statements as of and for the nine months ended September 30, 2002 and for the period from June 2, 2000 (inception) to September 30, 2002 give effect to the correction of these errors.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the condensed consolidated financial statements, the Company's working capital deficiency of $504,269, stockholders' deficiency of $502,019, net loss from operations of $1,054,867 and cash used in operations of $30,492 raise substantial doubt about its ability to continue as a going concern. Management's plan in regards to these matters is also described in Note 5. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEINBERG & COMPANY, P.A.

Los Angeles, CA
November 12, 2002

37POINT9 AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2002

(UNAUDITED)

ASSETS

CURRENT ASSETS	
Cash	$ 1,046
Employee Advances	4,500
Total Current Assets	5,546
OTHER ASSETS - INVESTMENTS	2,250
TOTAL ASSETS	$ 7,796

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 248,908
Notes payable	30,100
Loans payable - officer	230,807
Total Current Liabilities	509,815
STOCKHOLDERS' DEFICIENCY	
Preferred stock, $.001 par value, 50,000,000 shares authorized, 31,912,467 shares issued and outstanding	31,912
Common stock, $.001 par value, 400,000,000 shares authorized, 354,990,529 shares issued and outstanding	354,990
Additional paid-in capital	5,148,832
Accumulated Other Comprehensive Loss	(9,000)
Accumulated deficit	(6,010,741)
	(484,007)
Less: Stock issued for future services	(18,012)
Total Stockholders' Deficiency	(502,019)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 7,796

See accompanying notes and accountants' report to condensed consolidated financial statements.

37POINT9 AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended September 30, 2002	For the Three Months Ended September 30, 2001	For the Nine Months Ended September 30 2002
REVENUES	$ --	$ 2,813	$ 3,812
OPERATING EXPENSES			
Professional fees	50,384	3,226,808	763,873
Other general and administrative	71,740	407,240	262,894
Cost to settle litigation	--	--	31,912
Total Operating Expenses	122,124	3,634,048	1,058,679
NET LOSS	(122,124)	(3,631,235)	(1,054,867
OTHER COMPREHENSIVE LOSS			
Unrealized loss on marketable securities	--	(8,000)	(9,000
COMPREHENSIVE LOSS	$ (122,124)	$ (3,639,235)	$ (1,063,867
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	$ --	$ (.03)	$ --
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	354,471,603	105,559,157	315,196,309

See accompanying notes and accountants' report to condensed consolidated finan

37POINT9 AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For The Nine Months Ended September 30, 2002	For The Nine Months Ended September 30, 2001	For Jun (Inc Sep
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	$(1,054,865)	$(3,767,489)	$(6
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock issued for services	315,100	--	4
Preferred stock issued to settle litigation	31,912	--	
Amortization of deferred expenses	594,454	--	
Loss on impairment	--	--	
Changes in operating assets and liabilities:			
Decrease in accounts receivable and employee advances	--	3,226	
Increase in:			
Accounts payable and accrued expenses	85,719	419,844	
Other	--	(22,875)	
Deferred revenues	(2,812)	--	
Net Cash Used In Operating Activities	(30,492)	(3,367,294)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash acquired in acquisition	--	169	
Purchase of property and equipment	--	(18,912)	
Net Cash Used In Investing Activities	--	(18,743)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from stock issuance	--	3,207,728	
Proceeds from officer loan	860	181,068	
Proceeds from issuance of notes payable	30,100	--	
Net Cash Provided by Financing Activities	30,960	3,388,796	
NET INCREASE IN CASH	468	2,759	
CASH - BEGINNING OF PERIOD	578	--	
CASH - END OF PERIOD	$ 1,046	$ 2,759	$

See accompanying notes and accountants' report to condensed consolidated financial stateme

37POINT9 AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim periods are not necessarily indicative of the results to be expected for the year.

For further information, refer to the consolidated financial statements and footnotes included in the Company's Form 10KSB for the year ended December 31, 2001.

NOTE 2 MARKETABLE SECURITIES

The Company's marketable securities, purchased principally for the purpose of selling them in the near future, are comprised of equity securities, all classified as available-for-sale securities, which are reported at their fair value based upon the quoted market prices of those investments at September 30, 2002, with unrealized losses reported as other comprehensive loss in a separate component of stockholders' equity until they are sold. Any realized gains or losses are included in net earnings at the time of sale.

NOTE 3 NOTES PAYABLE

During the three months ended September 30, 2002, the Company incurred an additional $6,600 of notes payable with interest payable at prime plus five (9.75% at September 30, 2002). All accrued interest and principal is due in July 2005.

NOTE 4 STOCKHOLDERS' DEFICIENCY

In September 2002, the Company issued and recorded 555,556 shares of common stock for $20,000, which was originally received in October 2001 and credited to paid- in capital.

NOTE 5 GOING CONCERN

As reflected in the accompanying condensed consolidated financial statements, the Company has a working capital deficiency of $504,269, a stockholders' deficiency of $502,019, a net loss from operations of $1,054,867 and net cash used in operations of $30,492. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 6 CORRECTIONS OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the second quarter of 2002, the Company discovered that operating expenses in the amount of $136,255 were not reflected in the consolidated statements of operations and comprehensive loss for the period from June 2, 2000 (inception) to March 31, 2002 and the consolidated statements of cash flows for the period from June 2, 2000 (inception) to March 31, 2002. In addition, 31,912,467 preferred shares having a par value of $.001 were issued during the first quarter of 2002 that relates to the settlement of a litigation. The issuance of these shares, having an aggregate fair value of $31,912, also required a restatement of prior periods for the statements mentioned above as well as to the consolidated balance sheet as of March 31, 2002.

The correction of the above errors in the financial statements resulted in an understatement of previously reported operating expenses for the three months ended March 31, 2002 and for the period from June 2, 2000 (inception) to March 31, 2002. The above transactions have also been incorporated into the financial statements for the periods ended September 30, 2002.

NOTE 7 AGREEMENTS

In July 2002, the Company entered into an Agreement In Principle ("AIP") with a Hong Kong corporation. The Agreement is expected to lead to a Stock Purchase Agreement between the companies subject to various covenants within the AIP.

On August 9, 2002 the Company entered into a Letter of Intent to acquire a corporation located in Shanghai, Peoples Republic of China. This acquisition is conditional on the acceptance by the Company of audited financial statements of the corporation. The corporation is a private company specializing in the medical device distribution in China and holds a medical device sales license.

NOTE 8 SUBSEQUENT EVENTS

On October 17, 2002, the Company issued 45,000,000 shares of common stock with a value of $.0028 per share totaling $126,000. These shares were issued for consulting, legal and compensation services.

On October 6, 2002 the Company entered into an Agreement for Manufacturing and Distribution and an Agreement in Principal to Acquire Business Entities with two companies located in Guangzhou, Peoples Republic of China. One company is a distributor of a wide range of medical equipment and healthcare products. The other company is engaged in the research, engineering, development and manufacturing of a range of healthcare products.

On November 1, 2002, the Company entered into an Acquisition Agreement with a California-based pharmaceuticals corporation, The Company agreed to acquire the corporation's interest in its 100% owned lab division plus all related tangible and intangible assets.

On November 1, 2002, the Board of Directors of the Company agreed by unanimous consent to change the name of the Company to "Global Medical Products Holdings, Inc." and effectuate a 50:1 reverse stock split of the Company's currently issued and outstanding shares of common stock. The reverse stock split becomes effective on November 25, 2002. Upon effectiveness of the reverse stock split, there were issued and outstanding approximately 7,999,811 shares of the Company's common stock.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following information should be read in conjunction with the following documents: (1) the interim financial statements and the notes included in this Quarterly Report.

Forward-looking Statements

In addition to the historical information contained herein, this Form 10-QSB contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, including risks and uncertainties set forth in this Form 10-QSB that may cause actual results to differ materially. These forward-looking statements speak only as of the date hereof. The Company disclaims any intent or obligation to update these forward-looking statements.

RECENT EVENTS

In March 2002, the company entered into negotiations with the Lin Client Group to acquire companies in the medical products field with an operating base in the Peoples Republic of China. During the next six months numerous discussions were held which led to a Definitive Agreement in Principal relating to the acquisition of Global Glass Source (HK) Limited, a Hong Kong corporation. This acquisition was conditional on the acceptance of audited financial statements being prepared and submitted to the Board of Directors of 37Point9, which was accomplished on September 23, 2002. The parties are now in the process of finalizing a written agreement whereby the Company will acquire 100 per cent of the issued and outstanding shares of Global Glass Source (HK) Limited. A condition precedent to the acquisition will require the Company to conduct a reverse split of its common stock. The Company's board of directors determined, by resolution on November 1, 2002, that an appropriate reverse split should be in the ratio of fifty shares of pre-reverse common stock, to one share of post reverse common stock. The aggregate purchase price to be paid by the Company for Global Glass Source (HK) Limited will be 9,540,000 post-reverse shares of voting common stock of 37Point9. These restricted shares will be issued to the sellers of Global Glass Source (HK) Limited shares subsequent to the occurrence of the reverse split.

Global Glass Source (HK) Limited, is a distribution company that maintains agreements with various glass, industrial, and general packaging manufacturers in the Peoples Republic of China and the Republic of Taiwan. Amongst the glass products making up Global Glass Source (HK) Limited's, business are products in the medical and pharmaceutical application field. These products include medical and pharmaceutical glass containers commonly used in hospitals, doctor's offices, and laboratories.

The Company anticipates that its acquisition of Global Glass Source (HK) Limited will allow it to assume Global Glass Sources (HK) Limited's pre-existing manufacturing alliances within the Peoples Republic of China and the Republic of Taiwan, and to assume Global Glass Source (HK) Limited's ongoing business in those two countries as well as in North America.

In North America, Global Glass Source (HK) Limited also maintains business relationships for the distribution of glass products in the medical and pharmaceutical application field.

The Company plans on using the acquisition of Global Glass Source (HK) Limited in at least two important ways. First, the Company will, by virtue of its Global Glass manufacturing alliances in China and Taiwan, arrange joint ventures with North American business interests, to facilitate the manufacture of medical and pharmaceutical glass products for resale and distribution in North America and worldwide.

Secondly, the Company expects, based upon its manufacturing alliances in China and Taiwan, that it will enter into joint ventures and licensing agreements with other business entities that desire to manufacture and distribute such products in China and Taiwan, as well as the far east generally.

Previously, on March 13, 2002, the Company announced that it was engaged in discussions with five separate companies for possible acquisition. All such companies were in the medical products industry, with two specializing in the specialty surgery market.

On August 9, 2002 the Company entered into a Letter of Intent to acquire Shanghai Ecom Trading Ltd. located in Shanghai, Peoples Republic of China. This acquisition is conditional on the acceptance by the Company of audited financial statements of Shanghai Ecom Trading Ltd. Shanghai Ecom is a private company specializing in the medical device distribution in China and holds a medical device sales license.

On October 6, 2002 the Company entered into an Agreement for Manufacturing and Distribution and an Agreement in Principal to Acquire Business Entities with Guangzhou Lin Bi Company and Yin Kang Medical Equipment Company located in Guangzhou, Peoples Republic of China. Guangzhou Lin Bi Company is a distributor of a wide range of medical equipment and healthcare products. Yin Kang Medical Equipment Company is engaged in the research, engineering, development and manufacturing of a range of healthcare products.

On October 31, 2002, the Company entered into an agreement to acquire IMT EZ Trac Lab, a division of Stason Pharmaceuticals, Inc., a corporation organized and operating in the State of California. IMT EZ Trac Labs has established services contracts with various hospitals and institutions in the United States. The specific services provided relate to its patented colored microsphere technologies that are products used in assessing regional blood flow

studies. This microsphere technology is used widely in various cardio-medical applications by doctors and hospitals, and is analyzed by IMT EZ Trac's image analysis system.

The agreement to acquire IMT EZ Trac Labs will require that the Company convey $175,000 worth of post reverse common stock to Stason Pharmaceuticals, Inc. Afterwards, the Company will own 100% of the tangible and intangible assets of IMT EZ Trac, including its patented microsphere technology, along with its pre-existing services contracts.

In November, 2002, the Company completed the acquisition of IMT EZ Trac Labs through the issuance of a $175,000 renewable one year convertible note.

On October 10, 2002 the Company announced that it had initiated negotiations to acquire a medical software company located in the Peoples Republic of China.

On October 21, 2002 the Company announced that it had initiated the acquisition of Ecom Biotech Holdings Limited ("Ecom-HK") located in Hong Kong. This acquisition will centralize and facilitate the transfer of the manufacturing and distribution licenses held by the various companies acquired in China by 37Point9 as a transition under Chinese law.

RESULTS OF OPERATIONS

The Company lost $122,124 in the three months ended September 30, 2002, compared to a net loss of $3,639,235 for the three months ended September 30, 2001, and a net loss from operations of $1,054,867. The losses are attributable to continued efforts by the Company to develop and execute its business plan that is focused on developing licensing, manufacturing and distribution of medical products distributed world wide, with an emphasis on the Republic of China. The Company believes that it will continue towards its goal of obtaining rights and means, via its acquisitions, to manufacture medical products in, for example, the Republic of China, for sale and distribution internationally.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operating activities used cash of $30,492 for the nine months ended September 30, 2002. The Company's current operations are cash flow negative and as of September 30, 2002, the Company had a working capital deficiency of $504,269.

Part II Other Information

Item 1. Legal Proceedings

1. 37POINT9 v. CHARLES KALLMANN, ET AL. filed in the United States District Court for the Southern District of California; Case No. 02 cv 431 H [NLS]; the Company's motion to amend its complaint to add parties was taken off calendar by Judge

Marilyn Huff, who, on her own motion, dismissed the action due to lack of jurisdiction over the additional parties.

2. MAGNA IV, LTD. V. 37POINT9; filed in the San Diego Superior Court; Case No. GIC 792721. The Company filed a demurrer to the complaint, based upon Magna IV's inability to pursue legal action in California based upon its failure to qualify as a foreign corporation. The demurrer was granted, allowing Magna IV the right to correct its status through the filing of an amended complaint.

3. RANDALL GOULDING V. 37POINT9; filed in the Law Department of the Cook County Illinois, Case No. 02 L 008243; Plaintiff seeks damages for breach of contract for the sale of stock and for the provision of services. The Company has not yet responded to the action, which was served November 4, 2002.

Item 2. Changes in Securities

On September 24, 2002, 555,556 shares of Restricted Stock were issued to Randall Goulding.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

On October 10, 2002, the Company filed a Form 8-K detailing its expected acquisition of Global Glass Source (HK) Ltd., as well the Company entering into a letter of intent to acquire Shanghai Ecom Trading, Ltd. and an agreement in principal to acquire business entities with Guangzhou Lin Bi Company and Yin Kang Medical Equipment Company located in the Peoples Republic of China, as well as updates to litigation

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 18, 2002

37Point9

/s/ Douglas P. Brown

Douglas P. Brown
President